May 2015

## MELIADINE PRE-DEVELOPMENT TYPE B WATER LICENCE

# Main Application Supporting Document

**Submitted to:**
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU  X0B1J0

# Executive Summary

On 26 April 2011, Agnico Eagle Mines Limited (Agnico Eagle) submitted a Project proposal to the Nunavut Impact Review Board (NIRB) for an environmental assessment of the proposed Meliadine Gold Project (Project). Following screening and review of the Project by the NIRB, on 26 February 2015 Agnico Eagle was issued Project Certificate No. 006 for NIRB File No. 11MN034 for development. Currently, Agnico Eagle is preparing a Type A Water Licence Application for the Project for submission to the Nunavut Water Board (NWB) in May. Following submission of the Application it may take up to one year before Agnico Eagle receives a Ministerial approved Type A Water Licence authorizing full development of the Project. Since construction scheduling and implementation for the Project is dependent upon, and restricted by, the seasonal sea lift to support mobilization of supplies and equipment, waiting up to a year to receive a Type A Water Licence before starting construction has significant impact on the overall Project schedule.

The regulatory framework provided in the Nunavut Land Claims Agreement (NLCA) and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* (NWNSRTA or Act) allows for interim, short-term approvals for water uses related to exploration or pre-development work for a proposal under development impact review. Since a Project Certificate was recently issued by the NIRB, the NWB is not restricted from issuing an interim, short-term period water licence for pre- development work related to the Project.

In the Final Environmental Impact Statement (FEIS) for the Project (Volume 2, s.2.2.2; Agnico Eagle 2014a), Agnico Eagle identified the following specific pre-development (site preparation) activities that would be beneficial in accelerating the overall Project schedule if they could be started as early as possible:

- construction of fuel storage tanks farm in Rankin Inlet;
- preparation of the laydown area in Rankin Inlet,
- installation of the spud barge in Rankin Inlet;
- construction of a pad for the permanent camp;
- installation of pilings for the permanent camp and infrastructure;
- start of work on concrete foundations;
- construction of necessary service roads to undertake the other pre-development activities;
- stripping of open pit(s) (overburden and waste rock) and ore/waste rock stockpiling;
- new portal and conveyor ramp, including ventilation infrastructure to the underground mine;
- construction of the access roads; and
- pre-delivery of material (i.e., equipment, material, and fuel).

Note: the installation of the spud barge, stripping of open pits and ore/waste rock stockpiling and the installation of new portal, conveyor rand as associated infrastructure are not requested as part of this Type B application.

It was planned that these activities would be separately permitted immediately after the Project Certificate is issued, allowing construction to start soon thereafter, before waiting for other permitting issues involving mine operations to be addressed. This is a similar approach to pre-development work completed at the Meadowbank Mine (under a land use permit from the Kivalliq Inuit Association and a Type B Water Licence from the NWB). This pre-development permitting approach could allow construction work to start this summer (i.e., in 2015), which would be a substantial gain considering the very small window for construction in the Arctic each year.

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# DOCUMENT CONTROL

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**Prepared by:**

Agnico Eagle Mine Limited and Golder Associates Ltd.

**Approved by:**

Stéphane Robert – Manager Regulatory Affairs

## ABBREVIATIONS, ACRONYMS, AND UNITS

| | |
|---|---|
| AANDC | Aboriginal Affairs and Northern Development Canada |
| Agnico Eagle | Agnico Eagle Mines Limited |
| ARD | Acid Rock Drainage |
| AWAR | All-weather Access Road |
| DFO | Fisheries and Oceans Canada |
| EMPP | Environmental Management and Protection Plan |
| FEIS | Final Environmental Impact Statement |
| ha | hectare |
| KIA | Kivalliq Inuit Association |
| km | kilometre |
| m | metre |
| $m^3$ | cubic metre |
| $m^3$/year | cubic metre per year |
| Mt | million tonne |
| ML | Metal Leaching |
| MMER | Metal Mining Effluent Regulations |
| NIRB | Nunavut Impact Review Board |
| NLCA | Nunavut Land Claims Agreement |
| NPC | Nunavut Planning Commission |
| NTI | Nunavut Tunngavik Inc. |
| NWB | Nunavut Water Board |
| NWNSRTA | *Nunavut Waters and Nunavut Surface Rights Tribunal Act* |
| Project | Meliadine Gold Project |
| tpd | tonnes per day |
| TSF | Tailings Storage Facility |
| TSS | Total Suspended Solids |
| WRSF | Waste Rock Storage Facility |

# 1.0 INTRODUCTION

Agnico Eagle Mines Limited (Agnico Eagle) is developing the Meliadine Gold deposit (Project), located approximately 25 kilometres (km) north of Rankin Inlet, and 80 km southwest of the hamlet of Chesterfield Inlet in the Kivalliq Region of Nunavut. Situated on the western shore of Hudson Bay, the Project site is located on a peninsula between the east, south, and west basins of Meliadine Lake (63°1’23.8’’ N, 92°13’6.42"W) on Inuit Owned Land. The Project is located within the Meliadine Lake watershed of the Wilson Water Management Area (Nunavut Water Regulations Schedule 4) (Figure 1.1).

The Project is composed of five known gold deposits: Tiriganiaq, F Zone, Pump, Wesmeg, and Discovery. Agnico Eagle proposes to develop these deposits in a phased approach to manage the initial capital investment required and, to allow production to commence while ongoing exploration continues to increase the known ore reserve. The initial phase of development (Phase 1) focuses on the development of the Tiriganiaq gold deposit using a traditional open-pit mining method and underground mining. Phase 2 will be defined and permitted during Phase 1, once the other deposits are better defined through ongoing exploration drilling. Both Phase 1 and 2 are within the Project that was the subject of the environmental and socio-economic assessment conducted by the Nunavut Impact Review Board (NIRB), culminating in the issuance of Project Certificate No. 006.

Approximately 12.1 million tonnes (Mt) of ore will be mined from Tiriganiaq over a nominal mine life of approximately eight years. The operation will produce approximately 31.8 Mt of waste rock, 7.4 Mt of overburden waste, and 12.1 Mt of tailings. Proposed Phase 1 mining facilities in the area include a plant site and accommodation buildings, two open pits, three ore stockpiles, a tailings storage facility (TSF), three waste rock storage facilities (WRSFs), and a water management system including water treatment facilities, several water diversion channels, retention dikes/berms, collection ponds, and a discharge diffuser (Figure 1.2). In addition, the Project will be supported by a laydown and material storage areas, fuel storage facility, spud barge, and bypass road within the Hamlet of Rankin Inlet (Figure 1.3).

The Project is subject to the regulatory requirements of the the Nunavut Land Claims Agreement (NLCA) and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* (NWNSRTA or Act), and as such is required to obtain a project certificate from the NIRB and a Type A Water Licence (Application) from the Nunavut Water Board (NWB) to allow for mine development and mining of the Project. A Project Certificate was issued by the NIRB on February 26, 2015 and Agnico Eagle filed a Type A Water Licence application with the NWB May 15, 2015.

Following submission of the application it may take up to one year before Agnico Eagle receives a Ministerial approved Type A Water Licence authorizing full development of the Project. Since construction scheduling and implementation for the Project is dependent upon, and restricted by, the seasonal sea lift to support mobilization of supplies and equipment, waiting up to a year to receive a Type A Water Licence before starting construction has significant impact on the overall Project schedule. The regulatory framework provided in NLCA and the Act allows for interim, short-term approvals for water uses related to exploration or pre-development work for a proposal under development impact review. Since a Project Certificate was recently issued by the NIRB, the NWB is not restricted from issuing an interim, short-term period water licence for pre-development work related to the Project. As such Agnico Eagle is submitting a Type B application for work (the Application). For a full description of proposed pre-development works refer to Section 1.5.

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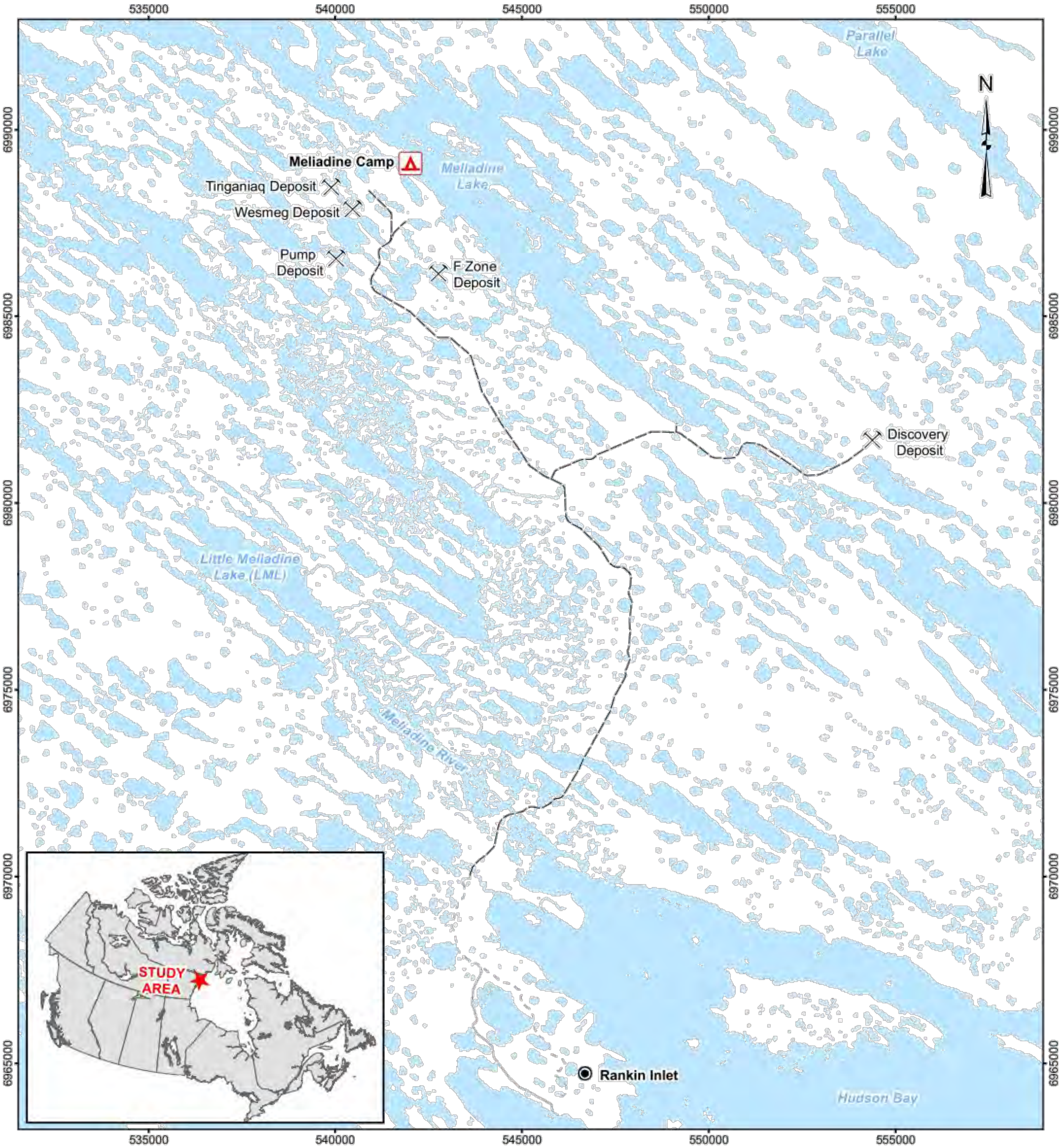


LEGEND

- Camp
- Proposed Mine Site
- All-weather Access Road (AWAR)
- Road - New
- Road - Existing
- Watercourse
- Waterbody

AGNICO EAGLE

AGNICO EAGLE – MELIADINE GOLD PROJECT

FIGURE 1.1 GENERAL PROJECT LOCATION PLAN

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|---|---|
| No. PROJET PROJECT No. | DATE 09–23–2014 |
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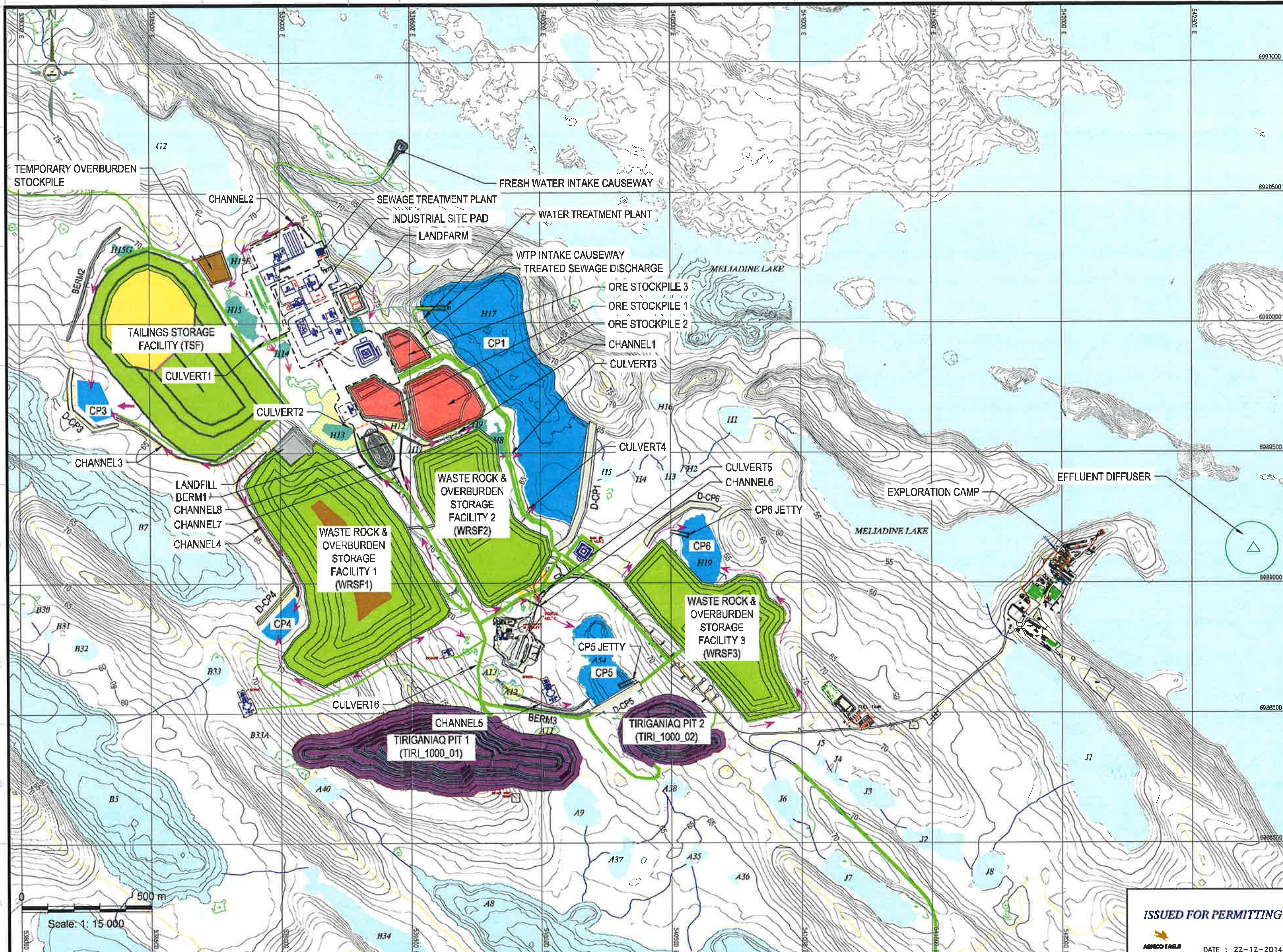


LEGEND

- CATCHMENT BOUNDARY
- SERVICE ROAD
- HAUL ROAD
- NON CONTACT WATERBODY
- CONTACT WATERBODY
- WATER COLLECTION POND
- DRAINED POND AREA
- OPEN PIT
- OVERBURDEN
- WASTE ROCK
- ORE
- TAILINGS
- INDUSTRIAL SITE PAD
- CONTACT WATER FLOW DIRECTION

AGNICO EAGLE

TETRA TECH EBA

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AGNICO EAGLE – MLIADINE GOLD PROJECT
FIGURE 1.2 MINE SITE LAYOUT PLAN

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DATE : 22-12-2014

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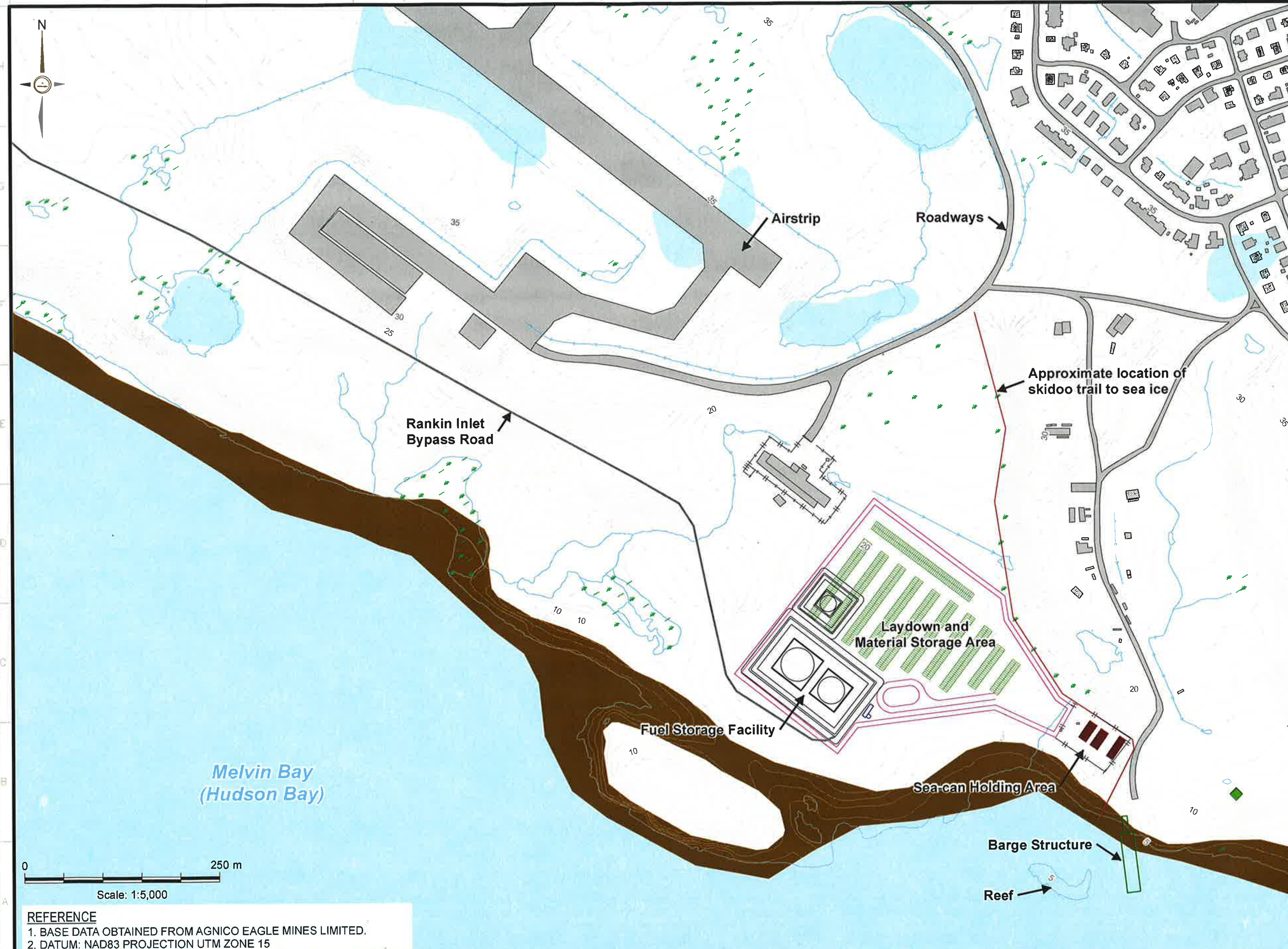


REFERENCE
1. BASE DATA OBTAINED FROM AGNICO EAGLE MINES LIMITED.
2. DATUM: NAD83 PROJECTION UTM ZONE 15

LEGEND
- ROCK QUARRY
- RANKIN INLET BYPASS ROAD
- FENCE
- TANK FARM AREA
- TOPOGRAPHIC CONTOUR (1 m INTERVAL)
- SEA-CAN HOLDING AREA
- INTERTIDAL AREA
- WATERBODY

AGNICO EAGLE

Golder Associates



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| APPROUVÉ PAR / APPROVED BY | DRW | | 23-03-2015 |
| No. PROJET / PROJECT NO. | 1405283 | | |
| DATE | - | | |

TITRE / TITLE
AGNICO EAGLE – MELIADINE DIVISION
FIGURE 1.3 RANKIN INLET LAYOUT PLAN

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## 1.1 Applicant Information

Agnico Eagle Mines Limited (NYSE:AEM, TSX:AEM) ("Agnico Eagle" or the "Company"), is a Canadian publicly traded mining company listed on the Toronto and New York Stock Exchange, trading symbol AEM, with head offices in Toronto, Ontario.

Agnico Eagle is a senior Canadian gold mining company that has produced precious metals since 1957. Its nine mines are located in Canada, Finland, and Mexico, with exploration and development activities in each of these regions as well as in the United States. Agnico Eagle began exploring for minerals in Canada in 1953 and has been active in the Kivalliq Region since 1990. Agnico Eagle owns and operates the Meadowbank Mine, which is located 70 km directly north of Baker Lake. Agnico Eagle is a senior mining company with a proven reputation for sustainability and economic success in Nunavut. Its success is based on grass roots exploration and successful mining in politically stable countries. In addition to the Meadowbank Mine, Agnico Eagle has ongoing exploration interests at Amaruq (formerly IVR project) with the exploration camp located approximately 63 km northwest of the existing Meadowbank Mine.

Agncio Eagle's audited financial statements are provided in Appendix A, or alternatively are available on-line at:

http://ir.agnicoeagle.com/files/doc_financials/2014/Annual-Audited-Financial-Statement-2014.pdf

The people who work for and with Agnico Eagle in advancing the Project are listed below:

| | |
|---|---|
| **Agnico Eagle – Exploration:** | Agnico Eagle Mines Limited<br>CP 87, 765 Chemin de la mine Goldex<br>Val-d'Or (Qc) J9P 4N9<br>Ph. 819 -874-5980 |
| **Exploration Manager:** | Denis Valliancourt, Exploration Manager<br>CP 87, 765 Chemin de la mine Goldex<br>Val-d'Or (Qc) J9P 4N9<br>Ph: 819-874-5980<br>Email: denis.vaillancourt@agnico-eagle.com |
| **Manager of Regulatory Affairs:** | Stephane Robert<br>Baker Lake, Nunavut, Canada, X0C 0A0<br>Ph : 819-759-3555 (ext.5188)<br>M : 819-763-0229<br>Email : stephane.robert@agnicoeagle.com |
| **Environmental Manager:** | Ryan Vanengen, Environment Superintendent<br>Baker Lake, Nunavut, Canada, X0C 0A0<br>Ph : 819-759-3555 (ext.6838)<br>M: 819-651-2974<br>Email: ryan.vanengen@agnicoeagle.com |

## 1.2 Meliadine Mine Project Summary

Provided below is an overall summary of the Project. Refer to Section 3.0 for specific information related to full development works for Project components.

**Ownership:** Agnico Eagle Mines Limited is the sole owner of the Project. A copy of the Certificate of Incorporation/Corporate Registration is included in Appendix B.

**Location:** The proposed mine site is located on a peninsula extending into Meliadine Lake, 25 km north of Rankin Inlet and 80 km southwest of Chesterfield Inlet. It is located within the Meliadine Lake watershed of the Wilson Water Management Area (Nunavut Water Regulations Schedule 4).

**Access:** The existing All-weather Access Road (AWAR) provides access between Rankin Inlet and the proposed mine site. The AWAR is a 23.8 km private road built with a 6.5 metre (m) running surface between the Char River bridge turn-off and the proposed mine site, and has passing turnouts approximately every 400 ± 50 m.

**Accommodation Infrastructure:** The permanent camp for the Project will include accommodation, as well as a reception and security area, a kitchen and dining room, a laundry room, recreational facilities, an administration building, and a first-aid clinic.

**Airstrip:** The site will use Rankin Inlet's airport. There will not be an airstrip at the site.

**Port:** In Rankin Inlet, the established harbour at Itivia will be used to receive loaded ships/barges.

**Mineral Claims:** The gold deposits are situated on leased claims under the Canada Mining Regulations that were staked prior to the NLCA. The claim block covers 52,173 hectares (ha) and is approximately 80 km long.

**Mining Methods:** Traditional open pit and underground mining of the Tiriganiaq deposit. The mine production rate will be a maximum of 3,000 tonnes per day (tpd) from underground in Year 1 to Year 3, and 5,000 tpd from underground and open pit in Year 4 to Year 8. The mining and milling will take place 24 hours a day, 365 days per year. Mining methods proposed are standard drill-and-blast, and truck-and-shovel methods.

**Ore:** A total of 12.1 Mt of ore will come from mining Tiriganiaq. The ore will be trucked via haul road to the process plant and facilities, or temporarily stored in the ore stockpiles.

**Mining Areas:** Open pit and underground mining are planned at the Tiriganiaq deposit. The mill site will be located immediately east of the Tiriganiaq deposit. The Project's total area of disturbance will be approximately 453 ha.

**Life of Mine:** An eight year active mine life based on estimated mineral resources for the Tiriganiaq deposit.

**Life Cycle of Mining:** Phase 1 focuses on the development of the Tiriganiaq gold deposit using a traditional open-pit mining method and underground mining. Phase 2 (F Zone, Pump, Wesmeg, and Discovery) will be defined and permitted during Phase 1.

**Gold Resources:** As of December 31, 2013, the proven reserves for Tiriganiaq were 2.8 million ounces of gold.

**Mill Process:** The ore will be processed using a conventional gold-milling circuit. The ore size will be reduced to the consistency of fine sand using a sequence of crushing and grinding circuits. A portion of the gold will be recovered in a gravity circuit. The remaining gold will be recovered using cyanidation and carbon adsorption, followed by elution, electrowinning, and refining. Residual cyanide will be recovered for reuse or removed from process water and disposed as hazardous waste. The final step in the mill process will be the smelting of gold bars on-site.

**Personnel:** The average Project workforce during construction is 200 personnel over five years. The average Project workforce during the eight years of operations is about 700, with the maximum in Year 4 at just over 800 personnel.

**Water intake location:** Meliadine Lake, northeast of the industrial pad.

**Quantity of Water Required:** Approximately 62,000 cubic metres per year ($m^3$/year) of freshwater will be required during the construction phase, and approximately 318,000 $m^3$/year of freshwater will be required during the operations phase.

**Waste Rock:** A total of 31.8 Mt of waste rock and 7.4 Mt of overburden will come from mining the Tiriganiaq open pit and underground. The waste rock and overburden will be trucked via haul road to a WRSF. Non-potentially acid generating and non-metal leaching waste rock and overburden will also be used as construction material.

**Wastewater discharge location:** A diffuser outfall into Meliadine Lake east of Collection Pond 1 (CP1). Water from CP1 will be discharged via a water treatment plant through the diffuser into Meliadine Lake.

**Proposed Mine Site Infrastructure:**

- gated access to Mine
- open pit mines
- underground mine
- underground mine access portal
- crusher
- ore processing facility (mill or process plant)
- emulsion plant
- tailings storage facility
- quarries and borrow pits
- ore storage facilities
- landfill
- waste rock storage facilities
- surface and underground water treatment facilities
- water storage facilities
- accommodation infrastructure
- haul roads
- All-weather Access Road (AWAR) from Rankin Inlet
- maintenance and on-site storage areas
- power generation
- fuel storage
- incinerators
- landfarm

**Satellite Infrastructure in Rankin Inlet:**

- fuel storage facility;
- laydown and material storage area;
- barge structure; and
- Bypass Road.

## 1.3 Meliadine Mine Plan Schedule

Mine development activities will occur in four phases: pre-development, construction, operations, and closure, with additional monitoring and mitigation continuing into post-closure.

**Pre-development** is defined as any construction activities as defined below but specific to activities allowed under the provision of the NLCA Article 13, Section 13.5.5 or the NWNSRTA. This phase will commence after receipt of the Project Certificate from the NIRB, the (new or amended) Type B Water Licence from the NWB, and the land use permit from the Kivalliq Inuit Association (KIA).

**Construction** is defined as any activities undertaken for the purposes of establishing or constructing components, infrastructure, and facilities required for development of a mine. Full mine site construction will commence following receipt of a Type A Water Licence from the NWB and Land Use Permit from the KIA. Construction will take a little over four years between Year -5 and Year -1.

**Operations** is defined as the period that the Process Plant is operating and producing a commodity (i.e., gold). During the mine start-up, this will include a three month commissioning period planned for October to December (i.e., Q4) of Year -1.

**Closure** (Abandonment, Reclamation, and Closure) **and Post-Closure** is defined as an Operator ceasing operations at a facility without the intent of resuming mining activities. The expectation will be that the site will be reclaimed and post-closure monitoring will continue until it can be demonstrated that the mine site is both chemically and physically stable.

## 1.4 Existing Site Infrastructure to Support Pre-Development Work

Existing site infrastructure is regulated by the NWB under water licenses:

- Water Licence 2BE-MEP1318 Meliadine East Exploration Project (expires October 31, 2018);
- Water Licence 2BB-MEL1424 Advanced Exploration – Bulk Sample (expires July 21, 2024); and
- Water Licence 2BW-MEL1215 Meliadine All-weather Access Road (expires May 31, 2015).

For additional information on existing water licenses held by Agnico Eagle refer to Section 2.3.

Ongoing exploration is an essential component to supporting a long-term mining operation through the identification of potential future reserves. Current infrastructure on-site is as follows:

- exploration camp;
- water treatment plant (potable water from Meliadine Lake, mine process water from Pump Lake – under previous water licence);
- Biodisk sewage treatment system;
- water containment area;
- underground portal;
- core shacks;

- diesel generators;
- incinerator;
- non-hazardous and hazardous waste storage areas; and
- light petroleum hydrocarbon impacted soil stockpile.

The decommissioning of the Meliadine East camp on Atulik Lake began during the summer of 2010, and was completed by Spring 2011. The core shack and storage building remain at the former camp site.

The current Meliadine exploration camp is located on the shore of Meliadine Lake, approximately 2.3 km east of the Tiriganiaq deposit. The camp can accommodate 200 people and has a kitchen, a laundry area, potable water and sewage treatment plants, a workers' dry area, and some offices.

A 25 km-long road between Rankin Inlet and the Project site has been built. The road has three bridges and is connected to the existing community road, approximately 7 km from Rankin Inlet, close to the Char River Bridge. This road will be an integral part of the transportation infrastructure for the proposed mine. Most existing on-site roads will be used by the Project (road from camp to mine portal and road from existing camp to water intake location).

## 1.5 Pre-Development Works Summary

Agnico Eagle is requesting a Type B Water Licence to allow for the construction of infrastructure and/or to undertake the following site preparation activities in support of future mine development of the Project:

**Satellite Infrastructure in Rankin Inlet**

- construction of fuel storage tanks farm in Rankin Inlet; and
- preparation of the laydown and material storage area in Rankin Inlet.

**Mine Site Infrastructure and Mining Areas**

- construction of a pad for the permanent camp;
- installation of pilings for the permanent camp and infrastructure;
- start of work on concrete foundations; and
- ongoing quarry development.

**Access, Mobilization, and Accommodation**

- construction of necessary service roads to undertake the other pre-development activities;
- construction of the access roads; and
- pre-delivery of material (i.e., equipment, material, and fuel).

For additional detail on proposed pre-development works and site preparation activities refer to Section 3.0 and Figure 1.4.

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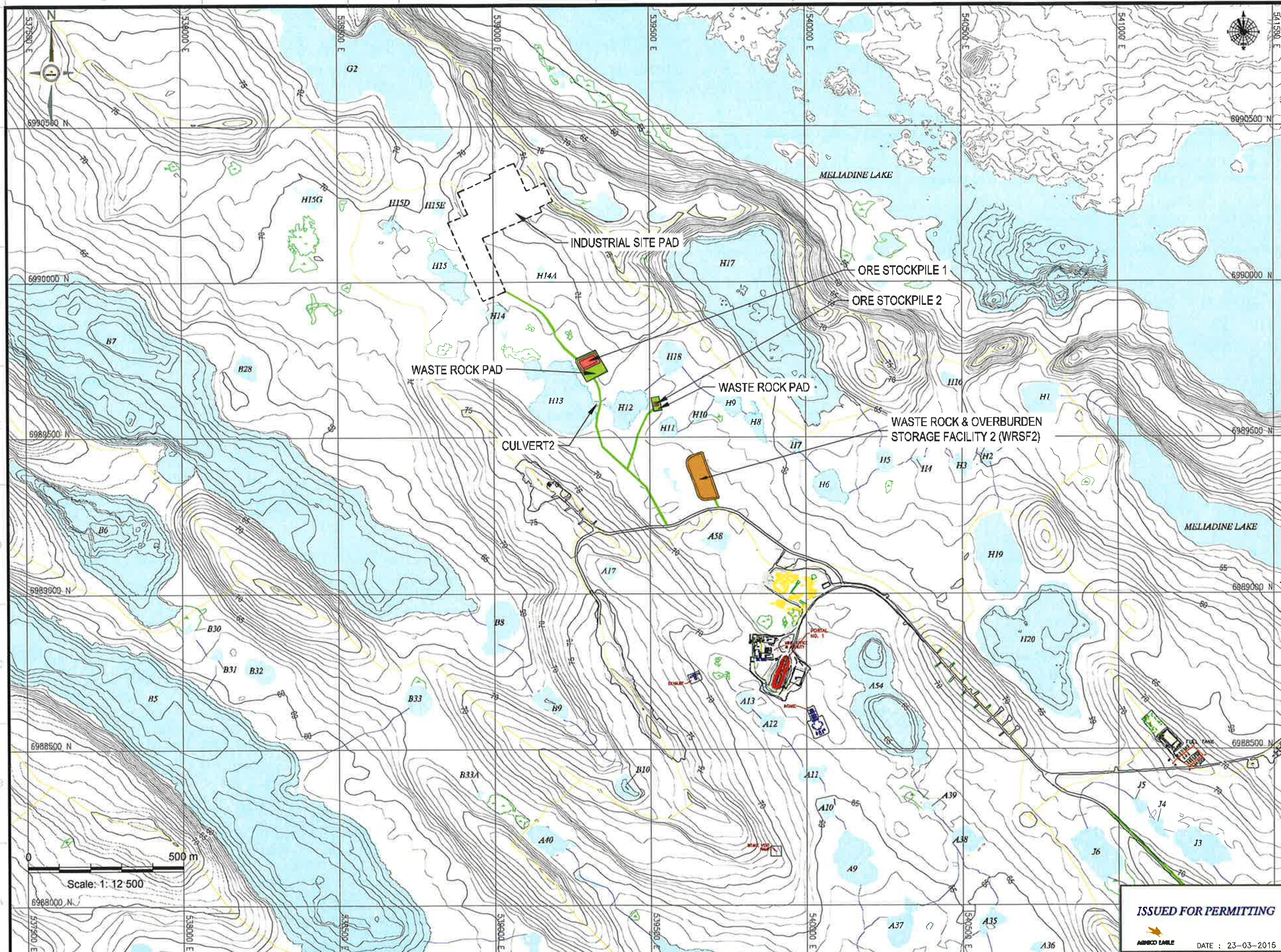


LEGEND

- CATCHMENT BOUNDARY
- SERVICE ROAD
- NON CONTACT WATERBODY
- OVERBURDEN
- WASTE ROCK
- ORE
- INDUSTRIAL SITE PAD
- STREAM

AGNICO EAGLE

TETRA TECH EBA

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TITRE / TITLE
AGNICO EAGLE – MELIADINE GOLD PROJECT
FIGURE 1.4 PRE-DEVELOPMENT GENERAL SITE LAYOUT
(LAST QUARTER OF YEAR –5)

ISSUED FOR PERMITTING
AGNICO EAGLE
DATE : 23–03–2015

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AE–CART–ANSI B

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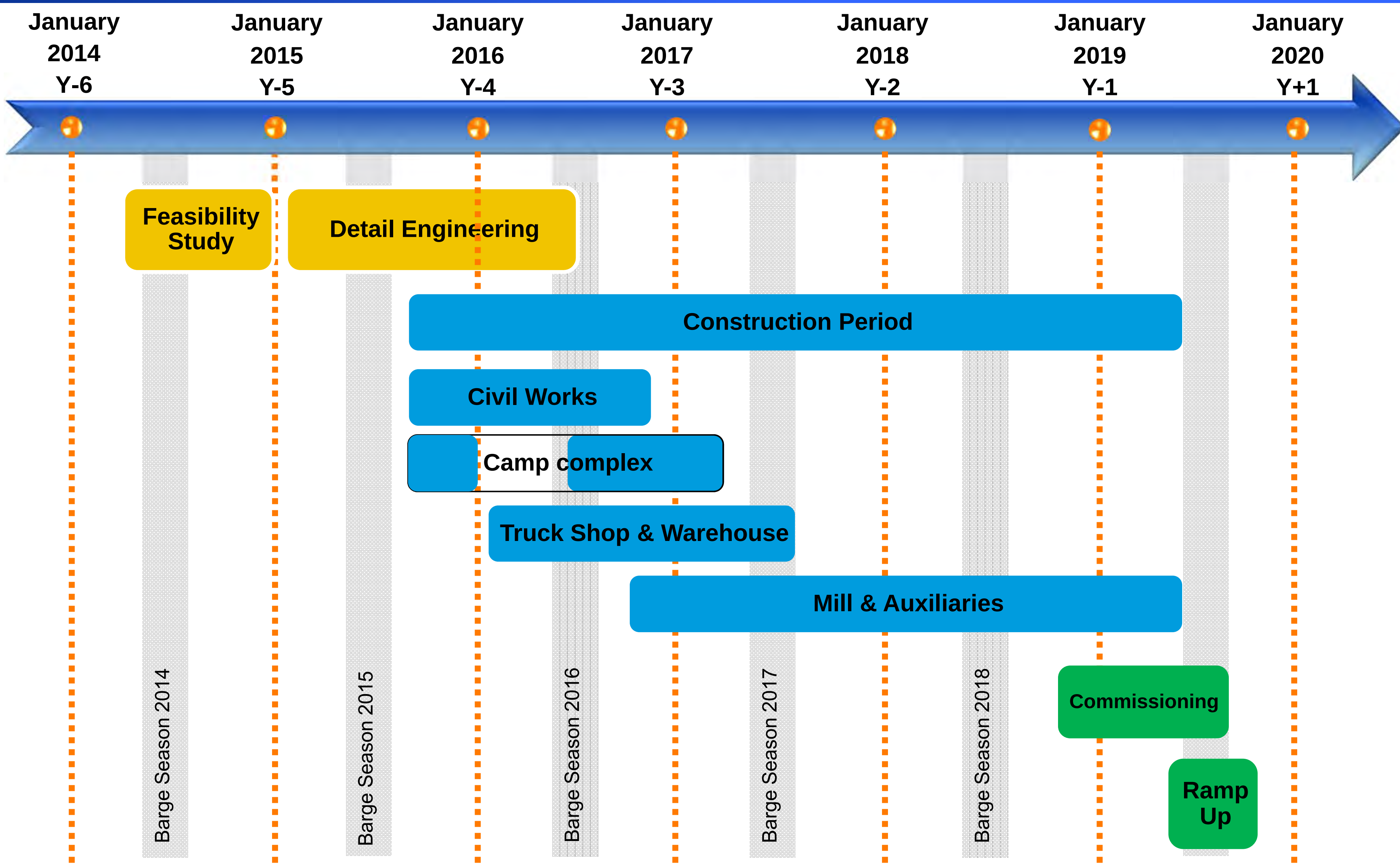
## 1.6 Pre-Development Works Schedule

Agnico Eagle estimates that the company could initiate pre-development work by late summer of 2015 (Figure 1.5) subject to NWB approval of this Type B Application for pre-development works. Given that Agnico Eagle predicts the overall Project approval (i.e., the Type A Application for Mining) is unlikely until Q2 of 2016, allowance for construction and mobilization in the summer of 2015 would yield a substantial gain for the company when taking into account the small window for construction in the Arctic each year. The process for application for pre-development work in this case is similar to the approach taken by Agnico Eagle for pre-development work completed at the Meadowbank Mine.

# SCHEDULE – PEP Schedule



# 2.0 LEGISLATIVE AND REGULATORY REQUIREMENTS

In accordance with the NWNSRTA and Nunavut Water Regulations, Agnico Eagle is required to submit a Type B Water Licence Application to the NWB to undertake pre-development works in support of eventual mining of the Project under a Type A Water Licence (currently under review by the NWB). Note: pre-development works as authorized under the NLCA (s. 13.5.5) or the NWNSRTA (s. 39(2)) for the purpose of this application includes: site preparation, pre-development works and development works in advance of a Type A water licence.

The Project is subject to the land and resource management processes established by the NLCA, including provisions of Article 11 respecting the Nunavut Planning Commission (NPC) conformity determination against the Keewatin Land Use Plan and the provisions of Article 12 respecting the NIRB environmental assessment review processes. Additional provisions of the NLCA apply with regard to the nature and interests in the land with respect to Inuit Owned Land (surface and subsurface) and Inuit Water Rights, and GN Commissioner's land use.

This Type B Water Licence Application has been prepared in accordance with the NLCA, the NWNSRTA, and the Nunavut Water Regulations, but also takes into account the detailed guidance provided by the Board in *Guide 4 – Completing and Submitting a Water Licence Application for a New Licence* (NWB 2010a) and the *Supplemental Information Guide for Mineral Exploration/Remote Camp* (SIG-MM1 Guide) (NWB 2010b) modified to accommodate pre-development works (i.e., addition of monitoring section and project specific information requirements [PSIR's] to assess NIRB Project Certificate requirements related to NWB mandate).

In preparing the Type B Water Licence Application, Agnico Eagle is required to satisfy the NWB minimum information requirements as follows:

- **General Water Licence Application** → Type A General Application Form
- **Supplemental Information Guidelines Checklist** → Concordance Table
- **Executive Summary** → Main Application Document
- **Translated Executive Summary** → Main Application Document
- **Application Fee** → In accordance with s.11 of the Regulations, the $30.00 application fee for a licence is included as an attachment to the cover letter of the Application in the form of a cheque to the Receiver General for Canada
- **Water Use Fee** → No water use requested by this Application

For a full listing of regulatory permits, authorization, or licences for the Meliadine Gold Project development refer to Appendix C.

## 2.1 Nunavut Planning Commission

The Project is subject to conformity determination to the Keewatin Regional Land Use Plan. On June 8, 2011, the NPC issued a positive conformity determination for the Project proposal and forwarded the Project proposal and determination to the NIRB for screening (NPC 2011).

## 2.2 Nunavut Impact Review Board

The Project is subject to environmental and socio-economic impact assessment determination by the NIRB under Article 12 of the NLCA. NIRB determined the project could proceed and issued Project Certificate No. 006 on February 26, 2015 (NIRB 2015). For more information on the timelines and processes used by the NIRB in screening and review of the Project refer to the Main Application Document submitted in support of the Type A Water Licence Application (Section 2.4.1; Agnico Eagle 2015).

## 2.3 Nunavut Water Board

Agnico Eagle has operated within Nunavut since early 2008, and has accumulated six years of operating experience under the Nunavut regulatory environment, primarily at its Meadowbank Mine near Baker Lake. From this experience, Agnico Eagle has developed the personnel and management systems required to understand, track, monitor, and report on its environmental performance against the regulatory requirements contained within its operating authorizations, permits, licenses, leases, as well as in the applicable Acts and Regulations in Nunavut. Agnico Eagle believes that it has demonstrated openness, transparency, and a history of being able to adaptively manage its operations to meet its regulatory obligations and requirements in Nunavut. Agnico Eagle further believes that it has demonstrated good faith in meeting all of its regulatory requirements at Meadowbank. This section focuses on current active water licenses issued to Agnico Eagle, Agnico Eagle's future needs, and the recent regulatory history related to this Application.

Table 2.1 summarizes the Project's regulatory history dating back to 2008. Agnico Eagle currently holds several water licenses related to exploration and mobilization for the Project (Table 2.2).

All current licences are in good standing with no compliance issues identified. The Type A Water Licence Application and supporting information was submitted to the NWB on May 15, 2015.

**Table 2.1: Historical Water Licensing Activity for Project Operations**

| Licence Number | WL Type | Date of Issurance | Licensee (Company) | Effective Date | Expiry Date | Version | Location |
|---|---|---|---|---|---|---|---|
| 2BE-MEP0813 | Type B | June 17, 2008 | Meliadine Resources Ltd. | - | October 31, 2013 | Original | Meliadine East Project |
| | | June 17, 2008 | Comaplex Minerals Corp | June 9, 2014 | October 31, 2013 | The licence was assigned from Meliadine Resources Ltd. to Comaplex Minerals Corp. on June 9, 2014. | |
| 2BE-MEP0813 | Type B | June 17, 2008 | Agnico Eagle Mines Limited | January 10, 2012 | October 31, 2013 | Amendment 1 | Meliadine Gold Project |
| 2BB-MEL0914 | Type B | July 31, 2009 | Comaplex Minerals Corp. | - | July 31, 2014 | Original | Meliadine West Gold Project, Kivalliq Region, Nunavut |
| 2BB-MEL0914 | Type B | July 31, 2009 | Comaplex Minerals Corp. | June 28, 2010 | July 31, 2014 | Amendment 1 | |
| 2BB-MEL0914 | Type B | July 31, 2009 | Comaplex Minerals Corp. | July 8, 2010 | July 31, 2014 | Amendment 2 | |
| 2BB-MEL0914 | Type B | July 31, 2009 | Agnico Eagle Mines Limited | January 6, 2011 | July 31, 2014 | Amendment 3 | |
| 2BB-MEL0914 | Type B | July 31, 2009 | Agnico Eagle Mines Limited | On Amendment 5, the status of Amendment 4 is "Pending" | July 31, 2014 | Amendment 4 | |
| 2BB-MEL0914 | Type B | July 31, 2009 | Agnico Eagle Mines Limited | August 17, 2012 | July 31, 2014 | Amendment 5 | |
| 2BW-MEL1215 | Type B | March 13, 2012 | Agnico Eagle Mines Limited | - | March 31, 2015 | Original | Phase 1 Meliadine All-weather Access Road Project, Kivalliq Region, Nunavut |
| 2BE-MEP1318 (previously 2BE-MEP0813) | Type B | June 17, 2013 | Agnico Eagle Mines Limited | - | October 31, 2018 | Renewal | Meliadine East Project |

**Table 2.2: Existing Agnico Eagle Water Licenses for the Project**

| | |
|---|---|
| **Licence No.:** | **2BB-MEL1424** |
| Project Name: | Meliadine West Exploration |
| Purpose: | Advanced Exploration - Bulk Sample |
| Date Expiry: | July 21, 2024 |
| Location: | Approximately 25 km northwest of Rankin Inlet within the Kivalliq Region, Nunavut (with the general camp coordinates of latitude: 63°01'43''N and longtitude: 92°10'12''W). |
| Scope: | Underground bulk sampling program<br>Geotechnical drilling near the Meliadine River Crossing<br>Small exploration camp (capacity of 200 people in trailers)<br>Water treatment plant (potable water from Meliadine Lake, mine process water from Pump Lake – under previous water license)<br>Biodisk sewage treatment system<br>Landfill<br>Water containment area<br>Underground mine opening<br>Core shacks<br>Diesel generators<br>Incinerator<br>Non-hazardous and hazardous waste storage areas<br>Light petroleum hydrocarbon impacted soil stockpile |
| **Licence No.:** | **2BE-MEL0813** |
| Project Name: | Meliadine East Exploration Project |
| Purpose: | Exploration |
| Date Expiry: | October 31, 2018 |
| Location: | 15 km North of Rankin Inlet within the Kivalliq Region (generally at latitude 62°55'50''N and longitude 91°54'58"W). |
| Scope: | The decommissioning of the Meliadine East camp on Atulik Lake began during the summer of 2010, and was completed by Spring 2011. The core shack and storage building remain at the former camp site. |
| **Licence No.:** | **2BW-MEL1215** |
| Project Name: | Meliadine All-weather Access Road |
| Purpose: | Phase I AWAR |
| Date Expiry: | May 31, 2015 |
| Location: | 23.8 km long all-weather road between Rankin Inlet and the Meliadine exploration site |
| Scope: | Construction of a 23.8 km long all-weather road between Rankin Inlet and the Meliadine site, including water crossings over the Char River, Meliadine River, six fish bearing creeks and two non-fish bearing water crossings. |

**Table 2.2: Existing Agnico Eagle Water Licenses for the Project (continued)**

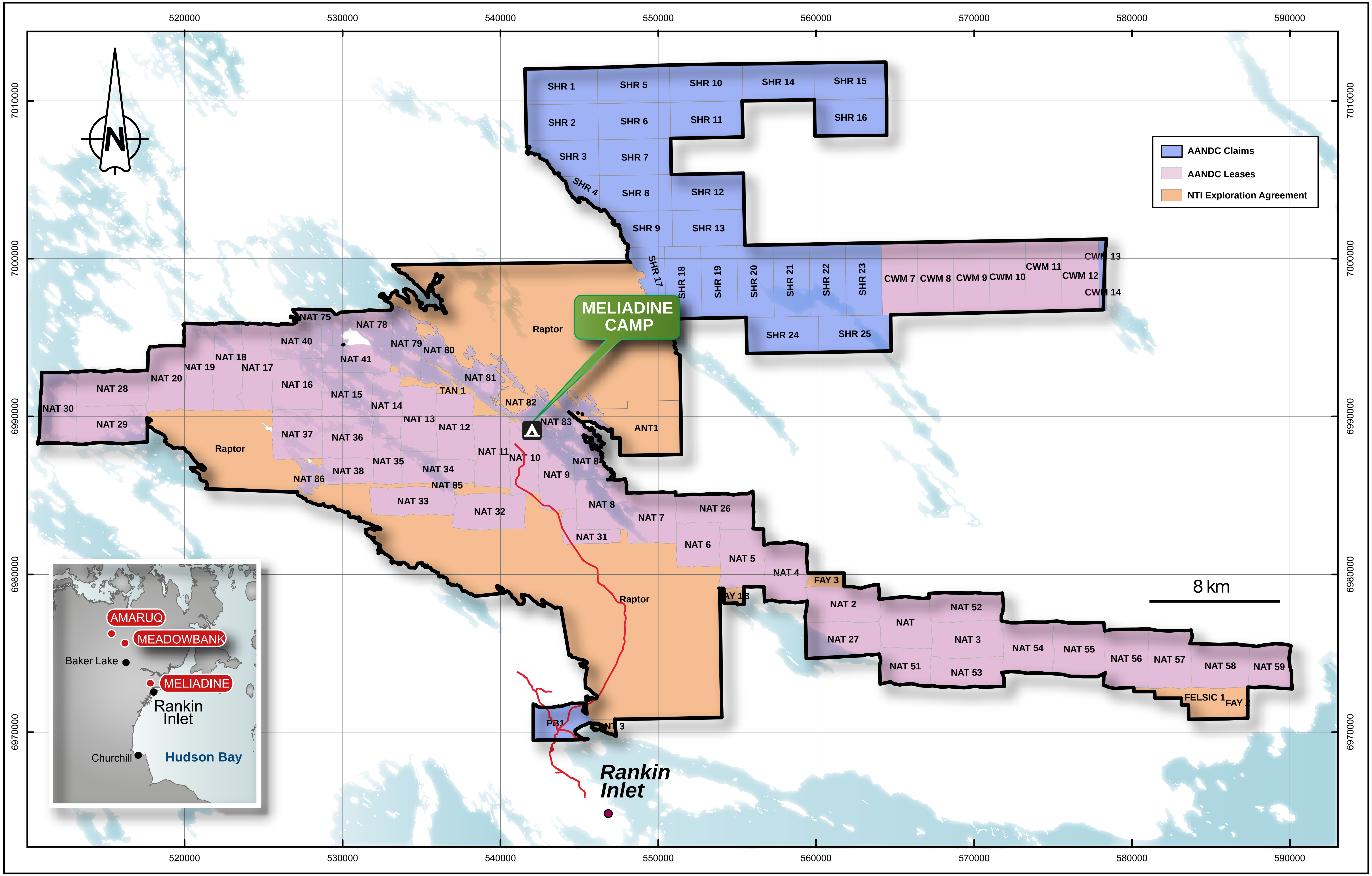
| **Licence No.:** | **2BE-MEP1318** |
|---|---|
| Project Name: | Meliadine East Project |
| Purpose: | Direct water use and deposit |
| Date Expiry: | October 31, 2018 |
| Location: | Approximately 25 km northwest of Rankin Inlet within the Kivalliq Region, Nunavut (Camp Location Latitude: 62° 55’ 50” N Longitude: 91° 54’ 58” W). |
| Scope: | Allow for the use of water and disposal of waste during camp operations and activities related to exploration that include prospecting, geological mapping, geophysical surveys, diamond drilling and trenching at the Meliadine East Project located within the Kivalliq Region. |

## 2.4 Nature of Interest in the Land and Water

The Meliadine property consists of 52,173 ha: 887 ha as claims, and 51,286 ha as leases. The 51,286 ha are held under the Canada Mining Regulations, administered by Aboriginal Affairs and Northern Developments Canada (AANDC); and are referred to as Crown Land. As well, Agnico Eagle has 3,430 ha of sub-surface NTI concessions, where the sub-surface mineral rights are administered directly by NTI. Compensation has been paid to the respective owning entities (NTI and AANDC) for Project land use and access to date.

A location map of the concessions, claims, and leases is shown in Figure 2.1. Additional information specific to the claims, leases, and concessions can be found in the Type A Application Main Application Document, Appendix B.

The main Project components are located on Inuit Owned Land, with some infrastructure within the municipal boundaries of Rankin Inlet.



AANDC Claims
AANDC Leases
NTI Exploration Agreement
MELIADINE CAMP
8 km
Raptor
ANT1
TAN 1
FAY 3
FELSIC 1
PB1
Rankin Inlet
SHR 1
SHR 2
SHR 3
SHR 4
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NAT 85
NAT 86
AMARUQ
MEADOWBANK
MELIADINE
Baker Lake
Rankin Inlet
Churchill
Hudson Bay
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590000
7010000
7000000
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6980000
6970000

### 2.4.1 Inuit Owned Land and Inuit Water Rights

The gold deposits of the Project are situated on Inuit Owned Land owned and administered by Nunavut Tunngavik Inc. (NTI) (sub-surface and mineral rights) and the KIA (surface rights) on behalf of the Inuit Beneficiaries, as designated under the NLCA.

The Project will require the authorization and consent of the KIA for development, construction, operations, and closure of the Mine and its related facilities. For the Type A Application (Agnico Eagle 2015), Agnico Eagle will require approvals in the form of land use leases, production lease, an Inuit Impact and Benefit Agreement, a Water Compensation Agreement, and other forms of approvals, permits, and authorizations for construction, development, operations, and closure of the Project.

### 2.4.2 Crown Land

The mineral claims underlying the deposits at the Project were staked with the Government of Canada prior to the signing of the NLCA in 1999, and have been held continuously by the mining rights holder (Comaplex, and now Agnico Eagle). Consequently, they are considered to be grandfathered under the NLCA, meaning that the mineral production royalties payable to the land and mineral rights owner are administered by the Government of Canada under the *Canada Mining Regulations*, unless otherwise mutually agreed to by the mineral claim holder and the mineral rights owner. The royalties collected are then transferred to NTI as the new sub-surface mineral rights owner.

### 2.4.3 Commissions Land

Municipal lands administration in Nunavut is through municipal corporations. In Rankin Inlet, the Land Administration By-laws provide for the administration of municipal lands, and outline the terms and conditions that will be required in municipal leases. The Rankin Inlet Zoning By-law provides for the administration and enforcement of the community plan. The Rankin Inlet Community Plan By-law describes the manner in which development or redevelopment of the municipality may best be organized and carried out.

The proposed Rankin Inlet port facility, laydown area, fuel tank farm, Bypass Road, and the first 2 km of the AWAR are sited on Commissioner's land, administered by the Department of Community and Government Services (CGS) for the benefit of the Hamlet of Rankin Inlet. The AWAR was constructed under land use permits issued by CGS on municipal land, and the KIA on Inuit Owned Land. Rankin Inlet infrastructure will also require leases from the CGS, and the GN will require Rankin Inlet municipal consent before issuing such leases. Agnico Eagle is not intending to dispose of waste to municipal facilities or use municipal water in any significant amount.

### 2.4.4 Existing or Other User Water Rights

Presently, there are no properties adjacent to the proposed Mine that have any influence on the Project. No trap lines have been identified within or directly adjacent to the proposed Mine footprint. No third party or individuals have been identified, or have come forward as existing or other water users with rights that might be impacted by the Project. Agnico Eagle knows of no other water rights that must be secured for the Project.

### 2.4.5 Other Authorizations

#### *2.4.5.1 Fisheries and Oceans Canada*

Fisheries protection and pollution prevention measures for the Project are subject to the requirements of the *Fisheries Act* s.35, which states that no person shall carry on any work, undertaking or activity that results in serious harm to fish that are part of a commercial, recreational, or Aboriginal fishery, or to fish that support such a fishery. The Project is not expected to cause serious harm to fish that are part of commercial, recreational, or Aboriginal fisheries, or to fish that support the commercial, recreational, or Aboriginal fisheries in the Peninsula waterbodies (i.e., primarily Arctic grayling), or affect the productivity of the Meliadine Lake commercial, recreational, or Aboriginal fishery, which includes Arctic grayling, Arctic char, and lake trout as the most important species of the fishery. Therefore, it is not anticipated that an authorization will be required under the *Fisheries Act* for the proposed Project undertakings, works, or activities.

Agnico Eagle will follow the Fisheries and Oceans Canada (DFO) measures to avoid causing harm to fish and fish habitat (formerly “operational statements”) with respect to project planning, erosion and sediment control and shoreline stabilization for proposed water works.

#### 2.4.5.2 Environment Canada

The Project will be subject to Metal Mining Effluent Regulations (MMER) requirements (Government of Canada 2012). Pre-development works proposed in the Application will not require deposit of mine effluent. Agnico Eagle will ensure requirements of the MMER are met under the Type A Water Licence Application.

#### 2.4.5.3 Transport Canada

The Project may be subject to the *Navigation Protection Act*. Agnico Eagle met with Transport Canada to explore the implications of applying the *Navigation Protection Act* to the Project. The *Navigation Protection Act* which came into force on April 1, 2014, is the result of the 2012 amendments made to the *Navigable Waters Protection Act*. These amendments have been incorporated into planning at the proposed Mine, and updated information was provided in Supporting Document 8-1 submitted as part of the FEIS (Agnico Eagle 2014b).

At this time, Agnico Eagle does not believe that the small lakes, ponds, and streams within the Project’s footprint are navigable waterbodies. Agnico Eagle recognizes that Meliadine Lake, Meliadine River, and Melvin Bay in Rankin Inlet are navigable waterbodies, and will continue to work with Transport Canada to determine appropriate mitigation measures and strategies to protect navigable waterbodies and ensure compliance with the *Navigation Protection Act*.

## 2.5 Consultation

Public consultations on the Project have been recorded from 1995 to the present, and have included information sessions, consultation, informed participation, and negotiation. In its public engagement and consultation, Agnico Eagle focused on those communities in close proximity to the Project (i.e., Rankin Inlet and Chesterfield Inlet). Stakeholders were identified and consulted amongst the general public, local and regional communities and Inuit organizations, federal and territorial government departments, and government institutes having a mandate relevant to the Project.

Common to all communities were concerns related to caribou preservation, jobs and training. An additional concern raised in 2012 was employee relations, particularly as it relates to the accommodation of different cultures working together at the proposed Mine. Key community findings and Agnico Eagle’s response to address them are outlined in the FEIS (Agnico Eagle 2014a). Community findings directly related to water use and waste disposal are summarized in Table 2.3. In addition, the Public Engagement and Consultation Baseline Report, including a record of all consultation, has been updated and submitted with the Type A application for the Project.

**Table 2.3: Community Concerns Related to Water and Waste Disposal at the Project**

| Key Concern | Agnico Eagle's Response | Commitment |
|---|---|---|
| Meliadine Lake and the Meliadine River could be at risk of contamination in the event of a disaster or bad practice at the Mine. This would jeopardise the water quality and fish in the Meliadine watershed. | The drainage configuration for Meliadine Lake was reviewed with the HTO and Elders' Committee who recognised that both major drainages in the Rankin Inlet area, Meliadine Lake and Peter Lake, could be at risk of contamination in the event of disaster or bad practice at the Mine. Since that time, baseline water quality and fish data have been collected for the Meliadine drainage area. Inuit technicians were trained to measure water quality and collect samples. The baseline reports are a record of the water quality and fish health before the Mine begins operation. | The Project will have safeguards to prevent contamination reaching Meliadine Lake. This will include dikes that contain all water coming in contact with the Mine. This water will be tested before being released to Meliadine Lake.<br><br>Plans for water and water quality management (Water Management Plan) and the Aquatic Effects Monitoring Plan (AEMP) provide more detail on the protection of the aquatic environment. |
| Effects of surface and underground blasting on lakes and fish. | The physical effects of blasting on the surrounding rock and water at surface is controlled by the placement, sequence, and volume of explosive. This is planned to ensure that the maximum energy from the blast is released into the immediate area of the explosive and not into non-target areas as provided in usage guidelines for explosives (the effects of underground blasting on waterbodies has not been a problem at other operating mines; e.g. Giant and Con at Yellowknife and Lupin near Contwoyto Lake).<br><br>Experience elsewhere has shown that the particular area of sensitivity is fish eggs, which are sensitive to blasting vibrations in excess of 12 mm/s peak particle velocity. The blasting of rock in or close to a river or lakebed can produce these vibration levels in adjacent waters. However, it is highly unlikely for blasting at the Project to produce these vibration levels in nearby fish-bearing waters. | Agnico Eagle commits to follow Fisheries and Oceans Canada blasting guidelines in the vicinity of, and adjacent to, fish habitat. |
| The tank farm at Itivia is close to the water and is near the airport. | Agnico Eagle and Nunavut airports selected the location of the tank farm so that it will not interfere with air traffic. The tank farm is 60 metres from the high water mark and the tanks are situated within a lined, bermed area, which can hold 110 percent of the volume of the largest tank. | The tanks will be situated within a bermed area and will be designed to meet regulations.<br><br>A Spill Contingency Plan has been developed for the Project. |

**Table 2.3: Community Concerns Related to Water and Waste Disposal at the Project (continued)**

| Key Concern | Agnico Eagle's Response | Commitment |
|---|---|---|
| Lakes will be lost when the Mine is built; what is being done with the fish? | Most of the small lakes and ponds to be lost to mining are shallow and many freeze to the bottom in winter. None of the lakes have Arctic Char and Lake Trout year round. | Agnico Eagle will have a program to either move the fish from the lakes and ponds to be dewatered to another lake, or net the fish and give them to the community for their use. |
| Nipisar Lake needs to be protected from spills and dust along the Bypass Road. | The Bypass Road will be closed to the public resulting in less traffic. The speed limit near Nipisar Lake will be 30 kph. Trucks will carry spill response equipment and supplies. | The Bypass Road will be maintained in good operating condition and will be closed to the public. The road supervisor will initiate dust suppression as required. |

# 3.0 PRE-DEVELOPMENT WORKS

Agnico Eagle confirms they will submit to the Board for review prior to construction, for-construction drawings stamped by an Engineer, for any facilities proposed for pre-development. In addition, within 90 days of completion of any structure designed to contain, divert, and retain waters and/or waste, or at least thirty days prior to the expiry of the Licence, whichever date comes first, a Construction Summary Report prepared by an Engineer that includes as-built plans and drawings, documentation of field decisions that deviated from the original plans and any data used to support the decisions will be submitted to the Board for review.

## 3.1 Mining Areas

The stripping of open pit(s) (overburden and waste rock) and ore/waste rock stockpiling originally requested in the FEIS is not requested as part of this Type B application. Through project refinements from the FEIS stage to present, it has been determined through further evaluation of existing borrow pit and quarry material sources that sufficient sources are available for pre-development work construction activities. Sources of quarried materials for specific infrastructure components of pre-development are detailed in Sections 3.2 to 3.6, where appropriate. Quarry development will be undertaken through existing authorization from the KIA and AANDC. The quarry development to generate aggregate suitable for construction purposed is detailed within the Borrow Pits and Quarries Management Plan (Agnico Eagle 2015).

## 3.2 Satellite Infrastructure in Rankin Inlet

Satellite infrastructure facilities (Itivia) will be constructed in Rankin Inlet on commissioner's land to support fuel storage and equipment mobilization (Figure 1.3). The facilities include:

- construction of the fuel storage facility in Rankin Inlet;
- preparation of the laydown and material storage area in Rankin Inlet (Itivia laydown);
- installation of the spud barge; and
- construction of the Bypass Road.

Agnico Eagle has entered into an agreement with the Hamlet of Rankin Inlet (Government of Nunavut) to lease fuel storage space within the community's existing fuel storage facility during the period of pre-development. Agnico Eagle does not anticipate construction the fuel storage facility as originally projected; however, would request that the Type B licence allows for flexibility and inclusion of construction of the fuel storage facility as contingency. Agncio Eagle is committed to providing the NWB with detailed engineering drawings related to the fuel storage facility in Rankin Inlet at least 60 days prior to proposed construction and revising the spill contingency plan and monitoring plans to account for the change in operation, if implemented prior to issuance of a possible Type A Water Licence.

Installation of the spud barge and construction of the Rankin Inlet Bypass Road are not requested as part of this Type B application.

Borrow pit and quarry materials will be used for the construction and maintenance of the Itivia laydown. It will also be used in construction of the infrastructure pad at the proposed Mine site (Section 3.3) and maintenance of the AWAR between Rankin Inlet and the Meliadine site. Best management practices will be used in the selection, construction, and operation of borrow pits and quarries for the Project. These include: minimizing the surface area and cuts of quarries and borrow pits, where possible; maintaining the floor of the quarries and borrow pits slightly above the elevation of the surrounding area to promote drainage to avoid creating quarry lakes; preventing erosion and sedimentation through appropriate control measures; and carrying out Acid Rock Drainage/Metal Leaching (ARD/ML) testing and water quality monitoring in support of mitigation measures.

The quarries and borrow pits selected for building the AWAR showed no potential to generate acid drainage. Visual examinations of materials and additional testing will be conducted during construction to confirm that the best available building materials are being used.

For additional information refer to the Borrow Pits and Quarries Management Plan (Agnico Eagle 2015).

## 3.3 Mine Site Infrastructure

Pre-development site infrastructure includes:

- construction of a pad for the permanent camp;
- installation of pilings for the permanent camp and infrastructure;
- the installation of new portal, and ramp; and
- start of work on concrete foundations.

The proposed major mine infrastructure (Figure 1.2) will be located on a pad having an area of approximately 70,000 square metres. The site preparation of the pad will involve the spreading of waste rock and borrow pit materials to an average thickness of approximately 3 m over the pad area for a total volume of approximately 200,000 cubic metres ($m^3$). The material to construct the proposed infrastructure pad will come from two main sources:

1) Ramp development waste rock:

- Under Water Licence 2BB-MEL1424, Amendment #3 the extension of the ramp to 400 m below surface was approved by the NWB. The development of the ramp is presently underway to explore deeper portions of the Tiriganiaq ore deposit. Waste rock from developing the ramp is being stored on a pad near the portal; and
- Waste rock available at the time from ramp development; approximately 150,000 $m^3$ of waste rock should be available to construct the infrastructure pad.

2) Borrow pits B5 and B6A located near the AWAR (Figure 3.1):

- Borrow pits B5 and B6A combined supplied approximately 100,000 $m^3$ of material in constructing the AWAR;
- Borrow pits B5 and B6A will supply an additional 50,000 $m^3$ of material for constructing the proposed infrastructure pad. This will result in the expansion of the two borrow pits. Figures 3.1 show the extent of the borrow material available along with the area excavated in constructing the AWAR; and
- In extending the two borrow pits, a buffer of at least 31 m of undisturbed land will be maintained between the two borrow pits and waterbodies.

Only a portion of the infrastructure pad is being constructed as pre- development works at Year -5. The volumes indicated above represent the full quantity and volumes needed to construct the entire infrastructure pad for operations (Figure 3.2).

Water management structures (water retention dikes/berms and diversion channels) will be constructed as needed to contain and manage the contact water from the areas affected by the mine or mining activities. The water management infrastructure pre-development activities resulting from construction of the infrastructure pad includes the following:

- installation of culvert No. 2 between ponds H13 and H12; and
- begin construction of diversion Channel No. 2 to divert non-contact water away from the industrial site pad.

During construction and operations, the contact water from the plant site area will naturally flow or be diverted via Channel 2 into ponds H15E, H15, H14, H13, and H12, and eventually collected in CP1.

Design criteria for the various components of the water management system are outlined in Section 5.1 and the Water Management Plan submitted in support of the Type A Water Licence Application. Channel No. 2 was designed to pass an extreme intensity flow under a 5-minute 1;100 return rainfall of 9.2 mm; any water overflowing the channel will remain within the catchment area of the projected future collection ponds. The channel has a designed bottom width of 1m, side slopes at 3(H):1(V), rip-rap thickness of 0.3m and a minimum bottom slope gradient of 0.30% with an overall approximate total length of 300m. Rip-rap material will be sized and graded appropriately.

Drawing 6509-660-230-008 found in Appendix D presents the typical design sections for the culverts (Agnico Eagle/EBA Tetratech 2014). Agnico Eagle proposes to install standard galvanized, corrugated steel pipe culverts with a diameter of 600 mm with a corrugation profile of 68X13 mm and a minimum specified thickness of 1.3 mm. A minimum of 1 m fill cover will be placed over the culverts. A structural analysis may be required to determine the design parameters for the final design of the culverts.

Agnico Eagle will use standard construction methods and equipment for construction of Channel No. 2 and installation of Culvert No. 2. In addition, Agnico Eagle will implement established DFO protection measures to ensure protection of fish and fish habitat where needed. Culvert No. 2 and diversion Channel No. 2 will be permanent structures for the duration of the Project. The removal of the structures is described in the pre-development closure and reclamations strategy. Once monitoring results have indicated that contact water conveyed in channels and sumps meets acceptable water quality, the infrastructure will be re-contoured and/or surface treated according to site-specific conditions to minimize wind-blown dust and erosion from surface runoff, if required. This closure activity is intended to enhance site area development for re-colonization by native plants and wildlife habitat.

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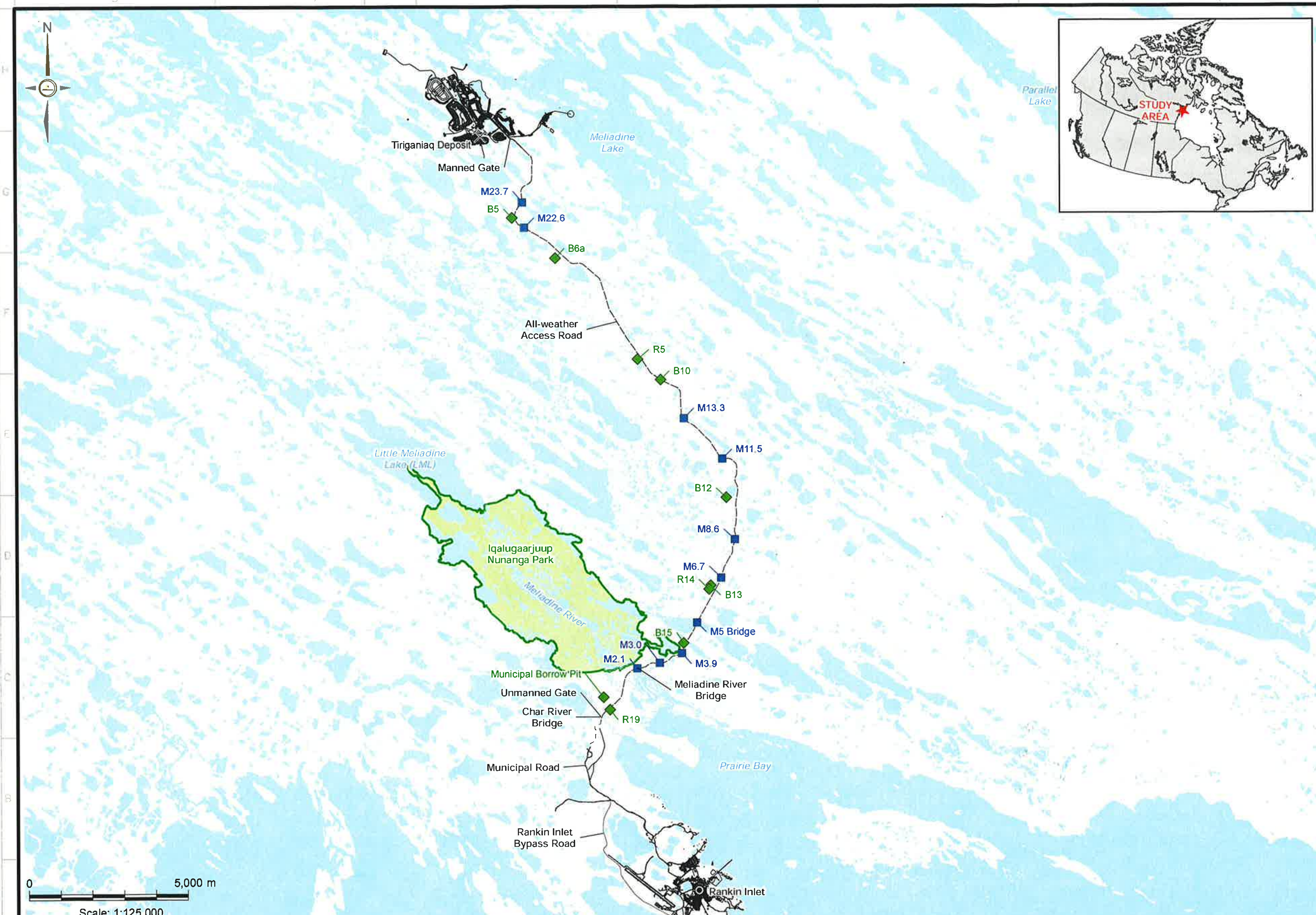
DRAWING NO.

FORMAT ANSI B-11x17




## REFERENCE

1. BASE DATA OBTAINED FROM AGNICO EAGLE MINES LIMITED.
2. DATUM: NAD83 PROJECTION UTM ZONE 15

## LEGEND

- PROPOSED MINE SITE
- QUARRY/BORROW PIT LOCATION
- WATERCOURSE CROSSING
- ALL-WEATHER ACCESS ROAD (AWAR)
- ROAD - NEW
- ROAD - EXISTING
- WATERCOURSE
- WATERBODY
- TERRITORIAL PARK

AGNICO EAGLE

Golder Associates



| TITRE / TITLE | # DWG |
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DESSINS EN RÉFÉRENCE/REFERENCE DRAWINGS

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REVISIONS

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|---|---|---|---|
| DESSINÉ PAR DRAWN BY | CDB | DATE | 01-12-2014 |
| VÉRIFIÉ PAR CHECKED BY | LY | | 24-03-2015 |
| APPROUVÉ PAR APPROVED BY | DRW | | 24-03-2015 |
| No. PROJET PROJECT NO. | 1405283 | | |
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TITRE / TITLE

AGNICO EAGLE – MELIADINE DIVISION
FIGURE 3.1 LOCATION OF BORROW PITS AND QUARRIES FOR THE MELIADINE GOLD PROJECT

| ÉCHELLE/ SCALE | 1:125,000 | FICHIER FILE | .DWG |
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| No. DESSIN/ DRAWING NO. | – | REVISION 0 | FEUILLE/SHT 1 / 1 |

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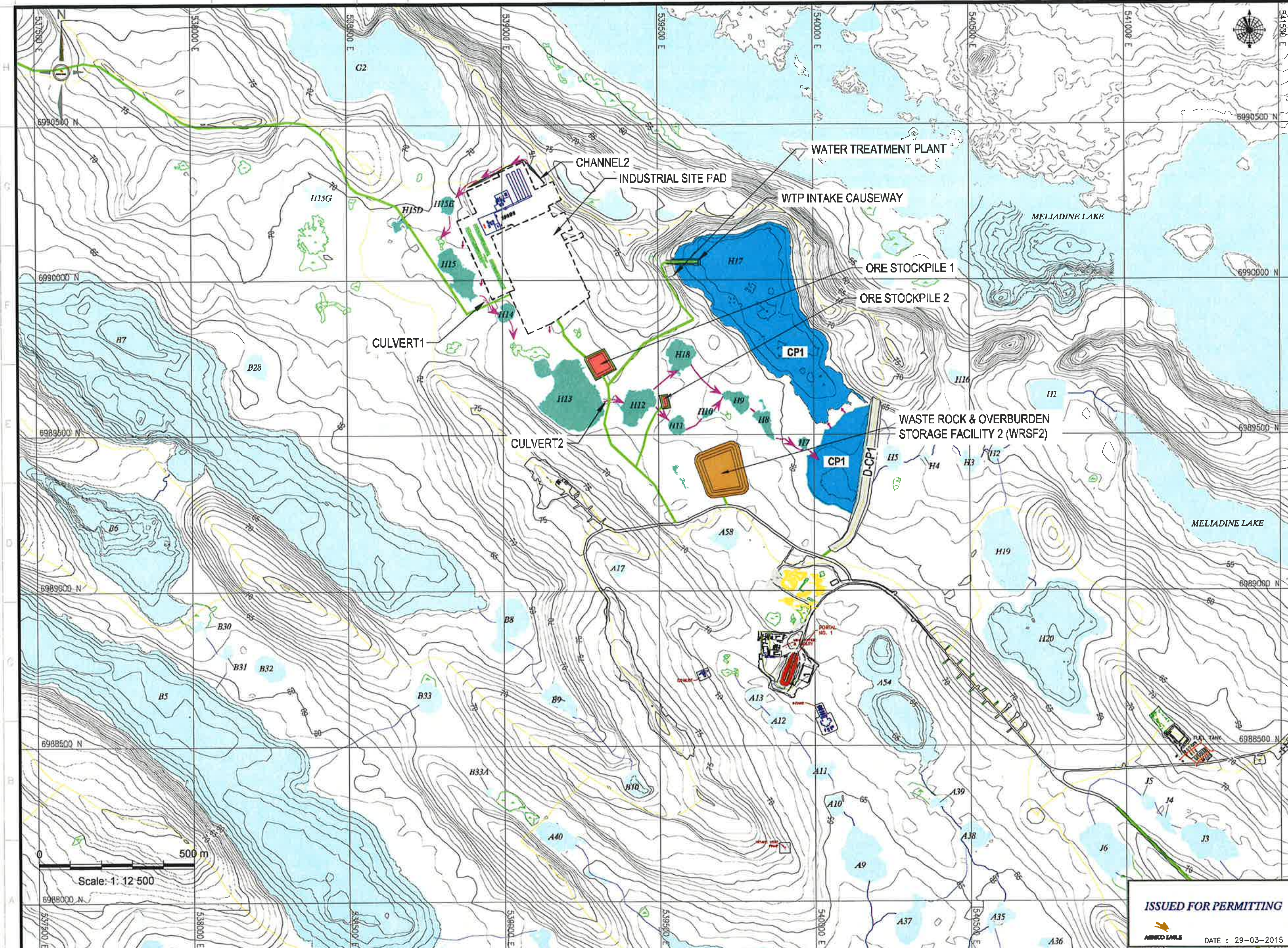
NO. DESSIN
DRAWING NO.

FORMAT ANSI B–11x17




LEGEND

- CATCHMENT BOUNDARY
- SERVICE ROAD
- NON CONTACT WATERBODY
- CONTACT WATERBODY
- WATER COLLECTION POND
- OVERBURDEN
- WASTE ROCK
- ORE
- INDUSTRIAL SITE PAD
- WATER FLOW DIRECTION
- STREAM

AGNICO EAGLE

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REVISIONS

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TITRE / TITLE
AGNICO EAGLE – MELIADINE GOLD PROJECT
FIGURE 3.2 YEARLY SITE LAYOUT PLAN
FOR WATER MANAGEMENT
(YEAR –4)

ISSUED FOR PERMITTING
DATE : 29-03-2015

| ÉCHELLE/ SCALE | 1:12500 | FICHIER FILE | .DWG |
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| No. DESSIN/ DRAWING NO. | 6500-680-210-200-002 | REVISION A | FEUILLE/SHT 2 / 13 |

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Q:\Edmonton\Engineering\E141\Projects\E14103209_Meladine_Mgmt_Plans\EBA Drawings\Water MP\CAD_Dec_2014\FIGURE 3.2.dwg

## 3.4 Access, Mobilization, and Accommodation

Figure 3.3 provides an overview of the Project access road network. There is presently a controlled access to the Phase 1 AWAR between the proposed mine site and Rankin Inlet[1] (constructed in 2013/2014). The Bypass Road remains to be built. The remote location of the Project necessitates that access, service, and haul roads be built to support the development.

Access, mobilization, and accommodation considerations for pre-development works include:

- construction of the access roads;
- pre-delivery of material (i.e., equipment, material, and fuel); and
- accommodation for construction personnel estimated to be 250 persons (supported under existing exploration licence 2BB-MEL1424).

Access, service, and haul roads are needed in the operation of the Project. Access roads will be used by Agnico Eagle but will also have unrestricted access by the public, if it is safe to do so. The only access road will be a 23.8 km AWAR between Rankin Inlet and the proposed mine site as shown on Figure 3.1. The Bypass Road around Rankin Inlet, which remains to be built as a component of the Type A water licence application currently under review, will be closed to public use. It will be used by Agnico Eagle and its contractors to transport fuel, supplies, and reagents from Itivia to the AWAR.

A gate will be installed on the AWAR near the proposed mine site to prevent public entry. There will be an unmanned gate at the south end of the AWAR. It will be manually closed during periods of bad weather, in the event of a serious road accident, during periods of major road maintenance, and, if supported by consultation, when greater than 50 caribou are near the road.

Service roads will be exclusively for Agnico Eagle and its contractors use; the public will not have right of entry to these roads. These will service mine areas and will be found in and around open pits, leading to waste rock storage facilities, around the mill site, and leading to the landfill and Emulsion Plant to mention a few. Service vehicles, trucks carrying explosives, and small trucks with mine personnel will use the service roads. All Agnico Eagle workers and its contractors using service roads will receive training before doing so.

Haul roads will primarily be restricted to haul trucks, loaders, and other heavy machinery. Small vehicles operated by Agnico Eagle and its contractors can also use haul roads, but only after driver training and when it is safe to do so.

The Road Management Plan (Agnico Eagle 2015) applies equally to access, service, and haul roads. Operations and maintenance of all types of roads will largely be the same. While public safety is emphasized in the use of the access roads, the safety of its workers and contractors will be of no less importance to Agnico Eagle.

Drawing 6509-001-230-001 found in Appendix D presents the typical design sections for the roads (Agnico Eagle/EBA Tetratech, 2014).

[1] The Meliadine Phase 1 AWAR was authorized under a separate process (Golder Associates 2010, 2011a, 2011b) and subject to separate monitoring and management plans (Agnico Eagle 2011, 2012). The concepts and monitoring and management plans are being merged with the current Project.

NO. DESSIN
DRAWING NO.


## REFERENCE
1. BASE DATA OBTAINED FROM AGNICO EAGLE MINES LIMITED.
2. DATUM: NAD83 PROJECTION UTM ZONE 15

FORMAT ANSI B–11x17

## LEGEND
- CAMP
- PROPOSED MINE SITE
- QUARRY/BORROW PIT LOCATION
- WATERCOURSE CROSSING
- ALL-WEATHER ACCESS ROAD (AWAR)
- ROAD - NEW
- ROAD - EXISTING
- WATERCOURSE
- WATERBODY
- TERRITORIAL PARK

AGNICO EAGLE

Golder Associates

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| APPROUVE PAR APPROVED BY | DRW | | 24–03–2015 |
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TITRE / TITLE
AGNICO EAGLE – MELIADINE DIVISION
FIGURE 3.3 MELIADINE ACCESS ROAD NETWORK WITH QUARRIES AND DRAINAGE

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|---|---|---|---|
| ECHELLE/ SCALE | 1:125,000 | FICHIER FILE | .DWG |
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The proposed building of roads and the mine infrastructure at Itivia will impact some all-terrain vehicle and ski-doo trails. Where these trails cross a road, a ramp will be constructed to ease road crossing, and signage will be installed to alert road users of the crossing. Similarly, there will be a sign alerting all-terrain vehicles and ski-doos that they are approaching a road. Maintenance of the roads would see no snow placed on these trails. In accommodating existing trails rather than building new ones, the area impacted will be minimized. The ramps leading up to the road will be small and require little road building material. The present ski-doo trail at Itivia harbour to the sea ice will be relocated to the east of the fenced laydown yard. Individuals will be able to readily access the sea ice using the re-located ski-doo trail.

A small amount of material will also be transported from the proposed mine site to Itivia for transport south by sea, including hazardous materials and other wastes that require shipment to the south.

Fifty rooms will be added to the existing exploration camp during pre-development to make a total of 250 rooms available for the pre-development stage. During production, the exploration camp will be maintained for the lodging of contractors on-site.

## 3.5 Water Use

### *Direct Use*

During the pre-development stage, Agnico Eagle does not propose any direct use of water for domestic or other purpose. The approximately 250 personnel required for pre-development works will be housed in the existing exploration camp where water use at 290 cubic meters per day is authorized under water licence 2BB-MEL1424. The existing Meliadine AWAR authorizes Agnico Eagle to use water for dust suppression purposes. If needed during pre-development, water for dust suppression will be sourced from and within quantities authorized under the Meliadine AWAR water licence 2BW-MEL1215.

### *Indirect Use*

As stated in Section 3.2, water management structures (water retention dikes/berms and diversion channels) will be constructed as needed to contain and manage the contact water from the areas affected by the mine or mining activities. The water management infrastructure pre-development activities associated with the construction of the infrastructure pad includes the following:

- installation of culvert No. 2; and
- begin construction of diversion Channel 2 to divert non-contact water away from the industrial site pad.

During construction, the contact water from the plant site area will naturally flow or be diverted via Channel 2 into ponds H15E, H15, H14, H13, and H12, and eventually collected in CP1.

Any indirect use of water during pre-development will be guided by DFO operation statements (if required).

## 3.6 Waste Disposal

Agnico Eagle does not propose any disposal of domestic waste, in addition to domestic waste already authorized under existing water licence 2BB-MEL1424, during the pre-development stage, and therefore this activity is not included under this Application.

### *Sewage*

As stated in Section 3.5, the approximately 250 persons required for pre-development works and will be accommodated by the exploration camp authorized by water licence 2BB-MEL1424. However, under Part G, Item 1 of water licence 2BB-MEL1424 Agnico Eagle will under separate cover provide notification of their intention to carry out a modification to the existing sewage waste disposal facilities.

The sewage wastes at the Meliadine advance exploration camp is treated with a modular BIODISK rotating contactor wastewater treatment system (BIODISK). To accommodate the increase level in personnel during construction, Agnico Eagle proposes to add one additional BIODISK modular unit to the current system at the camp. The monitoring and reporting for sewage will comply with the licence terms and conditions already established under 2BB-MEL1424, including the submission of as-built plans and drawings within 90 days of completion of the modification.

### *Solid Waste*

Similar to sewage waste, no solid waste disposal is proposed under this Application. Any wastes generated will be back hauled to an approved waste disposal facility. Minimal amounts of solid waste generated as a result of works in Rankin Inlet will be disposed of in the Hamlet Landfill. In the vicinity of the proposed mine site, solid waste and hydrocarbon contaminated waste (if any) shall be disposed of as authorized by water licence 2BB-MEL1424.

On July 2, 2014, Agnico Eagle confirmed with the Board that the Landfill is not established yet. In the NWB's decision of 22 July 2014 for water licence 2BB-MEL1424, the board noted that as per Amendment No. 4 to licence 2BB-MEL0914, Agnico Eagle was authorized, on September 10, 2012, to construct/operate/close a temporary non-hazardous solid waste disposal facility (Landfill) at the Meliadine Camp to support the advanced exploration program. The "Meliadine Gold Project Landfill Design and Management Plan" dated April 2012 was approved under Amendment No. 4, and Part D, Item 2 and Part E, Item 4, of the licence respectively, stated:

> *Part D, Item 2. The Licensee shall implement the Plan entitled "Meliadine Gold Project Waste Management Plan" revised November 2013, submitted as additional information with the Application and originally approved by the Board. The Licensee is required to update the plan annually and submit any changes, in the form of an addendum complete with a record of revision, to the Board for review by March 31st of the year following the update.*

> *Part E, Item 4. The Licensee is authorized to dispose of and contain all non-hazardous, solid Wastes at the Meliadine Non-Hazardous Waste Landfill. The Licensee shall limit this disposal to those materials listed as acceptable for disposal, outlined in the "Meliadine Gold Project Landfill Design and Management Plan", dated April 2012.*

Agnico Eagle does not propose to construct two landfills, one for mine operations and one for exploration activities. Agnico Eagle proposes to streamline operations and minimize potential impacts to the environment by constructing one landfill for Meliadine Project operations. Construction and operation of a landfill is authorized under water licence 2BB-MEL1424; however, the proposed location does not fit with long term operations at Meliadine. Therefore, Agnico Eagle proposes to relocate the landfill authorized under 2BB-MEL1424 and construct the temporary landfill in the location proposed in the Type A Water Licence. The monitoring and reporting for the Landfill will comply with the licence terms and conditions already established under 2BB-

MEL1424, including the submission of as-built plans and drawings within 90 days of completion of the proposed landfill.

Reduce, reuse, and recycle initiatives will be developed at the Project to minimize the quantity of waste incinerated or directed to the landfill. To support this initiative, operating procedures will be developed to maximize the volume of materials that are recycled and/or reused. This will include eliminating the use of disposable materials where possible, and segregating waste destined for reuse and recycle alternatives.

The number of people working on-site, and the activities occurring at the time, has a direct bearing on the volume of waste destined for the proposed landfill and the amount of materials removed from the waste stream for reuse and recycling. Also, purchasing policies that focus on reduced packaging will have a bearing on the volume of waste.

The maximum estimated waste in the landfill during construction is projected to be 1,040 $m^3$, which covers the entire construction phase of the Project. Pre-development waste volumes are expected to be minimal.  Agnico Eagle proposes to dispose of any bulky/scrap metal, hazardous waste, and empty barrels consistently with the waste management practices and requirements of the existing water licence 2BB-MEL1424.

# 4.0 ENVIRONMENTAL SETTING (BASELINE AND EFFECTS)

The Project was subject to a NIRB Part 5 environmental impact review process which culminated in a decision to proceed with the Project, approval of the Minister, and issuance of Project Certificate No. 006 in February 2015. To fulfill the information requirements as defined in the NIRB Guidelines for the Project (NIRB 2012), Agnico Eagle submitted a FEIS (Agnico Eagle 2014a) providing a detailed evaluation of the potential biophysical and socio-economic effects of the Project. The FEIS includes extensive baseline data characterizing the Project area, and provides descriptions of Project design features and mitigation measures that will be implemented to remove or minimize potential adverse effects to valued ecosystem components in the Project area.

Conceptual management and monitoring plans were provided during the Part 5 review process and have been updated to reflect the requirements of the Project Certificate issued by NIRB, the requirements of the Type A Water Licence, and Project design refinement. These plans provide the approach to assess the validity of the impact predictions made, and describe the systematic adaptive management approach to decision making whereby operational practices can be adapted and adjusted as required to reduce or eliminate any unforeseen negative impacts throughout the life of the Project. As described in Section 5.0, select design, monitoring, and mitigation plans are submitted in support of this Type B application.

A summary of the environmental impacts of the Project relating specifically to the use of water or disposal of waste is provided below. Contextually, the summary below is provided for mining and full development of the Project.

## 4.1 Air Quality

Potential air quality effects from the Project are related to the potential deposition of dust into natural waterbodies. The air quality assessment focused on the operational phase when emissions and activities will be at their highest. Effects from all compounds, with the exception of 24-hour total suspended particulate and particles nominally smaller than 10 µm in diameter ($PM_{10}$), are predicted to be of negligible to moderate magnitude at the proposed Mine site, and of negligible magnitude along the AWAR. Effects of total suspended particulate and $PM_{10}$ are predicted to be of high magnitude for the proposed Mine, and of moderate to high magnitude for the AWAR within the site study area and local study area. All residual effects are assessed to be of a negative direction, medium-term duration, and fully reversible once Project emissions cease. Therefore, the potential residual air quality effects from Project activities were determined to be not significant. No potential cumulative effects on air quality were identified.

For additional information on environmental impacts and predictions related to air quality refer to Volume 5, Section 5.2 of the FEIS (Agnico Eagle 2014a). Additionally, the Project Screening Report, submitted in support of the Type A Application, provides a summary of impacts to air quality from mining Tiriganiaq. For mitigation and monitoring related to dust refer to the Roads Management Plan, as well as the Borrow Pits and Quarries Management Plan submitted in support of the Application (Agnico Eagle 2015).

## 4.2 Noise

Potential noise effects from the Project are related to the noise from equipment during the disposal of waste, waste rock, and tailings. The noise assessment focused on the operating phase when emissions and activities will be at their highest. The potential residual effects on noise levels at the identified receptor locations were assessed to be of a negative direction, negligible to moderate magnitude, low to moderate geographic extent, medium-term duration, moderate frequency, and reversible once Project activities cease. Therefore, the potential direct residual effects on the identified noise receptor locations as a result of the Project were determined to be not significant. No potential cumulative effects on noise were identified.

For additional information on environmental impacts and predictions related to noise refer to Volume 5, Section 5.5 of the FEIS (Agnico Eagle 2014a). The Project Screening Report, submitted in support of the Type A Application, provides a summary of impacts to noise from mining Tiriganiaq.

## 4.3 Permafrost and Permafrost Terrain

Potential permafrost and permafrost terrain effects from the Project are related to permafrost loss or alteration from the waste rock, ore, and tailings storage facilities. Physical loss or permanent alteration of terrain and soils from the Project were determined to have potential negligible to low magnitude residual effects to permafrost and permafrost terrain. Therefore, the potential residual effects of the Project on permafrost and permafrost terrain were determined to be not significant.

For additional information on environmental impacts and predictions related to permafrost refer to Volume 6, Section 6.3 of the FEIS (Agnico Eagle 2014a).

The mine site is situated in an area of low seismic risk. The peak ground acceleration (PGA) for the area was estimated using seismic hazard calculator from the 2010 National Building Code of Canada website. The estimated PGA is 0.019 g for a 5% in 50-year probability of exceedance (0.001 per annum or 1 in 1,000 year return) and 0.036 g for a 2% in 50-year probability of exceedance (0.000404 per annum or 1 in 2,475 year return) for the area.

## 4.4 Vegetation

Potential vegetation effects from the Project are related to loss or alteration from the waste rock, ore, and tailings storage facilities. The physical loss or alteration of vegetation (including permanent loss or alteration) from the Project was determined to have potential residual effects to vegetation. Changes from the Project are predicted to result in moderate, local-scale impacts to plant populations and communities. Overall cumulative direct and indirect effects to vegetation are predicted to be negligible to low. Incremental and cumulative effects should be reversible in the long-term. Therefore, the Project is not predicted to have a significant adverse impact on plant population and community abundance and distribution, nor on the continued opportunity for traditional and non-traditional use of plants in the region.

For additional information on environmental impacts and predictions related to vegetation refer to Volume 6, Section 6.5 of the FEIS (Agnico Eagle 2014a). The Project Screening Report, submitted in support of the Type A Application, provides a summary of impacts from mining Tiriganiaq. For mitigation and monitoring related to vegetation refer to the Preliminary Closure and Reclamation Plan submitted in support of the Type A Application (Agnico Eagle 2015).

## 4.5 Terrestrial Wildlife and Wildlife Habitat

Potential terrestrial wildlife and wildlife habitat effects from the Project are related to habitat loss or alteration from the waste rock, ore, and tailings storage facilities. Incremental and permanent habitat loss and fragmentation, changes in caribou migration patterns, and sensory disturbance from the Project, as well as improved access for harvesting were determined to have potential residual effects to terrestrial wildlife and wildlife habitat. Changes from the Project are predicted to result in negligible to high, local to beyond regional scale impacts to terrestrial wildlife population abundance and distribution. Cumulative effects to terrestrial wildlife population abundance and distribution are also predicted to be of negligible to high magnitude but are predicted to occur at a regional to beyond regional scale.

Caribou move through the Project area in some years. Results from a satellite collar program run by the Government of Nunavut show that 40 collared individuals from the Qamanirjuaq caribou herd have been within 14 km of the Project in the last 14 years. A number of caribou moved through the Project area in recent years. Caribou recorded moving near the Project, moved south of the Project in the post-calving and late summer seasons, and through the Narrows region of Meliadine Lake at the main mine and camp site in early winter.

Increased ease of access for traditional and non-traditional harvesting as a result of the AWAR may increase risk of mortality for caribou. Agnico Eagle, in consultation with Inuit, will establish an appropriate "no shooting zone" around the proposed Mine site. Agnico Eagle will also develop and enforce a "no hunting, trapping, harvesting, or fishing policy" for employees and contractors while on shift and on-site, to help mitigate potential effects from increased access for harvesting wildlife.

However, all effects to caribou are expected to be reversible in the long-term. Potential effects from the Project will be limited to a very small area and unlikely to be a major contributing factor to changes in caribou abundance and distribution of the caribou herds. The Project is not predicted to have a significant effect on terrestrial wildlife population abundance and distribution, nor on the continued opportunity for traditional and non-traditional use of terrestrial wildlife in the region.

For additional information on environmental impacts and predictions related to wildlife refer to Volume 6, Section 6.6 of the FEIS (Agnico Eagle 2014a). The Project Screening Report, submitted in support of the Type A Application, provides a summary of impacts to wildlife from mining Tiriganiaq. For mitigation and monitoring related to wildlife refer to the Roads Management Plan submitted in support of this Application and the Preliminary Closure and Reclamation Plan submitted in support of the Type A Application (Agnico Eagle 2015).

## 4.6 Birds and Bird Habitat

Potential birds and bird habitat effects from the Project are related to habitat loss or alteration from the waste rock, ore, and tailings storage facilities. Incremental and permanent habitat loss and fragmentation, and sensory disturbance from the Project were determined to have potential residual effects to birds and bird habitat. Changes from the Project are predicted to result in negligible to high, local to regional scale impacts to upland bird, waterbird, and raptor population abundance and distribution. Cumulative effects to upland bird, waterbird, and raptor population abundance and distribution are also predicted to be of negligible to high magnitude but are predicted to occur at a regional scale. However, all effects are expected to be reversible in the long-term. Therefore, the Project is not predicted to have a significant effect on bird population abundance and distribution, nor on the continued opportunity for traditional and non-traditional use of birds in the region. Potential effects from the Project will be limited to a very small area and are unlikely to be a major contributing factor to changes in the abundance and distribution of birds.

For additional information on environmental impacts and predictions related to birds refer to Volume 6, Section 6.7 of the FEIS (Agnico Eagle 2014a). The Project Screening Report, submitted in support of the Type A Application, provides a summary of impacts to birds from mining Tiriganiaq. For mitigation and monitoring related to birds refer to the Borrow Pits and Quarries Management Plan and the Roads Management Plan.

## 4.7 Hydrogeology

Groundwater is not used as a resource by local populations and is not anticipated to become a resource in the future. As a result, potential effects to groundwater were examined, but residual impacts were not classified. The Project is expected to result in no detectable to negligible environmental change and no residual effects to groundwater quality and hydrogeology.

The Project Screening Report, submitted in support of the Type A Application, provides a summary of impacts to hydrogeology from mining Tiriganiaq. For mitigation and monitoring related to hydrogeology quantities refer to the Water Management Plan and the Mine Plan submitted in support of the Type A Application (Agnico Eagle 2015).

## 4.8 Hydrology, including Water Quantity

Potential hydrology (including water quantity) effects from the Project are related to the use of dewatering, diversions, flow changes and channel and bank stability. Effects from dewatering, Project infrastructure, and watershed diversion on flows, water levels, and channel/bank stability were determined to have potential residual effects to hydrology, but these are expected to be negligible. Potential residual effects from the AWAR and Rankin Inlet Bypass Road are also expected to be negligible compared to baseline conditions.

The Project Screening Report, submitted in support of the Type A Application, provides a summary of impacts to hydrology and water quantity from mining Tiriganiaq. For mitigation and monitoring related to hydrology and water quantities refer to the Water Management Plan submitted in support of the Type A Application (Agnico Eagle 2015).

With the exception of the main outlet of Meliadine Lake, which has been observed to flow continuously throughout the year, outlets of waterbodies near the mine site typically start flowing late May or early June, followed by freshet flows in mid- to late-June. Flows steadily decrease in July and low flows are ongoing from August to the end of October, prior to freeze-up. Observed ice thicknesses near the mine site have been observer to vary between 1.0 m and 2.3 m prior to the spring melt. With the exception of the main outlet of Meliadine Lake, all lake outlets examined have been completely frozen over the winter, with no measurable flow.

## 4.9 Surface Water and Sediment Quality

Potential surface water and sediment quality effects from the Project are related to the use of water for camp and industrial purposes, and the discharge of effluent into a natural waterbody. Changes in water and sediment quality from water emissions, physical alterations of watersheds, and air emissions were determined to have potential residual effects to surface water and sediment quality. Potential effects to habitat quality (e.g., nutrient and metal concentrations) in Meliadine Lake are expected, but will be small based on the proposed mine design. Water quality will change from what it is now and the concentrations of some metals and nutrients in the water will be greater than baseline conditions. However, no parameters will exceed CCME guidelines for the protection of aquatic life or drinking water, and predicted values should remain within 10% of baseline values (CCME 1999). The proposed Project should not have a significant adverse effect on water and sediment quality because predicted changes will not adversely affect the continued opportunity for traditional and non-traditional use of fish, the health of aquatic life, or human health.

For additional information on environmental impacts and predictions related to water and sediment quality refer to Volume 7, Section 7.4 of the FEIS (Agnico Eagle 2014a). The Project Screening Report, submitted in support of the Type A Application, provides a summary of impacts to water quality from mining Tiriganiaq. For mitigation and monitoring related to water and sediment quality refer to the Water Management Plan and Mine Waste Management Plan submitted in support of the Type A Application (Agnico Eagle 2015).

## 4.10 Fish and Fish Habitat

Potential fish and fish habitat effects from the Project are related to the use of water for camp and industrial purposes, changes to the hydrological regime, and the discharge of effluent into a natural waterbody. Numerous pathways were determined to have potential residual effects to aquatic habitat and fish, including changes to drainage patterns, drainage flows, water levels, habitat area, water quality, and increased access for traditional and non-traditional users of fish. Project related effects influencing the abundance and distribution of fish were determined to be negligible to moderate in magnitude, local to regional in geographic extent, and medium-term to permanent in duration. A measurable change in the abundance and distribution of Arctic char, lake trout, and Arctic grayling is predicted in the area directly affected by the Project, which includes Meliadine Lake. However, the incremental changes to the quantity, quality, and spatial distribution of habitats should not have a significant impact on the structure and function of fish populations in the ecosystem. Also, the risk to fish health (survival, reproduction) as a result of the Project will be low. Cumulative effects are predicted to be of negligible to moderate magnitude, and to occur at the regional scale.

The Project will also result in improved access to lakes, ponds, and streams along the AWAR, as well as to Meliadine Lake. Increased angler access may lead to overharvesting and effects to local populations of fish, particularly Arctic char and lake trout in Meliadine Lake. To reduce the potential for overharvesting along the AWAR, Agnico Eagle staff and contractors will not be permitted to fish while on-site. This mitigation, combined with the ability of regulators to implement management regulations to limit harvesting, should protect the fisheries resources in Meliadine Lake. Therefore, the Project was determined not to have a significant adverse impact on the continued opportunity for traditional and non-traditional use of fish.

For additional information on environmental impacts and predictions related to fish and fish habitat refer to Volume 7, Section 7.5 of the FEIS (Agnico Eagle 2014a). The Project Screening Report, submitted in support of the Type A Application, provides a summary of impacts to fish from mining Tiriganiaq. For mitigation and monitoring related to fish and fish habitat refer to the Aquatic Effects Monitoring Program Design Plan submitted in support of the Type A Application (Agnico Eagle 2015).

## 4.11 Marine Environment

Potential marine environment effects from the Project are related to shipping and potential spills into the marine environment during the shipping of goods to Itivia. Habitat loss, habitat quality, sensory disturbance, spills, and collisions with ships from the Project were determined to have potential residual effects to marine wildlife and wildlife habitat. Potential Project related and cumulative effects are predicted to be negligible to high in magnitude, local to beyond regional in geographic extent, and reversible in the short- to long-term. Therefore, the Project is not predicted to have a significant adverse impact on the marine environment and marine wildlife population abundance and distribution, nor on the continued opportunity for traditional and non-traditional use of marine wildlife in the region.

For additional information on environmental impacts and predictions related to the marine environment refer to Volume 8, Section 8.2 of the FEIS (Agnico Eagle 2014a). For mitigation and monitoring related to the marine environment refer to the SD 8-1 Shipping Management Plan (Agnico Eagle 2014b) and SD 8-2 Oil Pollution Emergency Plan (Agnico Eagle 2014c), submitted as part of the FEIS.

## 4.12 Traditional Activities and Knowledge

Potential traditional activities and knowledge effects from the Project are related to alteration in traditional activities due to the waste rock, ore, and tailings storage facilities; the AWAR; and marine shipping. Residual impacts to the availability of wildlife for traditional harvesting are considered to be positive and negative as access to harvesting areas is expected to improve as a result of the AWAR, which is desired by hunters and other harvesters. Effects from improved access for harvesting are not significant for wildlife populations but are significant for people. The Project is expected to negatively impact the availability of some plants and birds, marine species behavior, and maintenance of traditional culture. These effects are considered to be of negligible to high magnitude, and are considered to range from not significant to significant.

The Project is expected to have a negligible to moderate negative effect on the use of culturally important areas. This effect is considered to be significant. The Project is also expected to have a moderately positive impact on access to land use areas, resulting in a significant effect on land use and mobility. The Project is expected to have a negative effect on food security in that perceptions of the Project may lead to mental stress and changes in behaviors (i.e., diet). This effect is assessed to be of moderate magnitude, and significant.

For additional information on environmental impacts and predictions related to traditional activities refer to Volume 9, Section 9.3 of the FEIS (Agnico Eagle 2014a). Inuit Qaujimajatuqangit represents a valid and essential source of information in the design and implementation of environmental monitoring programs. Inuit Qaujimajatuqangit has also been considered in Project design, which is outlined in the management plans submitted in support of this Application and the Type A application. The Project Screening Report, submitted in support of the Type A Application, provides a summary of impacts to traditional use and knowledge from mining Tiriganiaq. For mitigation and monitoring related to traditional land use refer to the Roads Management Plan submitted in support of this Application.

## 4.13 Non-Traditional Land Use and Resource Use

Potential non-traditional land use and resource use effects from the Project are related to alteration in land use due to the waste rock, ore, and tailings storage facilities; and the AWAR. Potential effects of the Project on access to non-traditional hunting and fishing, outfitting, and guiding via the AWAR are considered to be positive as increased access to resources enhances opportunities for non-traditional land use. The magnitude of this effect is considered to be negligible to low and not significant.

Potential Project effects on the availability of wildlife for hunting, fishing, and tourism are assessed as being negative. The effects are considered to be negligible to moderate in magnitude and not significant. The potential effect of the Project on access to the Iqalugaarjuup Nunanga Territorial Park and surrounding areas via the AWAR is considered to be positive and not significant.

Project traffic would act cumulatively with traffic from other developments to increase noise levels in the local study area where the Manitoba to Nunavut road would enter Rankin Inlet. Given the unlikelihood of this scenario, this effect is not considered to be significant.

For additional information on environmental impacts and predictions related to land use refer to Volume 9, Section 9.9 of the FEIS (Agnico Eagle 2014a). For mitigation and monitoring related to non-traditional land use refer to the Roads Management Plan submitted in support of this Application.

# 5.0 ENVIRONMENTAL MANAGEMENT (MITIGATION AND MONITORING)

Specific concerns (dust, noise, traffic, erosion, transportation of dangerous goods, waste management, sociological, wildlife protection, etc.) have been addressed through the management plans Agnico Eagle has prepared for the Project. The purpose of the management plans is to outline the framework or structure where monitoring and follow-up programs are implemented to verify impact predictions and determine effectiveness of mitigation measures. The management plans will also help identify unanticipated effects, if any, which will be handled though adaptive management. These plans will be updated, as needed, for various planning and regulatory requirements, should the Project proceed. In addition, best management practices will be used for all phases of the Project and adaptive management will be a priority for environmental indicators.

The following lists the management plans have been prepared for the Project; those highlighted in **bold** are submitted as part of this Type B Application:

- **Environmental Management and Protection Plan (EMPP)**
- Water Management Plan
- Mine Waste Management Plan
- Ore Storage Management Plan
- **Spill Contingency Plan**
- Landfarm Management Plan
- **Roads Management Plan**
- **Borrow Pits and Quarries Management Plan**
- Landfill and Waste Management Plan
- Incineration Management Plan
- Hazardous Materials Management Plan
- Explosives Management Plan
- Preliminary Mine Closure and Reclamation Plan
- Aquatic Effects Monitoring Program (AEMP) Design Plan
- Quality Assurance and Quality Control
- Public Engagement and Consultation Baseline Report
- Risk Management and Emergency Response Plan
- SD 5-1 Air Quality Monitoring
- SD 5-2 Conceptual Noise Abatement and Monitoring Plan
- SD 6-4 Terrestrial Environment Management and Monitoring Plan
- SD 7-4 Conceptual Fisheries Protection and Offsetting Plan (will be finalized in collaboration with DFO)
- SD 8-1 Shipping Management Plan
- SD 8-2 Oil Pollution Emergency Plan
- SD 9-1 Heritage Resources Protection Plan
- SD 9-2 Socio-economic Management Plan
- SD 9-3 Business Development Plan
- SD 9-4 Human Resources Plan
- SD 9-5 Community Involvement Plan
- SD 9-6 Occupational Health and Safety Plan

The following sections summarize the key water management strategies in the management plans submitted in support of this Application.

## 5.1 Water Management

The following five types of water were identified for the Project:

- Contact water: Water that has been in contact with any infrastructure and facilities on-site; may contain total suspended solids (TSS).
- Process water: Water used for processing ore and water in the tailings; may contain cyanide and species metals.
- Underground mine water: water pumped from the underground mine (including groundwater inflow and water used for underground mine operation); may contain total dissolved solids and TSS.
- Non-contact water: Runoff water that has not been in contact with mining infrastructure and facilities on-site.
- Freshwater: Water pumped from Meliadine Lake and used as potable water or as make-up to the process plant.

The water management objectives for the Project are to minimize potential impacts to the quantity and quality of surface water at the Project site. This will be done by diverting non-contact water away from the Project site infrastructure to minimize the amount of contact water generated, and by limiting freshwater make-up quantities to the extent practical.

In developing the water management strategy at the Project, the following principles were followed:

- keep the different water types separated as much as possible;
- minimize freshwater consumption; and
- reduce water discharge to the environment.

Keeping the types of water segregated allows for water quality control in the different areas of the site, reduces costs, and isolates uncertainties.

### *Contact Water*

The Project may require water treatment for surface contact water. Water management structures (water retention dikes/berms and diversion channels) will be constructed as needed to contain and manage the contact water from the areas affected by the mine or mining activities. The water management infrastructure for pre-development works includes the following:

- installation of culvert No. 2; and
- begin construction of diversion Channel 2 to divert non-contact water away from the industrial site pad.

During construction and operations, the contact water from the plant site area will naturally flow or be diverted via Channel 2 into ponds H15E, H15, H14, H13, and H12, and eventually collected in CP1.

In Rankin Inlet, if constructed as part of pre-development, the tank farm containment area will be equipped with a pump to manage accumulated water if required. Visual inspection of this area will be done on a regular basis and after significant rainfall events, to ensure that no water overflows into the environment. Prior to discharge, accumulated water in the secondary containment area will be tested. If the water is not suitable for direct release to the environment, the water will be pumped into a tank truck and hauled to the Project site to be managed appropriately. One verification monitoring station will be set up to test water in the secondary containment area of the tank farm.

A network of haul roads will connect site infrastructure (see the Roads Management Plan). The majority of the roadways servicing the area will be located so that drainage will be directed towards the proposed contact water management infrastructure. The approach to water management for haul roads will involve the implementation of local best management practices during construction, operations, and closure. The road will be constructed of non-potentially acid generating and non-metal leaching waste rock. Other best management practices will implemented to minimize the amount of runoff originating from the roadways and to prevent the migration of surfacing material from the roadway and crossings. Any areas identified as point sources for runoff originating from the roadway or crossings can be managed locally with silt fences, turbidity curtains, interceptor channels, rock check dams, and/or small sedimentation ponds. For additional information on mitigation and best practices to control sedimentation refer to Section 5.2 below.

While ARD/ML testing is a measure to avoid using questionable road and pad building materials, water quality monitoring of seeps from quarries and borrow pits provides information on possible impacts on the environment (e.g., water and sediment quality) should the water reach any nearby waterbodies. A buffer of at least 31 m of undisturbed land will be maintained between quarries/borrow pits and waterbodies, and best management practices will prevent direct drainage. However, any significant seeps originating from the borrow pits or rock quarries with the potential to reach receiving waters will be sampled and analysed for a full suite of water quality parameters[2]. Any problematic water will be directed away from waterbodies, or held if possible. If necessary, silt curtains will be used to control suspended sediments in water seeping from the quarries/borrow pits.

Although erosion is not expected to originate from water flow from the quarries/borrow pits, any evidence of erosion will be repaired by placing rip-rap over the affected area, and measures will be taken to reduce the velocity of the water with, for example, silt curtains and/or small check dams.

### *Process Water*

No process water will be generated during the pre-development stage.

### *Underground Mine Water*

Underground mine water in the underground mine will be collected within underground sumps and treated to remove TSS. For the purposed of this Application underground mining will be undertaken under the existing water licence 2BB-MEL1424 for advanced exploration-bulk sampling. Agnico Eagle expects the advanced exploration-bulk sample water licence will be incorporated into the Type A Water Licence on issuance. Agnico Eagle proposes at least 60 days prior to proposed construction in advance of further ramp development final

[2] Physical Parameters: pH (field and laboratory), temperature (field), alkalinity, bicarbonate, carbonate, electrical conductivity, hardness, hydroxide, ion balance, total dissolved solids, total suspended sediments
Nutrients: $NH_4$, $NO_3$, $NO_2$, $PO_4$
Major Ions: Ca, Cl, Mg, K, Na, $SO_4$
Trace Metals: Al, Sb, As, Ba, Be, B, Cd, Cr, Cu, Fe, Pb, Li, Mn, Hg, Mo, Ni, Se, Ag, Sr, Sn, Ti, U, V, Zn

design drawing for to account for the change in operation, if implemented prior to issuance of a possible Type A Water Licence.

### *Freshwater*

Agnico Eagle is not requesting a quantity of water for domestic or other purpose be authorized under this licence. All direct water uses are authorized under existing water licences issued to Agnico Eagle (refer to Section 2.3 for additional information).

## 5.2 Roads Management Plan

Road management will include consideration for sediment control during construction and operations. Construction of the Bypass Road will take place in winter with all or the majority of the road completed under winter conditions when there is no water to cause sedimentation problems. However, surface dressing may extend into summer. Various mitigations and best practices that will be followed during road construction to control sedimentation include:

- no in-water work will take place from 1 May to 15 July to protect fish spawning and nursery periods of local fish populations; this would apply to all stream crossings;
- sediment and erosion control measures will be implemented prior to the start of work and maintained during the work phase - these measures will be left in place until all disturbed areas have been stabilized;
- machinery used near stream crossings or working within the drainage of Nipisar Lake will arrive on site in a clean condition and be maintained free of fluid leaks to keep contaminants out of the drainage basin;
- the equipment will be re-fuelled, serviced, and washed away from the stream crossings to prevent deleterious substances from entering the water;
- fuel, lubricants, hydraulic fluids, etc., will not be stored within 31 m of the high water mark of any waterbody, and will be kept in an area where spillage can be contained, and in a manner inaccessible to all wildlife;
- an emergency spill kit will be kept at the work site in case of fluid leaks or spills from machinery;
- construction runoff will be captured and managed to minimize suspended solids in the watercourses, where applicable; and
- instream construction work will be avoided, or limited, to the minimum extent possible.

During the operational phase, routine periodic inspections of the AWAR and Bypass Road will be conducted. These inspections will include looking to identify areas of ponding, erosion, or sedimentation.

Watercourse crossings will be regularly inspected. The Project inspection and maintenance program includes regular inspection to identify issues relating to watercourse crossings; an event inspection program to track the impacts of large storm events on watercourse crossings; and a culvert location inspection program to ensure that the culvert(s) have been installed in the right location with respect to the watercourse and that culvert capacity is adequate to ensure that the culvert(s) pass the water under all hydraulic conditions.

### 5.2.1 Dust Suppression Using Water

Water remains the most readily available means of controlling dust in Nunavut. It is common at mine sites worldwide to apply water through fantail sprayers or spray bars attached to a haul truck or equivalent fitted with a large tank. Agnico Eagle recognises that water is only a temporary measure, and reapplications could be necessary to achieve the desired dust control efficiency. The control efficiency of water applications is dependent on the amount of water applied, the time between re-applications, penetration depth of the water into the road surface, the traffic volume, prevailing weather conditions, and the state of the road surface (e.g., excessive fines over coarse material). All these variables need to be considered before selecting water to control dust from roads and other mine areas. If water is selected to suppress dust, Agnico Eagle will use it with a greater frequency near critical areas along the roads, such as near Nipisar Lake on the Bypass Road.

Watering the roads is only possible during frost-free days. In late spring significant sublimation can be expected when the temperatures remain below freezing, which can lead to dry roads and significant dust potential. If water is applied while the temperature is below freezing, it will turn to ice on the road and pose a safety hazard for travel. Dust suppression using water or chemicals will not be possible under these conditions.

If water is needed for dust suppression during pre-development and site preparation, Agnico Eagle will use water sources authorized under water licence 8BW-MEL1215. The existing Type B licence authorizes a total of 200 $m^3$ per day of water for the purpose of road watering. Agnico Eagle expects the Meliaidine AWAR water licence will be incorporated into the Type A Water Licence on issuance.

For additional information refer to the Roads Management Plan.

## 5.3 Borrow Pits and Quarries Management Plan

Borrow pit and quarry materials will be used for the construction and maintenance of the Rankin Inlet Bypass Road, the Itivia laydown and the infrastructure pad at the proposed Mine site. It will also be used in the maintenance of the AWAR between Rankin Inlet and the Meliadine site.

Best management practices will be used in the selection, construction, and operation of borrow pits and quarries for the Project, including minimizing the surface area and cuts of quarries and borrow pits, where possible; maintaining the floor of the quarries and borrow pits slightly above the elevation of the surrounding area to promote drainage and avoid creating quarry lakes; preventing erosion and sedimentation through appropriate control measures; and carrying out ARD/ML testing and water quality monitoring in support of mitigation measures.

The quarries and borrow pits selected for building the AWAR showed no potential to generate acid drainage. Visual examinations of materials and additional testing will be conducted during construction to confirm that the best available building materials are being used.

During the pre-development and site preparation phase of the Project, Agnico Eagle does not foresee stripping of open pit(s) (overburden and waste rock) and ore/waste rock stockpiling as originally forecast in the FEIS. Construction quarry and/or borrow material needed for pre-development and site preparation will be sourced as defined in the Borrow Pit and Quarry Management Plan.

## 5.4 Spill Contingency Plan

In the unlikely event of a spill, Agnico has prepared a plan to facilitate effective communication and efficient cleanup of spills of potentially hazardous materials. The objectives of the plan are to comply with federal and territorial laws, regulations, and guidelines; identify roles, responsibilities, and reporting procedures; detail plans of action to be followed in the event of a spill; provide readily accessible emergency information to the cleanup crews, management, and government agencies; promote the safe and effective recovery of spilled materials; and minimize the environmental impacts of spills to land, water and/or ice and snow.

During pre-development, site-preparation, and early construction phases, the Project is supported by the existing exploration facilities and AWAR. Agnico Eagle has in place a single Spill Contingency Plan for all current activities for the Project in compliance with water licences 2BE-MEP1318 (Meliadine East Water Use); 2BB-MEL1424 (Meliadine West Advanced Exploration-bulk sample) and 2BW-MEL1215 (All-weather Access Road). Agnico Eagle proposes to use the approved Spill Contingency Plan which exists for current Meliadine operation, to minimize duplication and streamline emergency response in facilitation of effective communication in the event of a spill. A separate Spill Contingency Plan for full construction, operation, closure will be submitted with the Type A Application and has been provided with this application as information only.

Prevention and inspections are proactive components of the spill plan. During orientation, all staff, employees, and contractors will be presented the plan, and will be made aware of the locations of spill kits, and trained in using spill equipment and responding to spills.

Regular worksite inspections will be conducted to identify measures to minimize or prevent the risk of spills. As part of on-site orientation sessions, all staff is to understand the steps to be undertaken in the event of a spill. This includes that all spills are to be reported, and that containment and clean-up is necessary, be they minor or major spills. Following the clean-up of a spill, the Environmental Department will inspect the spill site and, if necessary, collect samples to verify that the clean-up is complete.

All personnel will be trained to be aware of the potential hazards associated with the fuel/chemicals with which they will be assigned to work. In addition to work site inspections conducted by area specific employees, the Environmental Department will conduct weekly inspections to audit facilities where hazardous materials are handled and stored.

The spill plan also includes an action plan in the event of a spill. Specific procedures will vary depending on the season and hazardous materials spilled, as well as on location of the spill (on land, water, ice, or snow). The material safety data sheets (MSDS) for the material spilled will be consulted to ensure that safety procedures are followed.

## 5.5 Closure, Reclamation, and Security

The overall goal of closure and reclamation is to return the mine site and affected areas to viable and, wherever practicable, self-sustaining ecosystems that are compatible with a healthy environment and with human activities. The overall closure goal is supported by the four closure principles of physical stability, chemical stability, no long-term active care requirements, and compatibility with future land uses for each component of the Project.

Mine closure is integral to the mine design, thus the CRP will be modified in a series of conceptual plans as the Project progresses. Planning for permanent closure is an active and iterative process, the intent of which is to develop a final plan using adaptive management. Adaptive management will enable closure planning and design to evolve as site specific information and monitoring data become available through analyses, testing, monitoring, and progressive reclamation.

Monitoring programs will be initiated during pre-development, construction and operations to provide additional baseline information on which to base updates to the closure plan. The adaptive management plans to be used in closure will follow the actions completed during operations, and will be co-ordinated with the existing operational monitoring programs to set appropriate trigger levels, and mitigation plans and actions.

While a complete preliminary conceptual mine Closure Plan and cost estimate are provided in the Type A application, Agnico Eagle has prepared a Closure and Reclamation Strategy and Security Estimate for the pre-development works proposed under this Type B Water Licence Application.

## 5.6 Environmental Management and Protection Plan

The Environmental Management and Protection Plan (EMPP) describe the overarching direction for environmental and socio-economic management for the Project. A cyclical feedback loop will be employed where operations are planned and implemented, monitoring data are collected and analyzed, and practices are adjusted to promptly reduce or eliminate any observed negative impacts throughout the life of the Project. Continual use of this feedback loop will allow adaptive management decisions to be made on an ongoing basis, and will lead to improvements to the environmental and socio-economic management system as necessary over time.

The EMPP will offer flexibility to respond to changes, for example, in the mining development plan, the regulatory regime, the biophysical and socio-economic environments, technology, research results, and the understanding of traditional knowledge. Threshold and indicators to trigger management actions will be provided, where applicable, in the plans embedded in the EMPP, along with a system of accountability.

The EMPP applies to all phases of the Project, including the pre-development activities proposed in this Application. The EMPP Addendum provided in Appendix E seeks to clarify the specific monitoring and inspections to be conducted by Agnico Eagle in relation to the pre-development activities proposed in the Application.

# 6.0 WATER LICENCE CONSIDERATIONS

## 6.1 Term of Licence

Agnico Eagle requests a term of one year to allow for construction of some basic infrastructure and for site preparation for the site preparation, pre-development phase of the Project. Agnico Eagle would request that should a Type A Water Licence be issued for the Project in the future, that the Board incorporate the scope of this Type B Application/Licence into the Type A Water Licence.

## 6.2 Security

Agnico Eagle acknowledges that the NWB may require the company to furnish and maintain security with the Minister, in a form determined by the Regulations or satisfactory to the Minister. As such, Agnico Eagle has provided a Closure and Reclamation Strategy and Security Estimate this Application. (Refer to Appendix F) The plan includes an estimate of financial liability for pre-development works and site preparation. Additional financial liability for pre-development works is estimated to be $1.05 M. However, Agnico Eagle would propose the NWB defer full consideration of security of project liability to the review of the Type A Water Licence application submitted to the NWB on May 15, 2015 to avoid potential “double bonding”.

**Statement of Financial Responsibility:** Agncio Eagle confirms to the NWB that it has the financial ability to adequately implement mitigation measures and apply costs associated with the closing or abandonment of the undertaking if needed.

For further information on Agnico Eagle’s past performance and financial responsibility refer to Appendix A and the Type A Main Application Document (Sections 1.3 and 1.4; Agnico Eagle 2015a).

## 6.3 Annual Reporting

Agnico Eagle confirms that it will file an annual report with the Board on March 31 of the year following the calendar year being reported as required by the Regulations. The annual report will contain the information as directed by the Board in the water licence.

## 6.4 Renewal or Amendments

Agnico Eagle does not foresee renewal of a licence related to this Type B Water Licence application for pre-development works, but rather the incorporation of the licence into a Type A Water Licence if issued by the NWB for full development of the Project.

As a result of pre-development activities, modifications or clarification (i.e., errata) are needed to existing water licences held by Agnico Eagle for the Project (Table 6.1).

**Table 6.1: Existing Water Licenses Requested Modifications**

| **Licence No.:** | **2BB-MEL1424** |
|---|---|
| Project Name: | Meliadine West Exploration |
| Purpose: | Advanced Exploration - Bulk Sample |
| Date Expiry: | July 21, 2024 |
| Current Scope: | Underground bulk sampling program<br>Geotechnical drilling near the Meliadine River Crossing<br>Small exploration camp (capacity of 200 people in trailers)<br>Water treatment plant (potable water from Meliadine Lake, mine process water from Pump Lake – under previous water license)<br>Biodisk sewage treatment system<br>Landfill<br>Water containment area<br>Underground mine opening<br>Core shacks<br>Diesel generators<br>Incinerator<br>Non-hazardous and hazardous waste storage areas<br>Light petroleum hydrocarbon impacted soil stockpile |
| Modification Requested: | 1) Small exploration camp (capacity to be upgraded to accommodate an additional 50 persons)<br>■ Notification of change in personnel only |
| | 2) Biodisk sewage treatment system to be upgraded to include construction of an additional biodisk unit similar to the existing modular system.<br>As required by the licence:<br>■ Part D, Item 1, Agnico Eagle will file an addendum to the "Meliadine Gold Project Used Water Management Plan (May 2013) by March 31st of the year following the update; and<br>■ Part G, Item 3, Agnico Eagle shall provide as-built plans and drawings of the modification within ninety (90) days of completion of the Modification. |
| | 3) Request relocation of landfill. In lieu of construction of a permanent exploration landfill as authorized in the licence and construction of a temporary landfill for pre-development/mine development.<br>As required by the licence:<br>■ Part G, Item 1(a) Agnico Eagle is herein providing the NWB with notification in writing of proposed change to the Waste Disposal Facilities, specifically, a change in location of the landfill currently authorized by the Licence.<br>■ Part G, Item 3, Agnico Eagle shall provide as built plans and drawings of the modification within ninety (90) days of completion of the Modification.<br>■ Part D, Item 2 Agnico Eagle shall update the plan in the form of an addendum to the Board for review by March 31st of the year |

**Table 6.1: Existing Water Licenses Requested Modifications (continued)**

| **Licence No.:** | **2BB-MEL1424** |
|---|---|
| | following the update.<br>■ Although Agnico Eagle is authorized under Part G, Item 4, to dispose of and contain all non-hazardous, solid wastes at the Meliadine non-Hazardous Waste Landfill, Agnico Eagle is committed to providing the Board with a revised “Meliadine Gold Project Landfill Design and Management Plan” at least 60 days prior to construction of the facility.<br>■ Agnico Eagle will comply with all landfill monitoring requirements as stipulated in the licence. |
| **Licence No.:** | **2BW-MEL1215** |
| Project Name: | Meliadine All-weather Access Road |
| Purpose: | Phase I AWAR |
| Date Expiry: | May 31, 2015 |
| Location: | 23.8 km long all-weather road between Rankin Inlet and the Meliadine exploration site |
| Scope: | Construction of a 23.8 km long all-weather road between Rankin Inlet and the Meliadine site, including water crossings over the Char River, Meliadine River, six fish bearing creeks and two non-fish bearing water crossings. |
| Modification/ Clarification Requested: | 1) To clarify and confirm water allocated for dust suppression by Part C, Item 1 of the licence can be used for dust suppression along any access/haul road for the Project. |
| **Licence No.:** | **2BE-MEP1318** |
| Project Name: | Meliadine East Project |
| Purpose: | Direct water use and deposit |
| Date Expiry: | October 31, 2018 |
| Location: | Approximately 25 km northwest of Rankin Inlet within the Kivalliq Region, Nunavut (Camp Location Latitude: 62° 55’ 50” N Longitude: 91° 54’ 58” W) |
| Scope: | Allow for the use of water and disposal of waste during camp operations and activities related to exploration that include prospecting, geological mapping, geophysical surveys, diamond drilling and trenching at the Meliadine East Project located within the Kivalliq Region. |
| Errata Clarification Requested: | 1) Part C, Item 1, of the licence states: The Licensee shall obtain all water for domestic camp use, up to a maximum ten (10) cubic metres per day, from Atulik Lake. Drill water shall be obtained from local lakes, proximal to the drilling targets as outlined in the application and shall not exceed two hundred eighty nine (289) cubic metres per day. The volume of water for the purposes of this Licence shall not exceed two hundred ninety nine (299) cubic metres per day.<br>■ No change in volume is requested.<br>■ Agnico Eagle requests the term and condition be modified to allow greater operational flexibility on the use of water. During the 2015 season the exploration camp will likely require a greater volume of water to support domestic camp use. |

## 7.0 REFERENCES

Agnico Eagle (Agnico Eagle Mines Limited). 2014a. Meliadine Gold Project, Nunavut. Final Environmental Impact Statement. Submitted to the Nunavut Impact Review Board. April 2014.

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NWB (Nunavut Water Board). 2010a. Guide 4 – Completing and Submitting a Water Licence Application for a New Licence.

NWB. 2010b. Mining and Milling Supplemental Information Guideline (SIG) for Mine Development (MM3).

# APPENDIX A

## Audited Financial Statements

AGNICO EAGLE

# Annual Audited Consolidated Financial Statements

## (Prepared in accordance with United States GAAP)

# REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Board of Directors (the "Board") and Shareholders of Agnico Eagle Mines Limited:

We have audited Agnico Eagle Mines Limited's internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 1992 (the "COSO criteria"). Agnico Eagle Mines Limited's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying management certification report on internal control over financial reporting. Our responsibility is to express an opinion on Agnico Eagle Mines Limited's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that revenues and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Agnico Eagle Mines Limited maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013 based on the COSO criteria.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Agnico Eagle Mines Limited as of December 31, 2013 and December 31, 2012, and the consolidated statements of income (loss) and comprehensive income (loss), shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2013, and our report dated March 21, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Chartered Accountants
Licensed Public Accountants

Toronto, Canada
March 21, 2014

# MANAGEMENT CERTIFICATION

Management of Agnico Eagle Mines Limited (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the Company's Chief Executive Officer and Chief Financial Officer and effected by the Company's Board, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2013. In making this assessment, the Company's management used the criteria outlined by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control – Integrated Framework* issued in 1992. Based on its assessment, management concluded that, as of December 31, 2013, the Company's internal control over financial reporting was effective.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2013 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report that appears herein.

Toronto, Canada
March 21, 2014

By /s/ SEAN BOYD

Sean Boyd
*Vice Chairman, President and*
*Chief Executive Officer*

By /s/ DAVID SMITH

David Smith
*Senior Vice-President, Finance and*
*Chief Financial Officer*

# REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board and Shareholders of Agnico Eagle Mines Limited:

We have audited the accompanying consolidated balance sheets of Agnico Eagle Mines Limited as of December 31, 2013 and December 31, 2012, and the related consolidated statements of income (loss) and comprehensive income (loss), shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Agnico Eagle Mines Limited at December 31, 2013 and December 31, 2012 and the consolidated results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2013 in conformity with United States generally accepted accounting principles.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Agnico Eagle Mines Limited's internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 1992 and our report dated March 21, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Chartered Accountants
Licensed Public Accountants

Toronto, Canada
March 21, 2014

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements of Agnico Eagle Mines Limited ("Agnico Eagle" or the "Company") are expressed in thousands of United States dollars ("US dollars", "US$" or "$"), except where noted, and have been prepared in accordance with United States generally accepted accounting principles ("US GAAP"). Certain information in the consolidated financial statements is presented in Canadian dollars ("C$"). As a precise determination of assets and liabilities depends on future events, the preparation of consolidated financial statements for a period necessarily involves the use of estimates and approximations. Actual results may differ from such estimates and approximations. The consolidated financial statements have, in management's opinion, been prepared within reasonable limits of materiality and within the framework of the significant accounting policies referred to below.

### Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries and entities in which it has a controlling financial interest, after the elimination of intercompany accounts and transactions. The Company has a controlling financial interest if it owns a majority of the outstanding voting common stock or has significant control over an entity through contractual arrangements or economic interests of which the Company is the primary beneficiary.

### Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term investments in money market instruments with remaining maturities of three months or less at the date of purchase. Short-term investments are designated as held to maturity for accounting purposes and are carried at amortized cost, which approximates market value given the short-term nature of these investments. Agnico Eagle places its cash and cash equivalents and short-term investments in high quality securities issued by government agencies, financial institutions and major corporations and limits the amount of credit exposure by diversifying its holdings.

### Inventories

Inventories consist of ore stockpiles, concentrates, dore bars and supplies. Inventory amounts are reduced based on average cost or in the case of supplies, the lower of average cost and replacement cost. The current portion of stockpiles, ore on leach pads and inventories are determined based on the expected amounts to be processed within the next twelve months. Stockpiles, ore on leach pads and inventories not expected to be processed or used within the next twelve months are classified as long term.

#### *Ore Stockpiles*

Stockpiles consist of coarse ore that has been mined and hoisted from underground or delivered from an open pit that is available for further processing and in-stope ore inventory in the form of drilled and blasted stopes ready to be mucked and hoisted to the surface. The stockpiles are measured by estimating the tonnage, contained ounces (based on assays) and recovery percentages (based on actual recovery rates for processing similar ore). Specific tonnages are verified and compared to original estimates once the stockpile is milled. Ore stockpiles are valued at the lower of net realizable value and mining costs incurred up to the point of stockpiling the ore. The net realizable value of stockpiled ore is calculated by subtracting the estimated future processing and selling costs from the estimated revenue from the ore, which is based on the estimated tonnage and grade of stockpiled ore.

Mining costs include all costs associated with mining operations and are allocated to each tonne of stockpiled ore. Costs fully absorbed into inventory values include direct and indirect materials and consumables, direct labour, utilities and amortization of mining assets incurred up to the point of stockpiling the ore. Royalty expenses and production taxes are included in production costs, but are not capitalized into inventory. Stockpiles are generally processed within twelve months of extraction, with certain exceptions. Due to the structure of certain ore bodies, a significant amount of drilling and blasting may be undertaken in the early years of a mine's life, which can result in a long-term stockpile. The decision to process stockpiled ore is based on a net smelter return analysis. The Company processes its stockpiled ore if its estimated revenue, on a per tonne basis and net of estimated smelting and refining costs, is greater than the related mining and milling costs. The Company has never elected to not process stockpiled ore and does not anticipate departing from this practice in the future. Stockpiled ore on the surface is exposed to the elements, but the Company does not expect its condition to deteriorate significantly as a result.

Pre-production stripping costs are capitalized until an "other than *de minimis*" level of mineral is produced, after which time such costs are either capitalized to inventory or expensed. The Company considers various relevant criteria to assess when an "other than *de minimis*" level of mineral is produced. The criteria considered include: (1) the number of ounces mined compared to total ounces in mineral reserves; (2) the quantity of ore mined compared to the total quantity of ore expected to be mined over the life of the mine; (3) the current stripping ratio compared to the expected stripping ratio over the life of the mine; and (4) the ore grade compared to the expected ore grade over the life of the mine.

Major development expenditures, including stripping costs to prepare unique and identifiable areas outside the current mining area for future production that are considered to be pre-production mine development, are capitalized.

***Concentrates and dore bars***

Concentrate and dore bar inventories consist of concentrates and dore bars for which legal title has not yet passed to third-party smelters. Concentrate and dore bar inventories are measured based on assays of the processed concentrates and are valued based on the lower of net realizable value and the fully absorbed mining and milling costs associated with extracting and processing the ore.

***Supplies***

Supplies, consisting of mine stores inventory, are valued at the lower of average cost and replacement cost.

## Mining properties, plant and equipment and mine development costs

Significant payments related to the acquisition of land and mineral rights are capitalized as mining properties at cost. If a mineable ore body is discovered, such costs are amortized to income when production begins, using the units-of-production method, based on estimated proven and probable mineral reserves. If no mineable ore body is discovered, such costs are expensed in the period in which it is determined that the property has no future economic value.

Expenditures for new facilities and improvements that can extend the useful lives of existing facilities are capitalized as plant and equipment at cost. Interest costs incurred for the construction of significant projects are capitalized.

Mine development costs incurred after the commencement of production are capitalized or deferred to the extent that these costs benefit the mining of the entire ore body. Costs incurred to access single ore blocks are expensed as incurred; otherwise, such vertical and horizontal development is classified as mine development costs.

Agnico Eagle records amortization on mine development costs used in commercial production on a units-of-production basis based on the estimated tonnage of proven and probable mineral reserves of the mine. The units-of-production method defines the denominator as the total tonnage of proven and probable mineral reserves. Plant and equipment is amortized on a straight-line basis over its specifically identified useful life.

Repairs and maintenance expenditures are charged to income as production costs. Assets under construction are not depreciated until the end of the construction period. Upon achieving commercial production, the capitalized construction costs are transferred to the appropriate category of plant and equipment.

Mineral exploration costs are charged to income in the year in which they are incurred. When it is determined that a mining property can be economically developed as a result of established proven and probable mineral reserves, the costs of drilling and development to further delineate the ore body on such property are capitalized. The establishment of proven and probable mineral reserves is based on results of final feasibility studies that indicate whether a property is economically feasible. Upon commencement of the commercial production of a development project, these costs are transferred to the appropriate asset category and are amortized to income using the methodology described above. Mine development costs, net of salvage values, relating to a property that is abandoned or considered uneconomic for the foreseeable future are written off.

The carrying values of mining properties, plant and equipment and mine development costs are periodically reviewed for possible impairment, when impairment factors exist, based on the future undiscounted net cash flows of the operating mine or development property. If it is determined that the estimated net recoverable amount is less than the carrying value, then a write down to the estimated fair value amount is made with a charge to income. Estimated future cash flows of operating mines and development properties include estimates of recoverable ounces of gold based on proven and probable mineral reserves. To the extent that economic value exists beyond the proven and probable mineral reserves of an operating mine or development property, this value is included as part of the estimated future cash flows. Estimated future cash flows also involve estimates regarding metal prices (considering current and historical prices, price trends and related factors), production levels, capital and reclamation costs, and related income and mining taxes, all based on detailed life-of-mine plans. Cash flows are subject to risks and uncertainties and changes in the estimates of the cash flows may affect the recoverability of long-lived assets.

### Goodwill

Business combinations are accounted for using the purchase method whereby assets acquired and liabilities assumed are recorded at their fair values as of the date of acquisition and any excess of the purchase price over such fair values is recorded as goodwill. Goodwill is not amortized.

The Company performs goodwill impairment tests on an annual basis as well as when events and circumstances indicate that the carrying amounts may no longer be recoverable. In performing the impairment tests, the Company estimates the fair values of its reporting units that include goodwill and compares those fair values to each reporting unit's carrying amount. If a reporting unit's carrying amount exceeds its fair value, the Company compares the implied fair value of the reporting unit's goodwill to the carrying amount and any excess of the carrying amount of goodwill over the implied fair value is charged to income.

### Financial instruments

Agnico Eagle uses derivative financial instruments (primarily option and forward contracts) to manage exposure to fluctuations in byproduct metal prices, interest rates and foreign currency exchange rates and may use such means to manage exposure to certain input costs. Agnico Eagle does not hold financial instruments or derivative financial instruments for trading purposes.

The Company recognizes all derivative financial instruments in the consolidated financial statements at fair value regardless of the purpose or intent for holding the instrument. Changes in the fair value of derivative financial instruments are either recognized periodically in the consolidated statements of income (loss) and comprehensive income (loss) or in shareholders' equity as a component of accumulated other comprehensive loss, depending on the nature of the derivative financial instrument and whether it qualifies for hedge accounting. Financial instruments designated as hedges are tested for effectiveness on a quarterly basis. Gains and losses on those contracts that are proven to be effective are reported as a component of the related transaction.

### Revenue recognition

Revenue is recognized when the following conditions are met:

(a) persuasive evidence of an arrangement to purchase exists;

(b) the price is determinable;

(c) the product has been delivered; and

(d) collection of the sales price is reasonably assured.

Revenue from gold and silver in the form of dore bars is recorded when the refined gold or silver is sold and delivered to the customer. Generally, all the gold and silver in the form of dore bars recovered in the Company's milling process is sold in the period in which it is produced.

Under the terms of the Company's concentrate sales contracts with third-party smelters, final prices for the metals contained in the concentrate are determined based on the prevailing spot market metal prices on a specified future date, which is established as of the date that the concentrate is delivered to the smelter. The Company records revenues under these contracts based on forward prices at the time of delivery, which is when transfer of legal title to concentrate passes to the third-party smelters. The terms of the contracts result in differences between the recorded estimated price at delivery and the final settlement price. These differences are adjusted through revenue at each subsequent financial statement date.

Revenues from mining operations consist of gold revenues, net of smelting, refining, transportation and other marketing charges. Revenues from byproduct metals sales are shown net of smelter charges as part of revenues from mining operations.

## Foreign currency translation

The functional currency for each of the Company's operations is the US dollar. Monetary assets and liabilities of Agnico Eagle's operations denominated in a currency other than the US dollar are translated into US dollars using the exchange rate in effect at period end. Non-monetary assets and liabilities are translated at historical exchange rates, while revenues and expenses are translated at the average exchange rate during the period, with the exception of amortization, which is translated at historical exchange rates. Exchange gains and losses are included in income, except for gains and losses on foreign currency contracts used to hedge specific future commitments in foreign currencies. Gains and losses on these contracts are accounted for as a component of the related hedge transactions.

## Reclamation costs

On an annual basis, the Company assesses cost estimates and other assumptions used in the valuation of asset retirement obligations ("AROs") at each of its mineral properties to reflect events, changes in circumstances and new information available. Changes in these cost estimates and assumptions have a corresponding impact on the fair value of the AROs. For closed mines, any change in the fair value of AROs results in a corresponding charge or credit to income, whereas at operating mines the charge is recorded as an adjustment to the carrying amount of the corresponding asset.

AROs arise from the acquisition, development, construction and operation of mining properties and plant and equipment due to government controls and regulations that protect the environment on the closure and reclamation of mining properties. The major parts of the carrying amount of AROs relate to tailings and heap leach pad closure and rehabilitation, demolition of buildings and mine facilities, ongoing water treatment and ongoing care and maintenance of closed mines. The fair values of AROs are measured by discounting the expected cash flows using a discount factor that reflects the credit-adjusted risk-free rate of interest. The Company prepares estimates of the timing and amount of expected cash flows when an ARO is incurred. Expected cash flows are updated to reflect changes in facts and circumstances. The principal factors that can cause expected cash flows to change are the construction of new processing facilities, changes in the quantities of material in proven and probable mineral reserves and a corresponding change in the life-of-mine plan, changing ore characteristics that impact required environmental protection measures and related costs, changes in water quality that impact the extent of water treatment required and changes in laws and regulations governing the protection of the environment. When expected cash flows increase, the revised cash flows are discounted using a current discount factor, whereas when expected cash flows decrease, the reduced cash flows are discounted using the historical discount factor used in the original estimation of the expected cash flows. In either case, any change in the fair value of the ARO is recorded. Agnico Eagle records the fair value of an ARO when it is incurred. AROs are adjusted to reflect the passage of time (accretion), which is calculated by applying the discount factor implicit in the initial fair value measurement to the beginning of period carrying amount of the AROs. For producing mines, accretion expense is recorded in the cost of goods sold each period. Upon settlement of an ARO, Agnico Eagle records a gain or loss if the actual cost differs from the carrying amount of the ARO. Settlement gains/losses are recorded in income.

Environmental remediation liabilities ("ERLs") are differentiated from AROs in that they do not arise from environmental contamination in the normal operation of a long-lived asset or from a legal obligation to treat environmental contamination resulting from the acquisition, construction or development of a long-lived asset. The Company is required to recognize a liability for obligations associated with ERLs arising from past acts. ERL fair value is measured by discounting the expected related cash flows using a discount factor that reflects the credit-adjusted risk-free rate of interest. The Company prepares estimates of the timing and amount of expected cash flows when an ERL is incurred. On an annual basis, the Company assesses cost estimates and other assumptions used in the valuation of ERLs to reflect events, changes in circumstances and new information available. Changes in these cost estimates and assumptions have a corresponding impact on the fair value of the ERL. Any change in the fair value of ERLs results in a corresponding charge or credit to income. Upon settlement of an ERL, Agnico Eagle records a gain or loss if the actual cost differs from the carrying amount of the ERL. Settlement gains/losses are recorded in income.

Other environmental remediation costs that are not AROs or ERLs as defined by the Financial Accounting Standards Board's Accounting Standards Codification ("ASC") 410-20 – *Asset Retirement Obligations* and 410-30 – *Environmental Obligations*, respectively, are expensed as incurred.

## Income and mining taxes

Agnico Eagle follows the liability method of tax allocation in accounting for income taxes. Under this method of tax allocation, deferred income and mining tax assets and liabilities are measured using the enacted tax rates and laws expected to be in effect when the temporary differences are expected to reverse.

The Company's operations involve dealing with uncertainties and judgments in the application of complex tax regulations in multiple jurisdictions. The final taxes paid are dependent upon many factors, including negotiations with taxation authorities in various jurisdictions and resolution of disputes arising from federal, provincial, state and international tax audits. The Company recognizes the effect of uncertain tax positions and records tax liabilities for anticipated tax audit issues in Canada and other tax jurisdictions where it is more likely than not based on technical merits that the position would not be sustained. The Company recognizes the amount of any tax benefits that have a greater than fifty percent likelihood of being ultimately realized upon settlement.

Changes in judgment related to the expected ultimate resolution of uncertain tax positions are recognized in the year of such change. Accrued interest and penalties related to unrecognized tax benefits are recorded in income tax expense. The Company adjusts these reserves in light of changing facts and circumstances. However, due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the Company's estimate of the tax liabilities. If the Company's estimate of tax liabilities proves to be less than the ultimate assessment, an additional charge to expense would result. If the estimate of tax liabilities proves to be greater than the ultimate assessment, a tax benefit would result.

### Stock-based compensation

The Company's Employee Stock Option Plan provides for the granting of options to directors, officers, employees and service providers to purchase common shares. Options have exercise prices equal to the market price on the day prior to the date of grant. The fair value of these options is recognized in the consolidated statements of income (loss) and comprehensive income (loss) or in the consolidated balance sheets if capitalized as part of property, plant and mine development over the applicable vesting period as a compensation cost. Any consideration paid by employees on exercise of options or purchase of common shares is credited to share capital.

Fair value is determined using the Black-Scholes option valuation model, which requires the Company to estimate the expected volatility of the Company's share price and the expected life of the stock options. Limitations with existing option valuation models and the inherent difficulties associated with estimating these variables create difficulties in determining a reliable single measure of the fair value of stock option grants. The dilutive impact of stock option grants is factored into the Company's reported diluted net income (loss) per share.

### Net income (loss) per share

Basic net income (loss) per share is calculated on net income (loss) for the year using the weighted average number of common shares outstanding during the year. The weighted average number of common shares used to determine diluted net income (loss) per share includes an adjustment, using the treasury stock method, for stock options outstanding and warrants outstanding. Under the treasury stock method:

- the exercise of options or warrants is assumed to occur at the beginning of the period (or date of issuance, if later);
- the proceeds from the exercise of options or warrants plus the future period compensation expense on options granted are assumed to be used to purchase common shares at the average market price during the period; and
- the incremental number of common shares is (the difference between the number of shares assumed issued and the number of shares assumed purchased) is included in the denominator of the diluted net income (loss) per share calculation.

### Pension costs and obligations and post-retirement benefits

In Canada, Agnico Eagle maintains a defined contribution plan covering all of its employees (the "Basic Plan"). The Basic Plan is funded by Company contributions based on a percentage of income for services rendered by employees. In addition, the Company has a supplemental plan for designated executives at the level of Vice-President or above (the "Supplemental Plan"). Under the Supplemental Plan, an additional 10% of the designated executives' income is contributed by the Company. The Company does not offer any other post-retirement benefits to its employees.

Agnico Eagle also provides a non-registered supplementary executive retirement defined benefit plan for certain senior officers (the "Executives Plan"). The Executives Plan benefits are generally based on the employee's years of service and level of compensation. Pension expense related to the Executives Plan is the net of the cost of benefits provided, the interest cost of projected benefits, return on plan assets and amortization of experience gains and losses. Pension fund assets are measured at current fair values. Actuarially determined plan surpluses or deficits, experience gains or losses and the cost of pension plan improvements are amortized on a straight-line basis over the expected average remaining service life of the employee group.

### Commercial production

The Company assesses each mine construction project to determine when a mine moves into the production stage. The criteria used to assess the start date are determined based on the nature of each mine construction project, such as the complexity of a plant and its location. The Company considers various relevant criteria to assess when the mine is substantially complete and ready for its intended use and moved into the production stage. The criteria considered include: (1) the completion of a reasonable period of testing of mine plant and equipment; (2) the ability to produce minerals in saleable form (within specifications); and (3) the ability to sustain ongoing production of minerals. When a mine construction project moves into the production stage, the capitalization of certain mine construction costs ceases and costs are either capitalized to inventories or expensed, except for sustaining capital costs related to mining properties, plant and equipment or mine development.

## OTHER ACCOUNTING DEVELOPMENTS

### Recently adopted accounting pronouncements

*Disclosures about Offsetting Assets and Liabilities*

In November 2011, ASC guidance was issued relating to disclosure on offsetting financial instrument and derivative financial instrument assets and liabilities. Under the updated guidance, entities are required to disclose gross information and net information about both instruments and transactions eligible for offset in the consolidated balance sheets and instruments and transactions subject to an agreement similar to a master netting arrangement. The Company adopted this updated guidance, effective for the fiscal year beginning January 1, 2013. See notes 4 and 15 for disclosure on offsetting financial instrument and derivative financial instrument assets and liabilities.

*Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Loss*

In February 2013, ASC guidance was issued relating to the reporting of amounts reclassified out of accumulated other comprehensive loss. Under the updated guidance, entities are required to provide information about the amounts reclassified out of accumulated other comprehensive loss by component and by consolidated statement of income (loss) line item, as required under US GAAP. The Company adopted this updated guidance, effective for the fiscal year beginning January 1, 2013. See the Company's consolidated statements of income (loss) and comprehensive income (loss) for reporting of amounts reclassified out of accumulated other comprehensive loss.

### Recently Issued Accounting Pronouncements and Developments

Under Securities and Exchange Commission ("SEC") Staff Accounting Bulletin 74, the Company is required to disclose information related to new accounting standards that have not yet been adopted. Agnico Eagle has evaluated newly issued accounting standards that have not yet been adopted and does not expect them to significantly impact the Company's consolidated financial statements.

### International Financial Reporting Standards

As permitted by both the SEC in the United States and the Canadian Securities Administrators ("CSA") in Canada, Agnico Eagle currently prepares and files its consolidated financial statements in accordance with US GAAP. Generally accepted accounting principles for Canadian publicly accountable enterprises became International Financial Reporting Standards ("IFRS") in 2011 and the SEC now accepts financial statements prepared in accordance with IFRS without reconciliation to US GAAP from foreign private issuers. Accordingly, Agnico Eagle has decided to convert its basis of accounting to IFRS to enhance the comparability of its financial statements to the Company's peers in the mining industry.

The Company has commenced the process of converting its basis of accounting from US GAAP to IFRS with a transition date of January 1, 2013. Agnico Eagle anticipates reporting under IFRS for interim and annual periods beginning in the third quarter of 2014, with comparative information restated under IFRS.

The adoption of IFRS may require the Company to make changes in accounting policies that may have an impact on its reported financial position and results of operations. Where accounting policy alternatives are available, Agnico Eagle's primary objective will be the selection of IFRS accounting policies that provide meaningful and transparent information to shareholders.

The Company has developed a detailed IFRS conversion plan which includes the following three phases and the key activities to be performed in each phase:

- **Assessment phase:** During this now completed phase, the Company established a steering committee and IFRS working group, developed a detailed project plan, designed and implemented internal controls over the IFRS conversion plan and evaluated the high level differences between US GAAP and IFRS that may have an impact on the Company.
- **Impact analysis and design phase:** This phase involves the detailed analysis and quantification of the differences between Agnico Eagle's accounting policies under US GAAP and IFRS, the selection of IFRS accounting policies, the assessment of the impact on financial information systems and the development of a strategy for capturing IFRS comparative financial information, the incorporation of IFRS accounting policy and process changes into the Company's internal controls, the assessment of contractual arrangements and budgeting processes for IFRS conversion impacts and the provision of technical training to key finance and other personnel. This phase is in process and is expected to be completed during the second quarter of 2014.
- **Implementation phase:** This phase involves the implementation of changes to the Company's accounting policies and business processes as identified through the impact analysis and design phase and the revision of the Company's Accounting Policies and Procedures Manual to reflect these changes. The implementation phase will culminate in the preparation of IFRS consolidated financial statements including first-time adoption reconciliations from US GAAP in the third quarter of 2014.

Significant identified differences between US GAAP and IFRS and available IFRS accounting policy choices that may have an impact on the Company's consolidated financial statements are outlined below. These differences should not be regarded as a complete list of changes that will result from the transition to IFRS, rather they encompass management's high level evaluation of significant differences between US GAAP and IFRS and available IFRS accounting policy choices as they currently exist. At this stage in the IFRS conversion plan, the Company has not quantified the anticipated impact of these differences on our consolidated financial statements nor has the Company selected the IFRS accounting policies it will adopt.

### *First-time adoption of IFRS*

IFRS 1 First-time Adoption of International Financial Reporting Standards ("IFRS 1") provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires that IFRS effective at the end of an entity's first IFRS reporting period be applied retrospectively, with specific mandatory exceptions and certain optional exemptions. In accordance with its IFRS conversion plan, Agnico Eagle's first IFRS reporting period will be the third quarter of 2014.

### *Impairment*

Under US GAAP, a two-step approach is used for long-lived asset impairment testing whereby long-lived assets are first tested for recoverability based on their expected undiscounted cash flows. If a long-lived asset's expected undiscounted cash flow exceeds the recorded carrying amount, no impairment charge is required. If the expected undiscounted cash flow is lower than the recorded carrying amount, the long-lived assets are written down to their estimated fair value. US GAAP does not permit the reversal of impairment losses.

Under IFRS, IAS 36 Impairment of Assets ("IAS 36") prescribes a one-step approach for asset impairment testing and measurement whereby an asset's recoverable amount is compared directly against its recorded carrying amount. Under IAS 36, an asset's recoverable amount is determined as the higher of the estimated fair value less costs to sell or value in use (which is measured using discounted cash flows). If an asset's recoverable amount is less than the recorded carrying amount, an impairment charge is required. IAS 36 also requires the reversal of previously recorded impairment losses where circumstances have changed such that the impairments have been reduced.

The difference in the approach to asset impairment testing and measurement may result in more frequent impairment charges under IFRS, where asset carrying values previously supported under US GAAP on an undiscounted cash flow basis cannot be supported on a discounted cash flow basis. However, the impact of any additional asset impairments recorded under IFRS may be partially offset by the requirement to reverse previously recorded impairment losses where circumstances have changed.

### *Production stripping costs*

Under US GAAP, the cost of removing overburden and waste materials to expose ore and access mineral deposits for extraction during the production phase of a surface mine ("production stripping costs") are accounted for as production costs and are included in the cost of the inventory produced during the period in which the stripping costs are incurred.

Under IFRS, IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine ("IFRIC 20") requires that production stripping costs relating to improved access to ore be capitalized as part of a non-current stripping activity asset if probable future economic benefits will be realized, the costs can be reliably measured and the component of an ore body for which access has been improved can be identified. To the extent that ore is extracted and inventory is produced in the current period, IFRIC 20 instead prescribes that production stripping costs be accounted for as part of the cost of the inventory produced.

The difference in approach to accounting for production stripping costs will result in a decrease in direct production costs and an increase in amortization expense relating to the recognition of non-current stripping activity assets under IFRS.

### *Exploration and evaluation*

Under US GAAP, the Company accounts for exploration and evaluation ("E&E") expenditures as current period operating expenses until it is determined that a mining property can be economically developed as a result of established proven and probable reserves. Once proven and probable reserves are established based on the results of a final feasibility study, the costs of drilling and development to further delineate the ore body are capitalized.

IFRS 6 Exploration for and Evaluation of Mineral Resources ("IFRS 6") provides guidance related to expenditures incurred during the E&E phase. IFRS 6 requires entities to select and consistently apply an accounting policy that specifies which expenditures are capitalized as E&E assets. However, IFRS 6 provides no specific guidance as to when E&E expenditures are to be capitalized.

Agnico Eagle is in the process of defining the E&E phase within the context of IFRS 6 and developing an accounting policy that outlines the point at which specific types of E&E expenditures will be capitalized.

### *Revenue Recognition*

Revenue recognition criteria under IAS 18 Revenue ("IAS 18") include the probability that economic benefits associated with the transaction will flow to the entity and that the revenue can be measured reliably. The Company does not expect that the point at which it recognizes revenue will change under IFRS.

### *Property, Plant and Equipment*

Under IFRS, IAS 16 Property, Plant and Equipment requires the separate identification and measurement of significant individual components of property, plant and equipment, with individual components depreciated based on their individual useful lives. The Company identified significant individual components of property, plant and equipment under US GAAP in 2013 and will assess whether an adjustment relating to the retrospective application and depreciation of these components is required to its opening January 1, 2013 balance sheet under IFRS.

## COMPARATIVE FIGURES

Certain figures in the comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2013 consolidated financial statements.

# AGNICO EAGLE MINES LIMITED
# CONSOLIDATED BALANCE SHEETS

*(thousands of United States dollars, except share amounts, US GAAP basis)*

| | As at December 31, | |
|---|---|---|
| | **2013** | **2012** |
| **ASSETS** | | |
| Current | | |
| Cash and cash equivalents | $ 139,101 | $ 298,068 |
| Short-term investments | 2,217 | 8,490 |
| Restricted cash (note 14) | 28,723 | 25,450 |
| Trade receivables (notes 1 and 4) | 67,300 | 67,750 |
| Inventories: | | |
| Ore stockpiles | 39,941 | 52,342 |
| Concentrates and dore bars | 58,543 | 69,695 |
| Supplies | 253,160 | 222,630 |
| Income taxes recoverable (note 9) | 18,682 | 19,313 |
| Available-for-sale securities (notes 2(b) and 4) | 74,581 | 44,719 |
| Fair value of derivative financial instruments (notes 4 and 15) | 5,590 | 2,112 |
| Other current assets (note 2(a)) | 116,993 | 92,977 |
| Total current assets | 804,831 | 903,546 |
| Other assets (note 2(c)) | 66,394 | 55,838 |
| Goodwill (notes 10 and 19) | 39,017 | 229,279 |
| Property, plant and mine development (note 3) | 4,049,117 | 4,067,456 |
| | $4,959,359 | $5,256,119 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| Current | | |
| Accounts payable and accrued liabilities (note 11) | $ 173,374 | $ 185,329 |
| Reclamation provision (note 6(a)) | 3,452 | 16,816 |
| Dividends payable | – | 37,905 |
| Interest payable (note 5) | 13,803 | 13,602 |
| Income taxes payable (note 9) | 7,523 | 10,061 |
| Capital lease obligations (note 13(a)) | 12,035 | 12,955 |
| Fair value of derivative financial instruments (notes 4 and 15) | 467 | 277 |
| Total current liabilities | 210,654 | 276,945 |
| Long-term debt (note 5) | 1,000,000 | 830,000 |
| Reclamation provision and other liabilities (note 6) | 178,236 | 127,735 |
| Deferred income and mining tax liabilities (note 9) | 593,320 | 611,227 |
| **SHAREHOLDERS' EQUITY** | | |
| Common shares (notes 7(a), 7(b) and 7(c)): | | |
| Outstanding – 174,181,163 common shares issued, less 227,188 shares held in trust | 3,294,007 | 3,241,922 |
| Stock options (note 8(a)) | 174,470 | 148,032 |
| Warrants (note 7(b)) | – | 24,858 |
| Contributed surplus | 37,254 | 15,665 |
| Retained earnings (deficit) | (513,441) | 7,046 |
| Accumulated other comprehensive loss (note 7(d)) | (15,141) | (27,311) |
| Total shareholders' equity | 2,977,149 | 3,410,212 |
| | $4,959,359 | $5,256,119 |
| Contingencies and commitments (notes 6, 9, 12, 13(b) and 21) | | |

On behalf of the Board:

Sean Boyd

Sean Boyd CPA, CA, Director

Mel Leiderman

Mel Leiderman CPA, CA, Director

*See accompanying notes*

# AGNICO EAGLE MINES LIMITED
# CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

*(thousands of United States dollars, except per share amounts, US GAAP basis)*

| | Year ended December 31, | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| **REVENUES** | | | |
| Revenues from mining operations (note 1) | $1,638,406 | $1,917,714 | $1,821,799 |
| **COSTS, EXPENSES AND OTHER INCOME** | | | |
| Production(i) | 924,927 | 897,712 | 876,078 |
| Exploration and corporate development | 44,236 | 109,500 | 75,721 |
| Amortization of property, plant and mine development (note 3) | 296,078 | 271,861 | 261,781 |
| General and administrative (note 16) | 115,800 | 119,085 | 107,926 |
| Impairment loss on available-for-sale securities (notes 2(b) and 4) | 34,272 | 12,732 | 8,569 |
| Provincial capital tax | (1,504) | 4,001 | 9,223 |
| Interest expense (note 5) | 57,999 | 57,887 | 55,039 |
| Interest and sundry expense | 8,824 | 2,389 | 5,188 |
| (Gain) loss on derivative financial instruments (note 15) | (1,509) | 819 | (3,683) |
| Gain on sale of available-for-sale securities (note 2(b)) | (74) | (9,733) | (4,907) |
| Impairment loss (note 18) | 537,227 | – | 907,681 |
| Loss on Goldex mine (note 17) | – | – | 302,893 |
| Foreign currency translation (gain) loss | (7,188) | 16,320 | (1,082) |
| Income (loss) before income and mining taxes | (370,682) | 435,141 | (778,628) |
| Income and mining taxes expense (recovery) (note 9) | 35,844 | 124,225 | (209,673) |
| Net income (loss) for the year | $ (406,526) | $ 310,916 | $ (568,955) |
| Attributed to non-controlling interest | $ – | $ – | $ (60) |
| Attributed to common shareholders | $ (406,526) | $ 310,916 | $ (568,895) |
| Net income (loss) per share – basic (note 7(e)) | $ (2.35) | $ 1.82 | $ (3.36) |
| Net income (loss) per share – diluted (note 7(e)) | $ (2.35) | $ 1.81 | $ (3.36) |
| Cash dividends declared per common share (note 7(a)) | $ 0.66 | $ 1.02 | $ – |
| **COMPREHENSIVE INCOME (LOSS)** | | | |
| Net income (loss) for the year | $ (406,526) | $ 310,916 | $ (568,955) |
| Other comprehensive income (loss): | | | |
| Available-for-sale securities and other investments: | | | |
| Unrealized loss | (22,553) | (27,029) | (35,444) |
| Reclassification to impairment loss on available-for-sale securities (notes 2(b) and 4) | 34,272 | 12,732 | 8,569 |
| Reclassification to realized gain on sale of available-for-sale securities (note 2(b)) | (74) | (9,733) | (4,907) |
| Derivative financial instruments (note 15): | | | |
| Unrealized (loss) gain | (284) | 6,882 | (5,863) |
| Reclassification to production costs | (117) | (2,738) | 1,459 |
| Pension benefits (note 6(b)): | | | |
| Unrealized gain (loss) | 375 | 531 | (1,595) |
| Reclassification to general and administrative expense | 637 | 617 | 540 |
| Income tax expense (recovery) impact of reclassification items (note 9) | (137) | 558 | (556) |
| Income tax expense (recovery) impact of other comprehensive income (loss) items (note 9) | 51 | (2,025) | 2,301 |
| Other comprehensive income (loss) for the year | 12,170 | (20,205) | (35,496) |
| Comprehensive income (loss) for the year | $ (394,356) | $ 290,711 | $ (604,451) |
| Attributed to non-controlling interest | $ – | $ – | $ (60) |
| Attributed to common shareholders | $ (394,356) | $ 290,711 | $ (604,391) |

Note:

(i) Exclusive of amortization, which is shown separately.

*See accompanying notes*

# AGNICO EAGLE MINES LIMITED
# CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

*(thousands of United States dollars, except share and per share amounts, US GAAP basis)*

| | Common Shares Outstanding | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Stock Options | Warrants | Contributed Surplus | Retained Earnings (Deficit) | Accumulated Other Comprehensive Income (Loss) | Non-Controlling Interest |
| **Balance December 31, 2010** | 168,720,355 | $3,078,217 | $ 78,554 | $ 24,858 | $ 15,166 | $ 440,265 | $ 28,390 | $ – |
| Shares issued under employee stock option plan (note 8(a)) | 308,688 | 18,094 | (4,396) | – | – | – | – | – |
| Stock options (note 8(a)) | – | – | 43,536 | – | – | – | – | – |
| Shares issued under the incentive share purchase plan (note 8(b)) | 360,833 | 19,229 | – | – | – | – | – | – |
| Shares issued under dividend reinvestment plan | 176,110 | 10,130 | – | – | – | – | – | – |
| Shares issued for purchase of mining property (notes 7(c) and 10) | 1,250,477 | 56,146 | – | – | – | – | – | – |
| Non-controlling interest addition upon acquisition (note 10) | – | – | – | – | – | – | – | 12,251 |
| Net loss for the year attributed to common shareholders | – | – | – | – | – | (568,895) | – | – |
| Net loss for the year attributed to non-controlling interest | – | – | – | – | – | – | – | (60) |
| Dividends declared (nil per share) (note 7(a)) | – | – | – | – | – | (391) | – | – |
| Other comprehensive loss for the year | – | – | – | – | – | – | (35,496) | – |
| Restricted share unit plan (note 8(c)) | (2,727) | (435) | – | – | – | – | – | – |
| **Balance December 31, 2011** | 170,813,736 | $3,181,381 | $117,694 | $ 24,858 | $ 15,166 | $(129,021) | $ (7,106) | $ 12,191 |
| Shares issued under employee stock option plan (note 8(a)) | 416,275 | $ 22,968 | $ (4,759) | $ – | $ – | $ – | $ – | $ – |
| Stock options (note 8(a)) | – | – | 35,097 | – | – | – | – | – |
| Shares issued under the incentive share purchase plan (note 8(b)) | 507,235 | 21,671 | – | – | – | – | – | – |
| Shares issued under dividend reinvestment plan | 444,555 | 18,907 | – | – | – | – | – | – |
| Shares issued for purchase of mining property (notes 7(c) and 10) | 68,941 | 2,447 | – | – | 499 | – | – | – |
| Non-controlling interest eliminated upon acquisition (note 10) | – | – | – | – | – | – | – | (12,191) |
| Net income for the year | – | – | – | – | – | 310,916 | – | – |
| Dividends declared ($1.02 per share) (note 7(a)) | – | – | – | – | – | (174,849) | – | – |
| Other comprehensive loss for the year | – | – | – | – | – | – | (20,205) | – |
| Restricted share unit plan (note 8(c)) | (147,872) | (5,452) | – | – | – | – | – | – |
| **Balance December 31, 2012** | 172,102,870 | $3,241,922 | $148,032 | $ 24,858 | $ 15,665 | $ 7,046 | $(27,311) | $ – |
| Shares issued under employee stock option plan (note 8(a)) | 213,500 | $ 9,765 | $ (3,292) | $ – | $ – | $ – | $ – | $ – |
| Stock options (note 8(a)) | – | – | 29,730 | – | – | – | – | – |
| Shares issued under incentive share purchase plan (note 8(b)) | 812,946 | 23,379 | – | – | – | – | – | – |
| Shares issued under dividend reinvestment plan | 858,107 | 25,837 | – | – | – | – | – | – |
| Warrant expiry (note 7(b)) | – | – | – | (24,858) | 21,589 | – | – | – |
| Net loss for the year | – | – | – | – | – | (406,526) | – | – |
| Dividends declared ($0.66 per share) (note 7(a)) | – | – | – | – | – | (114,118) | – | – |
| Other comprehensive income for the year | – | – | – | – | – | – | 12,170 | – |
| Restricted share unit plan (note 8(c)) | (33,448) | (6,896) | – | – | – | 157 | – | – |
| **Balance December 31, 2013** | 173,953,975 | $3,294,007 | $174,470 | $ – | $ 37,254 | $(513,441) | $(15,141) | $ – |

*See accompanying notes*

# AGNICO EAGLE MINES LIMITED
# CONSOLIDATED STATEMENTS OF CASH FLOWS
*(thousands of United States dollars, US GAAP basis)*

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| **Operating activities** | | | |
| Net income (loss) for the year | $(406,526) | $ 310,916 | $(568,955) |
| Add (deduct) items not affecting cash: | | | |
| Amortization of property, plant and mine development (note 3) | 296,078 | 271,861 | 261,781 |
| Deferred income and mining taxes (note 9) | (16,550) | 72,145 | (275,773) |
| Gain on sale of available-for-sale securities (note 2(b)) | (74) | (9,733) | (4,907) |
| Stock-based compensation (note 8) | 44,904 | 47,632 | 51,873 |
| Impairment loss on available-for-sale securities (note 2(b)) | 34,272 | 12,732 | 8,569 |
| Impairment loss (note 18) | 537,227 | – | 907,681 |
| Loss on Goldex mine (note 17) | – | – | 302,893 |
| Foreign currency translation (gain) loss | (7,188) | 16,320 | (1,082) |
| Other | 23,817 | 16,048 | 22,992 |
| Adjustment for settlement of environmental remediation | (9,081) | (21,449) | (7,616) |
| Changes in non-cash working capital balances: | | | |
| Trade receivables | 450 | 8,149 | 37,050 |
| Income taxes | 717 | 13,304 | (29,867) |
| Inventories | (23,232) | (44,145) | (43,066) |
| Other current assets | (23,447) | 18,909 | (25,838) |
| Accounts payable and accrued liabilities | (12,695) | (20,928) | 31,837 |
| Interest payable | (376) | 4,246 | (387) |
| Cash provided by operating activities | 438,296 | 696,007 | 667,185 |
| **Investing activities** | | | |
| Additions to property, plant and mine development (note 3) | (577,789) | (445,550) | (482,831) |
| Acquisition of Urastar Gold Corporation, net (note 10) | (10,051) | – | – |
| Acquisition of Grayd Resource Corporation (note 10) | – | (9,322) | (163,047) |
| Decrease (increase) in short-term investments | 6,273 | (1,920) | 5 |
| Net proceeds from sale of available-for-sale securities (note 2(b)) | 171 | 73,358 | 9,435 |
| Purchase of available-for-sale securities and warrants (note 2(b)) | (59,804) | (2,713) | (91,115) |
| (Increase) decrease in restricted cash (note 14) | (3,273) | 9,991 | (32,931) |
| Cash used in investing activities | (644,473) | (376,156) | (760,484) |
| **Financing activities** | | | |
| Dividends paid | (126,266) | (118,121) | (98,354) |
| Repayment of capital lease obligations (note 13(a)) | (10,605) | (12,063) | (13,092) |
| Sale-leaseback financing (note 13(a)) | 10,928 | – | – |
| Proceeds from long-term debt (note 5) | 290,000 | 315,000 | 475,000 |
| Repayment of long-term debt (note 5) | (120,000) | (605,000) | (205,000) |
| Notes issuance (note 5) | – | 200,000 | – |
| Long-term debt financing costs (note 5) | – | (3,133) | (2,545) |
| Repurchase of common shares for restricted share unit plan (note 8(c)) | (19,000) | (12,031) | (3,723) |
| Common shares issued | 23,672 | 32,742 | 26,536 |
| Cash provided by (used in) financing activities | 48,729 | (202,606) | 178,822 |
| **Effect of exchange rate changes on cash and cash equivalents** | (1,519) | 1,376 | (1,636) |
| **Net (decrease) increase in cash and cash equivalents during the year** | (158,967) | 118,621 | 83,887 |
| **Cash and cash equivalents, beginning of year** | 298,068 | 179,447 | 95,560 |
| **Cash and cash equivalents, end of year** | $ 139,101 | $ 298,068 | $ 179,447 |
| ***Supplemental cash flow information*** | | | |
| Interest paid | $ 58,152 | $ 52,213 | $ 52,833 |
| Income and mining taxes paid | $ 56,478 | $ 56,962 | $ 110,889 |

*See accompanying notes*

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

## 1. TRADE RECEIVABLES AND REVENUES FROM MINING OPERATIONS

Agnico Eagle is a gold mining company with mining operations in Canada, Mexico and Finland. The Company earns a significant proportion of its revenues from the production and sale of gold in both dore bar and concentrate form. The remainder of revenue and cash flow is generated by the production and sale of byproduct metals. The revenue from byproduct metals is primarily generated by production at the LaRonde mine in Canada (silver, zinc and copper) and the Pinos Altos mine in Mexico (silver).

Revenues are generated from operations in Canada, Mexico and Finland. The cash flow and profitability of the Company's operations are significantly affected by the market price of gold and, to a lesser extent, silver, zinc, copper and lead. The prices of these metals can fluctuate significantly and are affected by numerous factors beyond the Company's control.

As gold can be sold through numerous gold market traders worldwide, the Company is not economically dependent on a limited number of customers for the sale of its product.

Trade receivables are recognized once the transfer of ownership for the metals sold has occurred and reflect the amounts owing to the Company in respect of its sales of dore bars or concentrates to third parties prior to the satisfaction in full of the payment obligations of the third parties.

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| **Revenues from mining operations:** | | | |
| Gold | $1,500,354 | $1,712,665 | $1,563,760 |
| Silver | 100,895 | 140,221 | 171,725 |
| Zinc | 16,685 | 45,797 | 70,522 |
| Copper | 20,653 | 19,019 | 14,451 |
| Lead(i) | (181) | 12 | 1,341 |
| | $1,638,406 | $1,917,714 | $1,821,799 |

Note:

(i) In 2013, lead revenues of $0.9 million were nettled against lead concentrate direct fees of $1.1 million. Revenues from other metals contained in lead concentrate are included in their respective categories in the above table.

In 2013, precious metals (gold and silver) accounted for 98% of Agnico Eagle's revenues from mining operations (2012 – 97%; 2011 – 95%). The remaining revenues from mining operations consisted of net byproduct metals revenues. In 2013, these net byproduct metals revenues as a percentage of total revenues from mining operations were 1% from zinc (2012 – 2%; 2011 – 4%) and 1% from copper (2012 – 1%; 2011 – 1%).

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 2. OTHER ASSETS

### *(a) Other current assets*

| | As at December 31, | |
|---|---|---|
| | **2013** | **2012** |
| Federal, provincial and other sales taxes receivable | $ 71,053 | $ 36,400 |
| Prepaid expenses | 35,396 | 36,119 |
| Insurance receivable | 1,369 | 6,553 |
| Receivables from employees | 780 | 1,800 |
| Retirement compensation arrangement plan refundable tax receivable | – | 4,044 |
| Other | 8,395 | 8,061 |
| | $116,993 | $ 92,977 |

### *(b) Available-for-sale securities*

The Company's investments in available-for-sale securities consist primarily of investments in common shares of entities in the mining industry. The cost basis of available-for-sale securities is determined using the average cost method and they are carried at fair value. Detail on the Company's available-for-sale securities holdings is set out below:

| | As at December 31, | |
|---|---|---|
| | **2013** | **2012** |
| **Available-for-sale securities in an unrealized gain position:** | | |
| Cost (net of impairments) | $30,583 | $ 4,352 |
| Unrealized gains in accumulated other comprehensive loss | 11,530 | 1,902 |
| Estimated fair value | 42,113 | 6,254 |
| **Available-for-sale securities in an unrealized loss position:** | | |
| Cost (net of impairments) | 39,933 | 48,047 |
| Unrealized losses in accumulated other comprehensive loss | (7,465) | (9,582) |
| Estimated fair value | 32,468 | 38,465 |
| **Total estimated fair value of available-for-sale securities** | **$74,581** | **$44,719** |

In 2013, the Company received proceeds of $0.2 million (2012 – $73.4 million; 2011 – $9.4 million) and recognized a gain before income taxes of $0.1 million (2012 – $9.7 million; 2011 – $4.9 million) on the sale of certain available-for-sale securities.

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 2. OTHER ASSETS (Continued)

During the course of the year, certain available-for-sale securities fell into an unrealized loss position. In each case, the Company evaluated the near-term prospects of the issuers in relation to the severity and duration of the impairment. During the year ended December 31, 2013, the Company recorded a $34.3 million (2012 – $12.7 million; 2011 – $8.6 million) impairment loss on certain available-for-sale securities that were determined to be other-than-temporarily impaired.

At December 31, 2013, the fair value of available-for-sale securities in an unrealized loss position was $32.5 million (December 31, 2012 – $38.5 million) with total unrealized losses in accumulated other comprehensive loss of $7.5 million (December 31, 2012 – $9.6 million). Based on an evaluation of the severity and duration of the impairment of these available-for-sale securities (less than three months) and on the Company's intent to hold the investments for a period of time sufficient for a recovery of fair value, the Company does not consider these available-for-sale securities to be other-than-temporarily impaired as at December 31, 2013.

### (c) Other assets

| | As at December 31, | |
|---|---|---|
| | 2013 | 2012 |
| Deferred financing costs, less accumulated amortization of $11,420 (December 31, 2012 – $8,888) | $12,644 | $15,836 |
| Long-term ore in stockpile(i) | 46,191 | 32,711 |
| Other | 7,559 | 7,291 |
| | $66,394 | $55,838 |

Note:

(i) Due to the ore body structures at the Pinos Altos, Kittila and Meadowbank mines, the Creston Mascota deposit at Pinos Altos and the La India project, a significant amount of drilling and blasting was undertaken early in their mine lives, resulting in long-term ore in stockpile. At December 31, 2013, long-term ore in stockpile was valued at $2.5 million (December 31, 2012 – $4.1 million) at the Pinos Altos mine, $26.7 million (December 31, 2012 – $7.7 million) at the Kittila mine, $7.8 million (December 31, 2012 – $10.2 million) at the Meadowbank mine, $8.2 million (December 31, 2012 – $10.7 million) at the Creston Mascota deposit at Pinos Altos and $1.0 million (December 31, 2012 – nil) at the La India project.

## 3. PROPERTY, PLANT AND MINE DEVELOPMENT

| | As at December 31, 2013 | | | As at December 31, 2012 | | |
|---|---|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Cost | Accumulated Amortization | Net Book Value |
| Mining properties | $1,361,867 | $ 89,700 | $1,272,167 | $1,356,227 | $ 86,839 | $1,269,388 |
| Plant and equipment | 2,286,887 | 662,394 | 1,624,493 | 2,538,328 | 617,826 | 1,920,502 |
| Mine development costs | 1,038,564 | 239,898 | 798,666 | 918,482 | 237,967 | 680,515 |
| **Construction in progress:** | | | | | | |
| Meliadine project | 192,413 | – | 192,413 | 133,840 | – | 133,840 |
| La India project | 161,378 | – | 161,378 | 32,553 | – | 32,553 |
| Goldex mine M and E Zones(i) | – | – | – | 30,658 | – | 30,658 |
| | $5,041,109 | $ 991,992 | $4,049,117 | $5,010,088 | $942,632 | $4,067,456 |

Note:

(i) Upon achieving commercial production at the Goldex mine M and E Zones in October 2013, related costs accumulated in construction in progress were reclassified to mine development costs within property, plant and mine development.

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 3. PROPERTY, PLANT AND MINE DEVELOPMENT (Continued)

### Geographic Information:

| | As at December 31, | |
|---|---|---|
| | **2013** | **2012** |
| **Northern Business:** | | |
| Canada | $2,312,166 | $2,543,171 |
| Finland | 763,711 | 704,031 |
| **Southern Business:** | | |
| Mexico | 962,971 | 809,556 |
| United States | 10,269 | 10,698 |
| Total | $4,049,117 | $4,067,456 |

In 2013, Agnico Eagle capitalized $2.5 million (2012 – $1.3 million) and expensed $1.4 million (2012 – $1.2 million) of computer software expenditures. The unamortized capitalized cost for computer software at December 31, 2013 was $6.8 million (December 31, 2012 – $5.7 million).

The unamortized capitalized cost for leasehold improvements at December 31, 2013 was $3.3 million (December 31, 2012 – $3.4 million), which is being amortized on a straight-line basis over the life term of the lease plus one renewal period.

The amortization of assets recorded under capital leases is included in the amortization of property, plant and mine development line item of the consolidated statements of income (loss) and comprehensive income (loss).

## 4. FAIR VALUE MEASUREMENT

ASC 820 – *Fair Value Measurement and Disclosure* defines fair value, establishes a framework for measuring fair value under US GAAP, and requires expanded disclosures about fair value measurements including the following three fair value hierarchy levels:

> Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
>
> Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and
>
> Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

Fair value is the value at which a financial instrument could be closed out or sold in a transaction with a willing and knowledgeable counterparty over a period of time consistent with the Company's investment strategy. Fair value is based on quoted market prices, where available. If market quotes are not available, fair value is based on internally developed models that use market-based or independent information as inputs. These models could produce a fair value that may not be reflective of future fair value.

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 4. FAIR VALUE MEASUREMENT (Continued)

The following table sets out the Company's financial assets and liabilities measured at fair value as at December 31, 2013 using the fair value hierarchy:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets:** | | | | |
| Trade receivables(i) | $ – | $67,300 | $ – | $ 67,300 |
| Available-for-sale securities(ii) | 74,581 | – | – | 74,581 |
| Fair value of derivative financial instruments(iii) | – | 5,590 | – | 5,590 |
| | $74,581 | $72,890 | $ – | $147,471 |
| **Financial liabilities:** | | | | |
| Fair value of derivative financial instruments(iii) | $ – | $ 467 | $ – | $ 467 |

The following table sets out the Company's financial assets and liabilities measured at fair value as at December 31, 2012 using the fair value hierarchy:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets:** | | | | |
| Trade receivables(i) | $ – | $67,750 | $ – | $ 67,750 |
| Available-for-sale securities(ii) | 44,719 | – | – | 44,719 |
| Fair value of derivative financial instruments(iii) | – | 2,112 | – | 2,112 |
| | $44,719 | $69,862 | $ – | $114,581 |
| **Financial liabilities:** | | | | |
| Fair value of derivative financial instruments(iii) | $ – | $ 277 | $ – | $ 277 |

Notes:

(i) Trade receivables from provisional invoices for concentrate sales are valued using quoted forward rates derived from observable market data based on the month of expected settlement (classified within Level 2 of the fair value hierarchy).

(ii) Available-for-sale securities are recorded at fair value using quoted market prices (classified within Level 1 of the fair value hierarchy).

(iii) Derivative financial instruments are recorded at fair value using external broker-dealer quotations (classified within Level 2 of the fair value hierarchy).

In the event that a decline in the fair value of an investment in available-for-sale securities occurs and the decline in value is considered to be other-than-temporary, an impairment charge is recorded in the consolidated statements of income (loss) and comprehensive income (loss) and a new cost basis for the investment is established. The Company assesses whether a decline in value is considered to be other-than-temporary by considering available evidence, including changes in general market conditions, specific industry and investee data, the length of time and the extent to which the fair value has been less than cost, the financial condition of the investee and the near-term prospects of the individual investment. New evidence may become available in future periods which would affect this assessment and thus could result in

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 4. FAIR VALUE MEASUREMENT (Continued)

material impairment charges with respect to those investments in available-for-sale securities for which the cost basis exceeds its fair value.

As at December 31, 2013, the Company recorded impairment losses related to property, plant and mine development and goodwill (see note 18 for details). The estimated fair values of property, plant and mine development and goodwill used in determining the impairment losses followed the discounted cash flow approach. The total impairment loss recorded during 2013 was $436.3 million, net of tax (2012 – nil; 2011 – $644.9 million). The discounted cash flow approach uses significant unobservable inputs and is therefore considered a Level 3 fair value measurement under the fair value hierarchy.

## 5. LONG-TERM DEBT

### *Credit Facility*

On June 22, 2010, the Company amended and restated one of its two unsecured revolving bank credit facilities (the "Credit Facility") and terminated its other unsecured revolving bank credit facility, increasing the amount available from an aggregate of $900.0 million to $1,200.0 million.

On July 20, 2012, the Company further amended the Credit Facility, extending the maturity date from June 22, 2016 to June 22, 2017 and amending pricing terms.

At December 31, 2013, the Credit Facility was drawn down by $200.0 million (December 31, 2012 – $30.0 million). Amounts drawn down, together with outstanding letters of credit under the Credit Facility, resulted in Credit Facility availability of $998.9 million at December 31, 2013.

### *2012 Notes*

On July 24, 2012, the Company closed a $200.0 million private placement of guaranteed senior unsecured notes (the "2012 Notes") which, on issuance, had a weighted average maturity of 11.0 years and a weighted average yield of 4.95%.

The following table sets out details of the individual series of the 2012 Notes:

| | Principal | Interest Rate | Maturity Date |
|---|---|---|---|
| Series A | $100,000 | 4.87% | 7/23/2022 |
| Series B | 100,000 | 5.02% | 7/23/2024 |
| | $200,000 | | |

### *2010 Notes*

On April 7, 2010, the Company closed a $600.0 million private placement of guaranteed senior unsecured notes (the "2010 Notes") which, on issuance, had a weighted average maturity of 9.84 years and a weighted average yield of 6.59%.

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

## 5. LONG-TERM DEBT (Continued)

The following table sets out details of the individual series of the 2010 Notes:

| | Principal | Interest Rate | Maturity Date |
|---|---|---|---|
| Series A | $115,000 | 6.13% | 4/7/2017 |
| Series B | 360,000 | 6.67% | 4/7/2020 |
| Series C | 125,000 | 6.77% | 4/7/2022 |
| | $600,000 | | |

### *Covenants*

Payment and performance of Agnico Eagle's obligations under the Credit Facility, 2012 Notes and 2010 Notes is guaranteed by each of its significant subsidiaries and certain of its other subsidiaries (the "Guarantors").

The Credit Facility contains covenants that limit, among other things, the ability of the Company to incur additional indebtedness, make distributions in certain circumstances and sell material assets.

The 2012 Notes and 2010 Notes contain covenants that restrict, among other things, the ability of the Company to amalgamate or otherwise transfer its assets, sell material assets and carry on a business other than one related to mining and the ability of the Guarantors to incur indebtedness.

The Credit Facility, 2012 Notes and 2010 Notes also require the Company to maintain a total net debt to EBITDA ratio below a specified maximum value as well as a minimum tangible net worth.

The Company was in compliance with all covenants contained in the Credit Facility, 2012 Notes and 2010 Notes as at December 31, 2013.

### *Interest on long-term debt*

For the year ended December 31, 2013, total interest expense was $58.0 million (2012 – $57.9 million; 2011 – $55.0 million) and total cash interest payments were $58.2 million (2012 – $52.2 million; 2011 – $52.8 million). In 2013, cash interest on the Credit Facility was $1.8 million (2012 – $3.6 million; 2011 – $1.7 million), cash standby fees on the Credit Facility were $4.8 million (2012 – $4.2 million; 2011 – $8.6 million) and cash interest on the 2010 Notes and 2012 Notes was $49.4 million (2012 – $39.5 million; 2011 – $39.5 million). In 2013, interest expenditures of $3.5 million (2012 – $1.5 million; 2011 – $1.0 million) were capitalized to construction in progress.

The Company's weighted average interest rate on all of its long-term debt as at December 31, 2013 was 5.37% (December 31, 2012 – 6.02%; December 31, 2011 – 5.02%).

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 6. RECLAMATION PROVISION AND OTHER LIABILITIES

Reclamation provision and other liabilities consist of the following:

| | As at December 31, | |
|---|---|---|
| | **2013** | **2012** |
| Reclamation provision (note 6(a)) | $150,849 | $101,753 |
| Long-term portion of capital lease obligations (note 13(a)) | 11,843 | 12,108 |
| Pension benefits (note 6(b)) | 15,278 | 13,734 |
| Other | 266 | 140 |
| Total | $178,236 | $127,735 |

### *(a) Reclamation provision*

Agnico Eagle's reclamation provision includes both asset retirement obligations and environmental remediation liabilities. Reclamation provision estimates are based on current legislation, third party estimates, management's estimates and feasibility study calculations.

The following table reconciles the beginning and ending carrying amounts of the Company's asset retirement obligations:

| | **2013** | **2012** |
|---|---|---|
| Asset retirement obligations – long-term, beginning of year | $ 89,720 | $86,386 |
| Asset retirement obligations – current, beginning of year | 4,630 | – |
| Current year additions and changes in estimate, net | 44,898 | 1,495 |
| Current year accretion | 4,624 | 5,068 |
| Liabilities settled | (853) | (254) |
| Foreign exchange revaluation | (3,678) | 1,655 |
| Reclassification from long-term to current, end of year | (1,029) | (4,630) |
| Asset retirement obligations – long-term, end of year | $138,312 | $89,720 |

Due to the suspension of mining operations on the Goldex Extension Zone ("GEZ") at the Goldex mine on October 19, 2011 (see note 17 for details), Agnico Eagle recognized an environmental remediation liability. The

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 6. RECLAMATION PROVISION AND OTHER LIABILITIES (Continued)

following table reconciles the beginning and ending carrying amounts of the Goldex mine's environmental remediation liability:

| | 2013 | 2012 |
|---|---|---|
| Environmental remediation liability – long-term, beginning of year | $12,033 | $ 19,057 |
| Environmental remediation liability – current, beginning of year | 12,186 | 26,069 |
| Current year additions and changes in estimate, net | 1,005 | (36) |
| Liabilities settled | (9,045) | (21,450) |
| Foreign exchange revaluation | (1,219) | 579 |
| Reclassification from long-term to current, end of year | (2,423) | (12,186) |
| Environmental remediation liability – long-term, end of year | $12,537 | $ 12,033 |

### *(b) Pension benefits*

Agnico Eagle provides the Executives Plan for certain senior officers. The funded status of the Executives Plan is based on actuarial valuations performed as of July 1, 2013, projected to December 31, 2013 and covering the period through June 30, 2014.

The components of Agnico Eagle's net pension benefits expense relating to the Executives Plan are as follows:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| Service cost – benefits earned during the year | $ 457 | $ 650 | $ 996 |
| Interest cost on projected benefit obligation | 431 | 489 | 663 |
| Amortization of net transition asset | 164 | 169 | 171 |
| Prior service cost | 25 | 26 | 26 |
| Loss due to settlement | – | 2,921 | – |
| Recognized net actuarial loss | 379 | 340 | 245 |
| Net pension benefits expense | $1,456 | $4,595 | $2,101 |

Assets for the Executives Plan consist of deposits on hand with regulatory authorities that are refundable when benefit payments are made or on the ultimate wind-up of the plan. The accumulated benefit obligation for the Executives Plan at December 31, 2013 was $9.6 million (December 31, 2012 – $9.7 million).

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 6. RECLAMATION PROVISION AND OTHER LIABILITIES (Continued)

The funded status of the Executives Plan for 2013 and 2012 is as follows:

| | 2013 | 2012 |
|---|---|---|
| **Reconciliation of the market value of plan assets:** | | |
| Fair value of plan assets, beginning of year | $ 2,373 | $ 2,952 |
| Agnico Eagle's contribution | 374 | 839 |
| Benefit payments | (244) | (520) |
| Settlements | – | (961) |
| Effect of exchange rate changes | (157) | 63 |
| Fair value of plan assets, end of year | 2,346 | 2,373 |
| **Reconciliation of projected benefit obligation:** | | |
| Projected benefit obligation, beginning of year | 10,818 | 14,370 |
| Service cost | 456 | 650 |
| Interest cost | 431 | 489 |
| Net actuarial loss | 573 | 675 |
| Benefit payments | (244) | (520) |
| Settlements | – | (5,148) |
| Effect of exchange rate changes | (736) | 302 |
| Projected benefit obligation, end of year | 11,298 | 10,818 |
| **Deficiency of plan assets compared with projected benefit obligation** | $ (8,952) | $ (8,445) |

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 6. RECLAMATION PROVISION AND OTHER LIABILITIES (Continued)

The Executives Plan is comprised of the following net amounts recognized in the consolidated balance sheets:

| | As at December 31, | |
|---|---|---|
| | **2013** | **2012** |
| Accrued employee benefit liability | $5,733 | $5,008 |
| Accumulated other comprehensive loss: | | |
| Transition obligation | 159 | 341 |
| Prior service cost | 24 | 52 |
| Net actuarial loss | 3,036 | 3,044 |
| Net liability | $8,952 | $8,445 |
| **Assumptions:** | | |
| Weighted average discount rate – net periodic pension cost | 4.00% | 4.45% |
| Weighted average discount rate – projected benefit obligation | 4.90% | 4.00% |
| Weighted average rate of compensation increase | 3.00% | 3.00% |
| Estimated average remaining service life for the plan (in years)(i) | 5.0 | 6.0 |

Note:

(i) Estimated average remaining service life for the Executives Plan was developed for individual senior officers.

Executives Plan components expected to be recognized in accumulated other comprehensive loss in 2014:

| | |
|---|---|
| Transition obligation | $159 |
| Prior service cost | 24 |
| Net actuarial loss | 476 |
| | $659 |

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 6. RECLAMATION PROVISION AND OTHER LIABILITIES (Continued)

Estimated benefit payments from the Executives Plan over the next ten years are set out below:

| Year ended December 31,: | Estimated Executives Plan Benefit Payments |
|---|---|
| 2014 | $ 109 |
| 2015 | $ 107 |
| 2016 | $ 105 |
| 2017 | $ 103 |
| 2018 | $ 102 |
| 2019 – 2023 | $5,295 |

In addition to the Executives Plan, the Company maintains the Basic Plan and the Supplemental Plan. Under the Basic Plan, Agnico Eagle contributes 5% of certain employees' base employment compensation to a defined contribution plan. In 2013, $12.5 million (2012 – $11.9 million; 2011 – $10.7 million) was contributed to the Basic Plan. Effective January 1, 2008, the Company adopted the Supplemental Plan for designated executives at the level of Vice-President or above. The Supplemental Plan is funded by the Company through notional contributions equal to 10% of the designated executive's earnings for the year (including salary and short-term bonus). In 2013, the Company made $1.2 million (2012 – $0.8 million; 2011 – $0.9 million) in notional contributions to the Supplemental Plan. The Supplemental Plan is accounted for as a cash balance plan.

## 7. SHAREHOLDERS' EQUITY

### *(a) Common shares*

The Company's authorized share capital includes an unlimited number of common shares. As at December 31, 2013, Agnico Eagle's issued common shares totaled 174,181,163 (December 31, 2012 – 172,296,610), less 227,188 common shares held by a trust in connection with the Company's restricted share unit ("RSU") plan (December 31, 2012 – 193,740 common shares held in trust). The trust is treated as a variable interest entity and, as a result, its holdings of shares are offset against the Company's issued shares in its consolidated financial statements (see note 8(c) for details).

In 2013, the Company declared dividends on its common shares of $0.66 per share (2012 – $1.02 per share; 2011 – nil per share).

### *(b) Private placements and warrants*

On December 3, 2008, the Company closed a private placement of 9.2 million units, with each unit consisting of one common share and one-half of one common share purchase warrant. Each whole warrant entitled the holder to purchase one common share of the Company at a price of $47.25 per share at any time during the five-year term of the warrant. As consideration for the lead purchaser's commitment, the Company issued to the lead purchaser an additional 4.0 million warrants. The net proceeds of the private placement were approximately $281.0 million, after deducting share issue costs of $8.8 million. The warrants expired unexercised on December 3, 2013.

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 7. SHAREHOLDERS' EQUITY (Continued)

### *(c) Issuance of common shares on take-over bid*

On November 18, 2011, the Company issued 1,250,477 common shares with a market value of $56.1 million in connection with the acquisition of 94.77% of the outstanding shares of Grayd Resource Corporation ("Grayd") under a take-over bid. On January 23, 2012, the Company issued an additional 68,941 common shares with a market value of $2.4 million in connection with the compulsory acquisition of the remaining outstanding shares of Grayd it did not already own (see note 10 for details).

### *(d) Accumulated other comprehensive loss*

The following table sets out the changes in accumulated other comprehensive loss by component for the year ended December 31, 2013:

| | Cumulative Translation Adjustment | Available-for-sale Securities and Other Investments | Derivative Financial Instruments | Pension Benefits | Total |
|---|---|---|---|---|---|
| Accumulated other comprehensive (loss) income, December 31, 2012 | $ (16,206) | $ (7,680) | $ 72 | $ (3,497) | $(27,311) |
| Unrealized other comprehensive (loss) gain | – | (22,553) | (284) | 375 | (22,462) |
| Income tax expense (recovery) impact | – | – | 150 | (99) | 51 |
| Reclassifications from accumulated other comprehensive (loss) income to the Consolidated Statements of Income (Loss) | – | 34,198 | (117) | 637 | 34,718 |
| Income tax expense (recovery) impact | – | – | 31 | (168) | (137) |
| Other comprehensive income (loss) for the year | – | 11,645 | (220) | 745 | 12,170 |
| Accumulated other comprehensive (loss) income, December 31, 2013 | $ (16,206) | $ 3,965 | $ (148) | $ (2,752) | $(15,141) |

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 7. SHAREHOLDERS' EQUITY (Continued)

The following table sets out the changes in accumulated other comprehensive loss by component for the year ended December 31, 2012:

| | Cumulative Translation Adjustment | Available-for-sale Securities and Other Investments | Derivative Financial Instruments | Pension Benefits | Total |
|---|---|---|---|---|---|
| Accumulated other comprehensive (loss) income, December 31, 2011 | $ (16,206) | $ 16,350 | $ (2,913) | $ (4,337) | $ (7,106) |
| Unrealized other comprehensive (loss) gain | – | (27,029) | 6,882 | 531 | (19,616) |
| Income tax recovery impact | – | – | (1,885) | (140) | (2,025) |
| Reclassifications from accumulated other comprehensive (loss) income to the Consolidated Statements of Income (Loss) | – | 2,999 | (2,738) | 617 | 878 |
| Income tax expense (recovery) impact | – | – | 721 | (163) | 558 |
| Other comprehensive income (loss) for the year | – | (24,030) | 2,985 | 840 | (20,205) |
| Accumulated other comprehensive (loss) income, December 31, 2012 | $ (16,206) | $ (7,680) | $ 72 | $ (3,497) | $(27,311) |

### *(e) Net income (loss) per share*

The following table sets out the weighted average number of common shares used in the calculation of basic and diluted net income (loss) per share:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| Weighted average number of common shares outstanding – basic | 172,892,654 | 171,250,179 | 169,352,896 |
| Dilutive impact of shares related to RSU plan | – | 235,436 | – |
| Weighted average number of common shares outstanding – diluted | 172,892,654 | 171,485,615 | 169,352,896 |

Diluted net income (loss) per share has been calculated using the treasury stock method. In applying the treasury stock method, employee stock options and warrants with an exercise price greater than the average quoted market price of the common shares for the period outstanding are not included in the calculation of diluted net income (loss) per share as the impact is anti-dilutive. In 2011, the impact of any additional shares issued under the employee stock option plan, as a result of the conversion of warrants or related to the RSU plan would have been anti-dilutive as a result of the net loss recorded for the year. Consequently, diluted net loss per share was calculated in the same manner as basic net loss per share in 2011. In 2012, 7,742,151 employee stock options and all warrants were excluded from the calculation of diluted net income per share as their impact would have been anti-dilutive. In 2013, the impact of any additional shares issued under the employee stock option plan or related to the RSU plan would have been anti-dilutive as a result of the net loss recorded for the

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 7. SHAREHOLDERS' EQUITY (Continued)

year. Consequently, diluted net loss per share was calculated in the same manner as basic net loss per share in 2013.

## 8. STOCK-BASED COMPENSATION

### *(a) Employee Stock Option Plan ("ESOP")*

The Company's ESOP provides for the granting of stock options to directors, officers, employees and service providers to purchase common shares. Under the ESOP, stock options are granted at the fair market value of the underlying shares on the day prior to the date of grant. The number of common shares that may be reserved for issuance to any one person pursuant to stock options (under the ESOP or otherwise), warrants, share purchase plans or other arrangements may not exceed 5% of the Company's common shares issued and outstanding at the date of grant.

On April 24, 2001, the Compensation Committee of the Board of Directors adopted a policy pursuant to which stock options granted after that date have a maximum term of five years. In 2011, the shareholders approved a resolution to increase the number of common shares reserved for issuance under the ESOP by 3,000,000 to 23,300,000. In 2012 and 2013 the shareholders approved a further 2,500,000 and 2,000,000 common shares for issuance under the ESOP, respectively.

Of the 2,803,000 stock options granted under the ESOP in 2013, 700,750 stock options vested immediately. The remaining stock options, all of which expire in 2018, vest in equal installments on each anniversary date of the grant over a three year period. Of the 3,257,000 stock options granted under the ESOP in 2012, 814,250 stock options vested immediately. The remaining stock options, all of which expire in 2017, vest in equal installments on each anniversary date of the grant over a three year period. Of the 2,630,785 stock options granted under the ESOP in 2011, 657,696 stock options vested immediately. The remaining stock options, all of which expire in 2016, vest in equal installments on each anniversary date of the grant over a three year period. Upon the exercise of stock options under the ESOP, the Company issues new common shares to settle the obligation.

The following summary sets out activity with respect to Agnico Eagle's outstanding stock options:

| | 2013 | | 2012 | | 2011 | |
|---|---|---|---|---|---|---|
| | Number of Stock Options | Weighted Average Exercise Price | Number of Stock Options | Weighted Average Exercise Price | Number of Stock Options | Weighted Average Exercise Price |
| Outstanding, beginning of year | 10,587,126 | C$ 56.60 | 8,959,051 | C$ 62.88 | 6,762,704 | C$ 56.94 |
| Granted | 2,803,000 | 52.13 | 3,257,000 | 36.99 | 2,630,785 | 76.12 |
| Exercised | (213,500) | 37.06 | (416,275) | 43.51 | (308,688) | 43.62 |
| Forfeited | (540,206) | 58.15 | (731,000) | 59.72 | (125,750) | 67.47 |
| Expired | (1,352,885) | 54.67 | (481,650) | 47.49 | – | – |
| Outstanding, end of year | 11,283,535 | C$ 56.02 | 10,587,126 | C$ 56.60 | 8,959,051 | C$ 62.88 |
| Options exercisable at end of year | 7,248,295 | | 6,510,464 | | 5,178,172 | |

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 8. STOCK-BASED COMPENSATION (Continued)

The following table sets out 2013 activity with respect to Agnico Eagle's non-vested stock options:

| | 2013 | |
|---|---|---|
| | Number of Stock Options | Weighted Average Grant Date Fair Value |
| Non-vested, beginning of year | 4,076,662 | C$13.33 |
| Granted | 2,803,000 | 11.21 |
| Vested | (2,661,216) | 12.84 |
| Forfeited (non-vested) | (183,206) | 11.38 |
| Non-vested, end of year | 4,035,240 | C$11.44 |

Cash received for stock options exercised in 2013 was $8.0 million (2012 – $18.2 million; 2011 – $13.6 million).

The total intrinsic value of stock options exercised in 2013 was C$3.1 million (2012 – C$3.6 million; 2011 – C$8.0 million).

The weighted average grant date fair value of stock options granted in 2013 was C$11.21 (2012 – C$8.29; 2011 – C$17.05). The total grant date fair value of stock options vested during 2013 was $34.2 million (2012 – $41.0 million; 2011 – $46.7 million).

The following table summarizes information about Agnico Eagle's stock options outstanding and exercisable at December 31, 2013:

| | Stock Options Outstanding | | | Stock Options Exercisable | |
|---|---|---|---|---|---|
| Range of Exercise Prices | Number Outstanding | Weighted Average Remaining Contractual Life | Weighted Average Exercise Price | Number Exercisable | Weighted Average Exercise Price |
| C$33.39 – C$59.71 | 7,341,556 | 2.81 years | C$48.28 | 3,851,056 | C$50.50 |
| C$60.72 – C$83.08 | 3,941,979 | 1.14 years | 70.43 | 3,397,239 | 69.46 |
| C$33.39 – C$83.08 | 11,283,535 | 2.23 years | C$56.02 | 7,248,295 | C$59.39 |

The weighted average remaining contractual term of stock options exercisable at December 31, 2013 was 1.6 years.

The Company has reserved for issuance 11,283,535 common shares in the event that these stock options are exercised.

The number of common shares available for the granting of stock options under the ESOP as at December 31, 2013, December 31, 2012 and December 31, 2011 was 4,807,876, 3,717,785, and 3,262,135, respectively.

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 8. STOCK-BASED COMPENSATION (Continued)

Subsequent to the year ended December 31, 2013, on January 2, 2014, 3,177,500 stock options were granted under the ESOP, of which 794,375 stock options vested immediately. The remaining stock options, all of which expire in 2019, vest in equal installments on each anniversary date of the grant over a three year period.

Agnico Eagle estimated the fair value of stock options under the Black-Scholes option pricing model using the following weighted average assumptions:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Risk-free interest rate | 1.50% | 1.26% | 1.95% |
| Expected life of stock options (in years) | 2.6 | 2.8 | 2.5 |
| Expected volatility of Agnico Eagle's share price | 35.0% | 37.5% | 34.70% |
| Expected dividend yield | 1.82% | 2.14% | 0.89% |

The Company uses historical volatility to estimate the expected volatility of Agnico Eagle's share price. The expected term of stock options granted is derived from historical data on employee exercise and post-vesting employment termination experience.

The aggregate intrinsic value of stock options outstanding and exercisable at December 31, 2013 was nil.

The total compensation expense for the ESOP recorded in the general and administrative line item of the consolidated statements of income (loss) and comprehensive income (loss) for 2013 was $26.4 million (2012 – $33.8 million; 2011 – $42.2 million). The total compensation cost related to non-vested stock options not yet recognized is $21.2 million as at December 31, 2013 and the weighted average period over which it is expected to be recognized is 1.7 years. Of the total compensation cost for the ESOP, $3.3 million was capitalized as part of the property, plant and mine development line item of the consolidated balance sheets in 2013 (2012 – $1.3 million; 2011 – $1.4 million).

### *(b) Incentive Share Purchase Plan*

On June 26, 1997, the Company's shareholders approved an incentive share purchase plan (the "Purchase Plan") to encourage directors, officers and employees ("Participants") to purchase Agnico Eagle's common shares at market value. In 2009, the Purchase Plan was amended to remove non-executive directors as eligible Participants.

Under the Purchase Plan, Participants may contribute up to 10% of their basic annual salaries and the Company contributes an amount equal to 50% of each Participant's contribution. All common shares subscribed for under the Purchase Plan are issued by the Company. The total compensation cost recognized in 2013 related to the Purchase Plan was $7.8 million (2012 – $7.2 million; 2011 – $6.4 million).

In 2013, 812,946 common shares were subscribed for under the Purchase Plan (2012 – 507,235; 2011 – 360,833) for a value of $23.4 million (2012 – $21.7 million; 2011 – $19.2 million). In May 2008, the Company's shareholders approved an increase in the maximum number of common shares reserved for issuance under the Purchase Plan to 5,000,000 from 2,500,000. As at December 31, 2013, Agnico Eagle has reserved for issuance 829,907 common shares (2012 – 1,642,853; 2011 – 2,150,088) under the Purchase Plan.

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 8. STOCK-BASED COMPENSATION (Continued)

### *(c) Restricted Share Unit Plan*

In 2009, the Company implemented the RSU plan for certain employees. Effective January 1, 2012, the RSU plan was amended to include directors and senior executives of the Company.

A deferred compensation balance is recorded for the total grant date value on the date of each RSU plan grant. The deferred compensation balance is recorded as a reduction of shareholders' equity and is amortized as compensation expense over the applicable vesting period.

In 2013, the Company funded the RSU plan by transferring $19.0 million (2012 – $12.0 million; 2011 – $3.7 million) to an employee benefit trust (the "Trust") that then purchased shares of the Company in the open market. The Trust is funded once per year during the first quarter of each year. For accounting purposes, the Trust is treated as a variable interest entity and consolidated in the accounts of the Company. The common shares purchased and held by the Trust are treated as not outstanding for the basic earnings per share ("EPS") calculations but are included in the basic EPS calculations once they have vested. All of the non-vested common shares held by the Trust are included in the diluted EPS calculations, unless the impact is anti-dilutive.

Compensation expense related to the RSU plan was $12.1 million in 2013 (2012 – $6.6 million; 2011 – $3.3 million). Compensation expense related to the RSU plan is included as part of the production, general and administrative and exploration and corporate development line items of the consolidated statements of income (loss) and comprehensive income (loss), consistent with the classification of other elements of compensation expense for those employees who held RSUs.

Subsequent to the year ended December 31, 2013, 293,041 RSUs were granted under the RSU plan which vest in 2017.

## 9. INCOME AND MINING TAXES

Income and mining taxes expense (recovery) is comprised of the following geographic components:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| Current income and mining taxes: | | | |
| Canada | $ 7,934 | $ 8,750 | $ 62,382 |
| Mexico | 29,968 | 33,531 | 3,496 |
| Finland | 14,492 | 9,799 | 222 |
| | 52,394 | 52,080 | 66,100 |
| Deferred income and mining taxes: | | | |
| Canada | (95,344) | 26,041 | (341,038) |
| Mexico | 93,665 | 25,284 | 54,996 |
| Finland | (14,871) | 20,820 | 10,269 |
| | (16,550) | 72,145 | (275,773) |
| Income and mining taxes | $ 35,844 | $124,225 | $(209,673) |

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 9. INCOME AND MINING TAXES (Continued)

Cash income and mining taxes paid in 2013 were $56.5 million (2012 – $57.0 million; 2011 – $110.9 million).

The income and mining taxes expense (recovery) is different from the amount that would have been calculated by applying the Canadian statutory income tax rate as a result of the following:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Combined federal and composite provincial tax rates | 26.3% | 26.3% | 27.8% |
| Increase (decrease) in tax rates resulting from: | | | |
| Provincial mining duties | 1.4 | 3.6 | 5.9 |
| Tax law changes | (13.6) | – | (2.7) |
| Impact of foreign tax rates | 2.4 | (1.5) | (0.2) |
| Permanent differences | (25.1) | 1.0 | (1.6) |
| Valuation allowances | (0.9) | 1.2 | (0.3) |
| Impact of changes in income tax rates | (0.2) | (2.1) | (2.0) |
| Actual rate as a percentage of pre-tax income | (9.7)% | 28.5% | 26.9% |

The following table sets out the components of Agnico Eagle's deferred income and mining tax liabilities (assets):

| | Liabilities (Assets) as at December 31, | |
|---|---|---|
| | 2013 | 2012 |
| Mining properties | $ 808,449 | $ 761,508 |
| Net operating and capital loss carryforwards | (129,019) | (102,005) |
| Mining duties | (68,728) | (36,158) |
| Reclamation provisions | (44,242) | (42,688) |
| Valuation allowance | 26,860 | 30,570 |
| Deferred income and mining tax liabilities | $ 593,320 | $ 611,227 |

All of Agnico Eagle's deferred income and mining tax assets and liabilities are denominated in the local currency based on the jurisdiction in which the Company paid taxes, except for Canada, and were translated into US dollars using the exchange rate in effect at the applicable consolidated balance sheet dates. For Canadian income tax purposes, for December 31, 2008 and subsequent years, the Company elected to use the US dollar as its functional currency.

The Company operates in different jurisdictions and, accordingly, it is subject to income and other taxes under the various tax regimes in the countries in which it operates. The tax rules and regulations in many countries are highly complex and subject to interpretation. The Company may be subject in the future to a review of its historic income and other tax filings

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 9. INCOME AND MINING TAXES (Continued)

and in connection with such reviews, disputes can arise with the taxing authorities over the interpretation or application of certain tax rules and regulations to the Company's business conducted within the country involved.

A reconciliation of the beginning and ending amounts of the unrecognized tax benefits is set out below:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Unrecognized tax benefits, beginning of year | $10,867 | $ 1,200 | $1,630 |
| Additions (reductions) | – | 9,667 | (430) |
| Unrecognized tax benefit, end of year | $10,867 | $10,867 | $1,200 |

The full amount of unrecognized tax benefits, if recognized, would reduce the Company's annual effective tax rate. The Company does not expect its unrecognized tax benefits to change significantly over the next year.

The Company is subject to taxes in Canada, Mexico and Finland, each with varying statutes of limitations. The 2007 through 2013 taxation years generally remain subject to examination.

## 10. ACQUISITIONS

### *Urastar Gold Corporation*

On May 16, 2013, the Company completed the acquisition of all of the issued and outstanding common shares of Urastar Gold Corporation ("Urastar") pursuant to a court-approved plan of arrangement under the *Business Corporations Act* (British Columbia) for cash consideration of $10.1 million. The Urastar acquisition was accounted for as a business combination and goodwill of $9.8 million was recognized on the Company's consolidated balance sheets.

The transaction costs associated with the acquisition totaling $0.7 million were expensed through the general and administrative line item of the consolidated statements of income (loss) and comprehensive income (loss) during the year ended December 31, 2013.

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 10. ACQUISITIONS (Continued)

The following table sets out the allocation of the purchase price to assets acquired and liabilities assumed, based on management's estimates of fair value:

| | |
|---|---|
| **Total purchase price:** | |
| Cash paid for acquisition | $10,127 |
| **Fair value of assets acquired and liabilities assumed:** | |
| Mining properties | $ 1,994 |
| Goodwill | 9,802 |
| Cash and cash equivalents | 76 |
| Trade receivables | 731 |
| Other current assets | 12 |
| Plant and equipment | 2 |
| Accounts payable and accrued liabilities | (791) |
| Other liabilities | (1,573) |
| Deferred tax liability | (126) |
| Net assets acquired | $10,127 |

The Company believes that goodwill for the Urastar acquisition arose principally because of the following factors: (1) the going concern value implicit in the Company's ability to sustain and/or grow its business by increasing mineral reserves and mineral resources through new discoveries; and (2) the requirement to record a deferred tax liability for the difference between the assigned values and the tax bases of assets acquired and liabilities assumed in a business combination at amounts that do not reflect fair value.

*Pro forma* results of operations for the Company assuming the acquisition of Urastar described above had occurred as of January 1, 2012 are detailed below. On a *pro forma* basis, there would have been no effect on the Company's consolidated revenues.

| | Year Ended December 31, 2013 | Year Ended December 31, 2012 |
|---|---|---|
| | Unaudited | |
| *Pro forma* net income (loss) for the period | $(409,020) | $307,274 |
| *Pro forma* net income (loss) per share – basic | $ (2.37) | $ 1.79 |

***Grayd Resource Corporation***

In September 2011, Agnico Eagle entered into an acquisition agreement with Grayd, a Canadian-based natural resource company listed on the TSX Venture Exchange, pursuant to which the Company agreed to make an offer to acquire all of the

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 10. ACQUISITIONS (Continued)

issued and outstanding common shares of Grayd. On October 13, 2011, the Company made the offer by way of a take-over bid circular, as amended and supplemented on October 21, 2011.

On November 18, 2011, Agnico Eagle acquired 94.77% of the outstanding shares of Grayd on a fully-diluted basis, under the take-over bid. The November 18, 2011 purchase price of $222.1 million was comprised of $166.0 million in cash and 1,250,477 Agnico Eagle common shares issued from treasury.

Transaction costs associated with the acquisition totalling $3.8 million were expensed through the interest and sundry expense (income) line item of the consolidated statements of income (loss) and comprehensive income (loss) during the fourth quarter of 2011. The Company has accounted for the purchase of Grayd as a business combination.

The following table sets out the allocation of the purchase price to assets acquired and liabilities assumed, based on management's estimates of fair value.

| **Total purchase price:** | |
|---|---|
| Cash paid for acquisition | $165,954 |
| Agnico Eagle common shares issued for acquisition | 56,146 |
| Total purchase price to allocate | $222,100 |
| **Fair value of assets acquired and liabilities assumed:** | |
| Mining properties | $282,000 |
| Goodwill | 29,215 |
| Cash and cash equivalents | 2,907 |
| Trade receivables | 469 |
| Other current assets | 1,700 |
| Equipment | 56 |
| Accounts payable and accrued liabilities | (9,767) |
| Deferred tax liability | (72,229) |
| Non-controlling interest | (12,251) |
| Net assets acquired | $222,100 |

The Company believes that goodwill for the Grayd acquisition arose principally because of the following factors: (1) the going concern value implicit in the Company's ability to sustain and/or grow its business by increasing mineral reserves and mineral resources through new discoveries; and (2) the requirement to record a deferred tax liability for the difference between the assigned values and the tax bases of assets acquired and liabilities assumed in a business combination at amounts that do not reflect fair value.

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 10. ACQUISITIONS (Continued)

*Pro forma* results of operations for Agnico Eagle assuming the acquisition of Grayd described above had occurred as of January 1, 2011 are set out below. On a *pro forma* basis, there would have been no effect on Agnico Eagle's consolidated revenues:

| | Year Ended December 31, 2011 |
|---|---|
| | Unaudited |
| *Pro forma* net loss attributed to common shareholders | $(582,762) |
| *Pro forma* net loss per share – basic | $ (3.42) |

On January 23, 2012, the Company acquired the remaining outstanding shares of Grayd it did not already own, pursuant to a previously announced compulsory acquisition carried out under the provisions of the *Business Corporations Act* (British Columbia). The January 23, 2012 purchase price of $11.8 million was comprised of $9.3 million in cash and 68,941 newly issued Agnico Eagle common shares.

***Summit Gold Project***

On December 20, 2011, the Company completed the acquisition of 100% of the Summit Gold project from Columbus Gold Corporation, subject to a 2% net smelter returns mineral production royalty reserved by Cordilleran Exploration Company. The Nevada based project's purchase price of $8.5 million, including transaction costs, was comprised entirely of cash. This transaction was accounted for as an asset acquisition.

## 11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | As at December 31, | |
|---|---|---|
| | 2013 | 2012 |
| Trade payables | $ 80,242 | $ 89,289 |
| Wages payable | 35,881 | 35,752 |
| Accrued liabilities | 16,366 | 27,372 |
| Other liabilities | 40,885 | 32,916 |
| | $173,374 | $185,329 |

In 2013 and 2012, the other liabilities balance consisted primarily of various employee payroll tax withholdings and other payroll taxes.

## 12. COMMITMENTS AND CONTINGENCIES

As part of its ongoing business and operations, the Company has been required to provide assurance in the form of letters of credit for environmental and site restoration costs, custom credits, government grants and other general corporate purposes. As at December 31, 2013, the total amount of these guarantees was $174.3 million.

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 12. COMMITMENTS AND CONTINGENCIES (Continued)

Certain of the Company's properties are subject to royalty arrangements. The following are the most significant royalty arrangements:

The Company has a royalty agreement with the Finnish government relating to the Kittila mine. Starting 12 months after Kittila mine operations commenced, the Company is required to pay 2.0% on net smelter returns, defined as revenue less processing costs. The royalty is paid on a yearly basis the following year.

The Company is committed to pay a royalty on production from certain properties in the Abitibi area. The type of royalty agreements include, but are not limited to, net profits interest royalties and net smelter return royalties, with percentages ranging from 2.5% to 5.0%.

The Company is committed to pay a royalty on production from certain properties in the Pinos Altos mine area. The type of royalty agreements include, but are not limited to, net profits interest royalties and net smelter return royalties, with percentages ranging from 2.5% to 3.5%.

The Company regularly enters into various earn-in and shareholder agreements, often with commitments to pay net smelter return and other royalties.

The Company had the following purchase commitments as at December 31, 2013:

| | Purchase Commitments |
|---|---|
| 2014 | $13,023 |
| 2015 | 8,373 |
| 2016 | 5,832 |
| 2017 | 4,290 |
| 2018 | 4,290 |
| Thereafter | 7,272 |
| Total | $43,080 |

## 13. LEASES

### (a) *Capital leases*

The Company has entered into sale-leaseback agreements with third parties for various fixed and mobile equipment within Canada. These arrangements represent sale-leaseback transactions in accordance with ASC 840-40 – *Sale-Leaseback Transactions*. The sale-leaseback agreements have an average effective annual interest rate of 5.9% and the average length of the contracts is 4.7 years.

All of the sale-leaseback agreements have end of lease clauses that qualify as bargain purchase options that the Company expects to execute. As at December 31, 2013, the total gross amount of assets recorded under sale-leaseback capital leases amounted to $37.6 million (2012 – $33.9 million).

The Company has agreements with third party providers of mobile equipment that are used at the Meadowbank mine. These arrangements represent capital leases in accordance with the guidance in ASC 840-30 – *Capital Leases*. The leases for mobile equipment at the Meadowbank mine are for five years and the effective annual interest rate on these leases is 5.5%.

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

## 13. LEASES (Continued)

The following is a schedule of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as at December 31, 2013:

| | Minimum Capital Lease Payments |
|---|---|
| 2014 | $12,776 |
| 2015 | 5,678 |
| 2016 | 2,268 |
| 2017 | 2,268 |
| 2018 | 2,268 |
| Thereafter | – |
| Total minimum lease payments | 25,258 |
| Less amount representing interest | 1,380 |
| Present value of net minimum lease payments | $23,878 |

The Company's capital lease obligations are comprised of the following:

| | As at December 31, | |
|---|---|---|
| | 2013 | 2012 |
| Total future lease payments | $25,258 | $26,668 |
| Less: interest | 1,380 | 1,605 |
| | 23,878 | 25,063 |
| Less: current portion | 12,035 | 12,955 |
| Long-term portion of capital lease obligations | $11,843 | $12,108 |

At December 31, 2013, the gross amount of assets recorded under capital leases, including sale-leaseback capital leases was $51.8 million (2012 – $51.0 million; 2011 – $56.9 million). The charge to income resulting from the amortization of assets recorded under capital leases is included in the amortization of property, plant and mine development line item of the consolidated statements of income (loss) and comprehensive income (loss).

***(b) Operating leases***

The Company has a number of operating lease agreements involving office space. Some of the leases for office facilities contain escalation clauses for increases in operating costs and property taxes. Future minimum lease

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 13. LEASES (Continued)

payments required to meet obligations that have initial or remaining non-cancellable lease terms in excess of one year as at December 31, 2013 are as follows:

| | Minimum Operating Lease Payments |
|---|---|
| 2014 | $1,783 |
| 2015 | 1,032 |
| 2016 | 822 |
| 2017 | 816 |
| 2018 | 836 |
| Thereafter | 2,470 |
| Total | $7,759 |

The portion of operating leases relating to rental expense was $1.6 million in 2013 (2012 – $1.1 million; 2011 – $0.9 million).

## 14. RESTRICTED CASH

As part of the Company's insurance programs fronted by a third party provider and reinsured through the Company's internal insurance program, the third party provider requires that cash of $6.9 million be restricted as at December 31, 2013 (December 31, 2012 – $4.7 million).

As part of the Company's tax planning, $32.0 million was contributed to a qualified environmental trust ("QET") in December 2011 to fulfill the requirement of financial security for costs related to the environmental remediation of the Goldex mine. During the year ended December 31, 2013, $2.8 million (2012 – $12.0 million) was withdrawn from the QET to fund the environmental remediation expenditures. As at December 31, 2013, $16.8 million (December 31, 2012 – $20.7 million) remained in the QET.

On December 30, 2013, the Company deposited $5.0 million into a restricted account in connection with a Subscription Agreement to acquire 5,000 shares of Tocqueville Bullion Reserve, Ltd. at a price of $1,000 per share. The acquisition was completed subsequent to year end on January 2, 2014.

## 15. FINANCIAL INSTRUMENTS

From time to time, Agnico Eagle has entered into financial instruments with financial institutions in order to hedge underlying cash flow and fair value exposure arising from changes in commodity prices, interest rates, equity prices or foreign currency exchange rates.

### *Currency risk management*

In 2013 and 2012, financial instruments that subjected Agnico Eagle to market risk and concentration of credit risk consisted primarily of cash and cash equivalents and short-term investments. Agnico Eagle places its cash and cash equivalents and short-term investments in high quality securities issued by government agencies, financial institutions and major corporations and limits the amount of credit exposure by diversifying its holdings.

## 15. FINANCIAL INSTRUMENTS (Continued)

Agnico Eagle generates almost all of its revenues in US dollars. The Company's Canadian operations, which include the LaRonde, Goldex, Lapa and Meadowbank mines and the Meliadine project have Canadian dollar requirements for capital, operating and exploration expenditures.

The Company uses foreign exchange hedges to reduce the variability in expected future cash flows arising from changes in foreign currency exchange rates. The hedged items represent a portion of the Canadian dollar denominated cash outflows arising from Canadian dollar denominated expenditures in 2013.

As at December 31, 2013, the Company had outstanding foreign exchange zero cost collars with a cash flow hedging relationship that did qualify for hedge accounting under ASC 815 – *Derivatives and Hedging*. The purchase of US dollar put options was financed through selling US dollar call options at a higher level such that the net premium payable to the different counterparties by the Company was nil. At December 31, 2013, the zero cost collars hedged $60.0 million of 2014 expenditures and the Company recognized mark-to-market adjustments in accumulated other comprehensive loss.

Amounts deferred in accumulated other comprehensive loss are reclassified to the production costs line item on the consolidated statements of income (loss) and comprehensive income (loss), as applicable, when the hedged transaction has occurred. Mark-to-market gains (losses) related to foreign exchange derivative financial instruments are recorded at fair value based on broker- dealer quotations that utilize period end forward pricing of the currency hedged.

The Company's other foreign currency derivative strategies in 2013 consisted mainly of writing US dollar call options with short maturities to generate premiums that would, in essence, enhance the spot transaction rate received when exchanging US dollars to Canadian dollars. All of these derivative transactions expired prior to year end such that no derivatives were outstanding as at December 31, 2013. The call option premiums were recognized in the loss (gain) on derivative financial instruments line item of the consolidated statements of income (loss) and comprehensive income (loss).

***Commodity price risk management***

The Company uses intra-quarter zinc, copper and silver derivative financial instruments associated with the timing of sales of the related products that were recognized in the (gain) loss on derivative financial instruments line item of the consolidated statements of income (loss) and comprehensive income (loss). There were no zinc, copper or silver intra-quarter derivative financial instruments outstanding at December 31, 2013 or December 31, 2012.

To mitigate the risks associated with fluctuating diesel fuel prices, the Company uses derivative financial instrument contracts to hedge the price on a portion of diesel fuel costs associated with the Meadowbank mine's diesel fuel exposure as it relates to operating costs. Financial contracts that expired in 2013 and totaled 10.5 million gallons of heating oil were entered into at an average price of $2.99 per gallon, which is approximately 55.0% of the Meadowbank mine's expected 2013 diesel fuel operating costs. These contracts did qualify for hedge accounting and the related market-to-market adjustments prior to settlement were recognized in accumulated other comprehensive loss. All heating oil derivative financial instrument contracts settled in 2013.

Amounts deferred in accumulated other comprehensive loss are reclassified to the production costs line item on the consolidated statements of income (loss) and comprehensive income (loss), as applicable, when the derivative financial instrument has settled. Mark-to-market gains (losses) related to heating oil derivative financial instruments are based on broker-dealer quotations that utilize period end forward pricing to calculate fair value.

As at December 31, 2013 and 2012, there were no metal derivative positions. The Company may from time to time utilize short-term (including intra-quarter) financial instruments as part of its strategy to minimize risks and optimize returns on its byproduct metal sales.

Other required derivative disclosures can be found in note 7(d), accumulated other comprehensive loss.

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 15. FINANCIAL INSTRUMENTS (Continued)

The following table provides a summary of the amounts recognized in the (gain) loss on derivative financial instruments line item of the consolidated statements of income (loss) and comprehensive income (loss):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| Premiums realized on written foreign exchange call options | $3,375 | $1,505 | $4,995 |
| Realized loss on foreign exchange forwards | – | – | (1,407) |
| Realized gain on zinc derivative financial instruments | 60 | 430 | 3,419 |
| Realized gain on copper derivative financial instruments | – | 63 | 79 |
| Realized loss on silver derivative financial instruments | – | – | (3,403) |
| Mark-to-market gain on derivative equity contracts[(i)] | 1,389 | – | – |
| Mark-to-market loss on warrants[(i)] | (488) | (1,294) | – |
| Realized loss on warrants | (2,827) | – | – |
| Realized loss on heating oil derivative financial instruments | – | (1,523) | – |
| Gain (loss) on derivative financial instruments | $1,509 | $(819) | $3,683 |

Note:

(i) Mark-to-market gains and losses on financial instruments that did not qualify for hedge accounting are recognized through the (gain) loss on derivative financial instruments line item of the consolidated statements of income (loss) and comprehensive income (loss) and through the other line item of the consolidated statements of cash flow.

Agnico Eagle's exposure to interest rate risk at December 31, 2013 relates to its cash and cash equivalents, short-term investments and restricted cash totaling $170.0 million (2012 – $332.0 million) and the Credit Facility. The Company's short-term investments and cash equivalents have a fixed weighted average interest rate of 0.53% (2012 – 0.47%).

The fair values of Agnico Eagle's current financial assets and liabilities approximate their carrying values as at December 31, 2013.

## 16. GENERAL AND ADMINISTRATIVE

As a result of a kitchen fire at the Meadowbank mine in March 2011, the Company recognized a loss on disposal of the kitchen of $6.9 million, incurred related costs of $7.4 million and recognized an insurance receivable of $11.2 million. The difference of $3.1 million was recognized in the general and administrative line item of the consolidated statements of income (loss) and comprehensive income (loss) in the first quarter of 2011.

During the subsequent months of 2011, the Company received $2.4 million of insurance proceeds and had a remaining insurance receivable of $8.8 million recorded in the other current assets line item of the consolidated balance sheets as at December 31, 2011. During the year ended December 31, 2012, the Company received $2.2 million of insurance proceeds and had a remaining insurance receivable of $6.6 million as at December 31, 2012. During the year ended December 31, 2013, the Company received $5.2 million of insurance proceeds and had a remaining insurance receivable of $0.7 million as at December 31, 2013.

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 17. LOSS ON GOLDEX MINE

On October 19, 2011, the Company announced that it was suspending mining operations and gold production at the Goldex mine in Quebec, Canada, effective immediately. This decision followed the receipt of an opinion from a second rock mechanics consulting firm which recommended that underground mining operations be halted. It appeared that a weak volcanic rock unit in the hanging wall above the GEZ of the Goldex mine deposit had failed. This rock failure was thought to extend between the top of the deposit and surface. As a result, this structure allowed an increase in ground water to flow into the mine.

As at September 30, 2011, Agnico Eagle had written off its investment in the Goldex mine (net of expected residual value), written off the underground ore stockpile and recorded a provision for the anticipated costs of environmental remediation. Given the amount of uncertainty in estimating the fair value of the Goldex mine property, plant, and mine development, the Company determined that the fair value was equal to the residual value. All of the remaining 1.6 million ounces of proven and probable mineral reserves at the Goldex mine, other than the ore stockpiled on surface, were reclassified as mineral resources effective September 30, 2011.

The mill processed feed from the remaining surface stockpile at the Goldex mine in October 2011.

| | |
|---|---|
| Impairment loss on Goldex mine property, plant, and mine development | $237,110 |
| Loss on underground ore stockpile | 16,641 |
| Supplies inventory obsolescence provision | 1,915 |
| Increase in environmental remediation liability | 47,227 |
| Loss on Goldex mine (before income and mining taxes) for the year ended December 31, 2011 | $302,893 |

The environmental remediation liability for the anticipated costs of remediation associated with the suspension of operations at the Goldex mine has required management to make estimates and judgments that affect the reported amount. In making judgments in accordance with US GAAP, the Company uses estimates based on historical experience and various assumptions that are considered reasonable in the circumstances. Actual results may differ from these estimates.

In July 2012, the Company's Board approved the development of the M and E Zones at the Goldex mine. The operations in the GEZ remain suspended indefinitely.

## 18. IMPAIRMENT LOSS

***As at December 31, 2013***

As at December 31, 2013, the Company identified the continued decline in the market price of gold as an indicator of potential impairment for the Company's long-lived assets and goodwill. As a result of the identification of this indicator, the Company evaluated its long-lived assets and goodwill for impairment on an asset group and reporting unit basis, respectively, using updated assumptions and estimates.

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 18. IMPAIRMENT LOSS (Continued)

The following impairment losses were recorded as at December 31, 2013 as a result of the impairment evaluation:

| | As at December 31, 2013 | | | |
|---|---|---|---|---|
| | Pre-impairment Carrying Value | Impairment Loss | Post-impairment Carrying Value | Impairment Loss (net of tax) |
| **Property, plant and mine development:** | | | | |
| Meadowbank mine | $732,499 | $(269,269) | $463,230 | $(194,511) |
| Lapa mine | 136,766 | (67,894) | 68,872 | (41,687) |
| | $869,265 | $(337,163) | $532,102 | $(236,198) |
| **Goodwill:** | | | | |
| Meliadine project | $200,064 | $(200,064) | $– | $(200,064) |
| | | $(537,227) | | $(436,262) |

Estimated fair values for the Meadowbank mine and Lapa mine were calculated by discounting the estimated future net cash flows using discount rates of 6.5% and 5.5% (in nominal terms), respectively, commensurate with their individual estimated levels of risk. These calculations were based on estimates of future production levels applying gold prices of $1,238 to $1,300 per ounce (in real terms), foreign exchange rates of US$0.90:C$1.00 to US$0.93:C$1.00, inflation rates of 2.0% and capital, operating and reclamation costs based on updated life-of-mine plans. Average gold recovery rates applied were 92.3% and 78.3% for the Meadowbank mine and Lapa mine, respectively.

Estimated after-tax discounted future net cash flows of reporting units with goodwill were calculated as at December 31, 2013. These calculations were based on estimates of future production levels applying long-term gold prices of $1,238 to $1,300 per ounce (in real terms), foreign exchange rates of US$0.90:C$1.00 to US$0.93:C$1.00, inflation rates of 2.0% and capital, operating and reclamation costs based on updated life-of-mine plans. The average gold recovery rate applied to the Meliadine project was 95.1%. A discount rate of 8.0% was used to calculate the estimated after-tax discounted future net cash flows of the Meliadine project reporting unit, commensurate with its individual estimated level of risk.

Discount rates were based on each asset group's weighted average cost of capital, of which the two main components are the cost of equity and the after-tax cost of debt. Cost of equity was calculated based on the capital asset pricing model, incorporating the risk-free rate of return based on Government of Canada marketable bond yields as at the valuation date, the Company's beta coefficient adjustment to the market equity risk premium based on the volatility of the Company's return in relation to that of a comparable market portfolio, plus a size premium and Company-specific risk factor. Cost of debt was determined by applying an appropriate market indication of the Company's borrowing capabilities and the corporate income tax rate applicable to each asset group's jurisdiction.

Management's estimate of future net cash flows is subject to risk and uncertainties. Therefore, it is reasonably possible that changes could occur which may affect the recoverability of the Company's long-lived assets and goodwill. This may have a material effect on the Company's consolidated financial statements.

### *As at December 31, 2011*

As at December 31, 2011, the Company performed a full review of the Meadowbank mine operations and updated the related life-of-mine plan. This review considered the exploration potential of the area, the mineral reserves and resources,

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 18. IMPAIRMENT LOSS (Continued)

the projected operating costs in light of the persistently high operating costs experienced since commencement of commercial operations, metallurgical performance and gold price. These served as inputs into pit optimizations to determine which reserves and resources could be economically mined and be considered as mineable mineral reserves. As a result of these factors, an updated mine plan with a shorter mine life was developed and cash flows calculated, resulting in the following impairment losses being recorded as at December 31, 2011:

| | As at December 31, 2011 | | | |
|---|---|---|---|---|
| | Pre-impairment Carrying Value | Impairment Loss | Post-impairment Carrying Value | Impairment Loss (net of tax) |
| **Property, plant and mine development:** | | | | |
| Meadowbank mine | $1,670,838 | $(907,681) | $763,157 | $(644,903) |

The estimated fair value of the Meadowbank mine was calculated as at December 31, 2011 by discounting the estimated future net cash flows using a 7.0% discount rate (in nominal terms), commensurate with the estimated level of risk. This calculation was based on estimates of future gold production applying long-term gold prices of $1,250 to $1,553 per ounce (in real terms), foreign exchange rates of US$0.92:C$1.00 to US$0.97:C$1.00, an inflation rate of 2.0%, increased cost estimates based on revised operating levels and an average gold recovery of 92.9%. Future expected operating costs, capital expenditures and asset retirement obligations were based on the updated life-of-mine plan.

Management's estimate of future cash flows is subject to risk and uncertainties. Therefore, it is reasonably possible that changes could occur which may affect the recoverability of the Company's long-lived assets and may have a material effect on the Company's consolidated financial statements.

## 19. SEGMENTED INFORMATION

Agnico Eagle operates in a single industry, namely exploration for and production of gold. The Company's primary operations are in Canada, Mexico and Finland. The Company identifies its reportable segments as those operations whose operating results are reviewed by the Chief Executive Officer and that represent more than 10% of the combined revenue, profit or loss or total assets of all operating segments. Each of the Company's significant operating mines and projects are considered to be separate segments. Certain operating segments that do not meet the quantitative thresholds are still disclosed when the Company believes that the information is useful. Segment results for 2012 and 2011 have been retrospectively revised to reflect organizational changes in 2013 that created three business units consisting of the Northern business unit, the Southern business unit, and the Exploration business unit. However, under this revised organizational structure the Chief Executive Officer also reviews segment income (defined as revenues from mining operations less production costs, exploration and corporate development and impairment losses) on a mine-by-mine basis. The following are the Company's reportable segments organized according to their relationship with the Company's three business units and reflect how the Company manages its business and how it classifies its operations for planning and measuring performance:

| | |
|---|---|
| Northern Business: | LaRonde mine, Lapa mine, Goldex mine, Meadowbank mine, Meliadine project and Kittila mine |
| Southern Business: | Pinos Altos mine, Creston Mascota deposit at Pinos Altos and La India project |
| Exploration: | United States Exploration office, Europe Exploration office, Canada Exploration offices and Latin America Exploration office |

The accounting policies of the reportable segments are the same as those described in the accounting policies note. There are no transactions between the reportable segments affecting revenue. Production costs for the reportable segments are net of intercompany transactions.

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 19. SEGMENTED INFORMATION (Continued)

Corporate and other (including Urastar) assets and specific income and expense items are set out separately below.

The Creston Mascota deposit at Pinos Altos achieved commercial production on March 1, 2011. The LaRonde mine extension achieved commercial production on December 1, 2011. The Goldex mine achieved commercial production on October 1, 2013.

| Year ended December 31, 2013 | Revenues from Mining Operations | Production Costs | Exploration and Corporate Development | Impairment Loss | Segment Income (Loss) |
|---|---|---|---|---|---|
| **Northern Business:** | | | | | |
| LaRonde mine | $ 329,900 | $(229,911) | $ — | $ — | $ 99,989 |
| Lapa mine | 141,167 | (69,532) | — | (67,894) | 3,741 |
| Goldex mine | 21,418 | (13,172) | — | — | 8,246 |
| Meadowbank mine | 591,473 | (363,894) | — | (269,269) | (41,690) |
| Meliadine project | — | — | — | (200,064) | (200,064) |
| Kittila mine | 209,723 | (98,446) | — | — | 111,277 |
| **Total Northern Business** | $1,293,681 | $(774,955) | $ — | $(537,227) | $ (18,501) |
| **Southern Business:** | | | | | |
| Pinos Altos mine | $ 303,203 | $(130,129) | $ — | $ — | $ 173,074 |
| Creston Mascota deposit at Pinos Altos | 41,522 | (19,843) | — | — | 21,679 |
| **Total Southern Business** | $ 344,725 | $(149,972) | $ — | $ — | $ 194,753 |
| **Exploration** | $ — | $ — | $(44,236) | $ — | $ (44,236) |
| **Segment income (loss)** | $1,638,406 | $(924,927) | $(44,236) | $(537,227) | $ 132,016 |

| | |
|---|---|
| Segment income | $ 132,016 |
| Corporate and other: | |
| Foreign currency translation gain | 7,188 |
| Amortization of property, plant and mine development | (296,078) |
| Interest and sundry expense | (8,824) |
| Gain on sale of available-for-sale securities | 74 |
| Gain on derivative financial instruments | 1,509 |
| General and administrative | (115,800) |
| Impairment loss on available-for-sale securities | (34,272) |
| Provincial capital tax | 1,504 |
| Interest expense | (57,999) |
| **Loss before income and mining taxes** | $(370,682) |

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 19. SEGMENTED INFORMATION (Continued)

| Year ended December 31, 2012 | Revenues from Mining Operations | Production Costs | Exploration and Corporate Development | Segment Income (Loss) |
|---|---|---|---|---|
| **Northern Business:** | | | | |
| LaRonde mine | $ 399,243 | $(225,647) | $ — | $173,596 |
| Lapa mine | 173,753 | (73,376) | — | 100,377 |
| Goldex mine | — | — | (37,627) | (37,627) |
| Meadowbank mine | 609,625 | (347,710) | — | 261,915 |
| Kittila mine | 284,429 | (98,037) | — | 186,392 |
| **Total Northern Business** | $1,467,050 | $(744,770) | $ (37,627) | $684,653 |
| **Southern Business:** | | | | |
| Pinos Altos mine | $ 363,113 | $(128,618) | $ — | $234,495 |
| Creston Mascota deposit at Pinos Altos | 87,551 | (24,324) | — | 63,227 |
| **Total Southern Business** | $ 450,664 | $(152,942) | $ — | $297,722 |
| **Exploration** | $ — | $ — | $ (71,873) | $ (71,873) |
| **Segment income (loss)** | $1,917,714 | $(897,712) | $(109,500) | $910,502 |

| | |
|---|---|
| Segment income | $ 910,502 |
| Corporate and other: | |
| Foreign currency translation loss | (16,320) |
| Amortization of property, plant and mine development | (271,861) |
| Interest and sundry expense | (2,389) |
| Gain on sale of available-for-sale securities | 9,733 |
| Loss on derivative financial instruments | (819) |
| General and administrative | (119,085) |
| Impairment loss on available-for-sale securities | (12,732) |
| Provincial capital tax | (4,001) |
| Interest expense | (57,887) |
| **Income before income and mining taxes** | $ 435,141 |

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 19. SEGMENTED INFORMATION (Continued)

| Year ended December 31, 2011 | Revenues from Mining Operations | Production Costs | Exploration and Corporate Development | Loss on Goldex Mine | Impairment Loss | Segment (Loss) Income |
|---|---|---|---|---|---|---|
| **Northern Business:** | | | | | | |
| LaRonde mine | $ 398,609 | $(209,947) | $ — | $ — | $ — | $ 188,662 |
| Lapa mine | 167,536 | (68,599) | — | — | — | 98,937 |
| Goldex mine | 217,662 | (56,939) | — | (302,893) | — | (142,170) |
| Meadowbank mine | 434,051 | (284,502) | — | — | (907,681) | (758,132) |
| Kittila mine | 225,612 | (110,477) | — | — | — | 115,135 |
| **Total Northern Business** | $1,443,470 | $(730,464) | $ — | $(302,893) | $(907,681) | $(497,568) |
| **Southern Business:** | | | | | | |
| Pinos Altos mine | $ 321,074 | $(131,044) | $ — | $ — | $ — | $ 190,030 |
| Creston Mascota deposit at Pinos Altos | 57,255 | (14,570) | — | | | 42,685 |
| **Total Southern Business** | $ 378,329 | $(145,614) | $ — | $ — | $ — | $ 232,715 |
| **Exploration** | $ — | $ — | $(75,721) | $ — | $ — | $ (75,721) |
| **Segment income (loss)** | $1,821,799 | $(876,078) | $(75,721) | $(302,893) | $(907,681) | $(340,574) |

| | |
|---|---|
| Segment loss | $(340,574) |
| Corporate and other: | |
| Foreign currency translation gain | 1,082 |
| Amortization of property, plant and mine development | (261,781) |
| Interest and sundry expense | (5,188) |
| Gain on sale of available-for-sale securities | 4,907 |
| Gain on derivative financial instruments | 3,683 |
| General and administrative | (107,926) |
| Impairment loss on available-for-sale securities | (8,569) |
| Provincial capital tax | (9,223) |
| Interest expense | (55,039) |
| **Loss before income and mining taxes** | $(778,628) |

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 19. SEGMENTED INFORMATION (Continued)

| | Total Assets as at December 31, | |
|---|---|---|
| | **2013** | **2012** |
| **Northern Business:** | | |
| LaRonde mine | $ 878,719 | $ 849,304 |
| Lapa mine | 78,293 | 168,712 |
| Goldex mine | 120,601 | 56,819 |
| Meadowbank mine | 711,387 | 1,005,890 |
| Meliadine project | 877,923 | 1,015,485 |
| Kittila mine | 870,332 | 837,002 |
| **Total Northern Business** | $3,537,255 | $3,933,212 |
| **Southern Business:** | | |
| Pinos Altos mine | $ 537,560 | $ 610,217 |
| Creston Mascota deposit at Pinos Altos | 86,185 | 68,735 |
| La India project | 512,450 | 377,049 |
| **Total Southern Business** | 1,136,195 | 1,056,001 |
| **Exploration** | 19,838 | 19,225 |
| **Corporate and other** | 266,071 | 247,681 |
| **Total** | $4,959,359 | $5,256,119 |

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 19. SEGMENTED INFORMATION (Continued)

| | Capital Expenditures Year Ended December 31, | | |
|---|---|---|---|
| | **2013** | **2012** | **2011** |
| **Northern Business:** | | | |
| LaRonde mine | $ 84,292 | $ 75,214 | $ 90,735 |
| Lapa mine | 22,738 | 18,475 | 18,397 |
| Goldex mine | 65,063 | 26,822 | 42,232 |
| Meadowbank mine | 76,811 | 105,095 | 116,860 |
| Meliadine project | 61,412 | 83,343 | 73,944 |
| Kittila mine | 83,770 | 60,036 | 86,514 |
| **Total Northern Business** | $394,086 | $368,985 | $428,682 |
| **Southern Business:** | | | |
| Pinos Altos mine | $ 42,835 | $ 24,212 | $ 32,407 |
| Creston Mascota deposit at Pinos Altos | 17,582 | 5,777 | 7,559 |
| La India project | 116,786 | 39,236 | — |
| **Total Southern Business** | $177,203 | $ 69,225 | $ 39,966 |
| **Exploration** | $ — | $ 55 | $ 8,561 |
| **Corporate and other** | $ 6,500 | $ 7,285 | $ 5,622 |
| **Total** | $577,789 | $445,550 | $482,831 |

*(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)*

## 19. SEGMENTED INFORMATION (Continued)

The following table sets out the changes in the carrying amount of goodwill by segment:

| | Meliadine project | La India project | Corporate and other | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| Balance at January 1, 2013 | $ 200,064 | $ 29,215 | $ – | $ 229,279 |
| Purchase of Urastar Gold Corporation (note 10) | – | – | 9,802 | 9,802 |
| Balance at December 31, 2013 | $ 200,064 | $ 29,215 | $ 9,802 | $ 239,081 |
| **Accumulated impairment** | | | | |
| Balance at January 1, 2013 | $ – | $ – | $ – | $ – |
| Impairment loss | (200,064) | – | – | (200,064) |
| Balance at December 31, 2013 | $(200,064) | $ – | $ – | $(200,064) |
| **Carrying amount** | $ – | $ 29,215 | $ 9,802 | $ 39,017 |

## 20. SUBSEQUENT EVENTS

On January 13, 2014, the Company executed an Asset Purchase Agreement with Alexandria Minerals Corporation ("AMC") to purchase the Akasaba West Property in Quebec, Canada for cash consideration of C$5.0 million. Agnico Eagle assumes pre-existing underlying royalty obligations under the Asset Purchase Agreement relating to specific Akasaba West Property mining claims ranging from a 2% net smelter returns production royalty to a 20% net proceeds of production royalty. The Company also entered into a 2% Net Smelter Return Royalty ("Royalty") Agreement with AMC on January 13, 2014 relating to all Akasaba West Property mineral and metal production after 210,000 ounces of gold has been produced. The Company has the right to purchase one-half of the Royalty from AMC at any time for cash consideration of C$7.0 million.

On January 28, 2014, the Company purchased common shares and warrants in a mining industry entity for total consideration of C$9.3 million.

On February 12, 2014, Agnico Eagle announced that the Board approved the payment of a quarterly cash dividend of $0.08 per common share, payable on March 17, 2014 to holders of record of the common shares of the Company on March 3, 2014.

## 21. SECURITIES CLASS ACTION LAWSUITS

On November 7, 2011 and November 22, 2011, the Company and certain current and former senior officers, some of whom also are or were directors of the Company, were named as defendants in two putative class action lawsuits, styled *Jerome Stone v. Agnico-Eagle Mines Ltd.*, et al., and *Chris Hastings v. Agnico-Eagle Mines Limited, et al.*, respectively, which were filed in the United States District Court for the Southern District of New York. On February 6, 2012, the Court ordered that the two complaints be consolidated under the caption *In re Agnico-Eagle Mines Ltd. Securities Litigation*, and lead counsel was appointed. On April 6, 2012, a Consolidated Complaint was issued against the Company and certain of its current and former senior officers and directors. The Consolidated Complaint alleges that the Company had violated

## 21. SECURITIES CLASS ACTION LAWSUITS (Continued)

federal securities law in connection with its disclosure related to the Goldex mine. The Consolidated Complaint seeks, among other things, damages on behalf of persons who purchased or acquired securities of the Company during the period July 28, 2010 to October 19, 2011. The Consolidated Complaint has not been certified as a class action, and the Company intends to vigorously defend it. On January 14, 2013, Judge Oetken granted the Company's motion to dismiss the Consolidated Complaint and all claims therein and denied the plaintiffs' request for leave to amend the Consolidated Complaint. On February 12, 2013, the plaintiffs filed a Notice of Appeal to the United States Court for Appeals for the Second Circuit. The appeal was heard on September 23, 2013, and on October 3, 2013 the Court of Appeals for the Second Circuit affirmed the decision below dismissing the Consolidated Complaint. The time for the plaintiffs to file a petition for a writ of certiorari, requesting a review by the United States Supreme Court, has expired and the judgment dismissing the plaintiffs' Consolidated Complaint is now final and no longer appealable.

On March 8, 2012 and April 10, 2012, a Notice of Action and Statement of Claim (collectively, the "Ontario Claim") were issued by William Leslie, AFA Livforsakringsaktiebolag and certain other entities against the Company and certain of its current and former officers, some of whom also are or were directors of the Company. On September 27, 2012, the plaintiffs issued a Fresh as Amended Statement of Claim. The Fresh as Amended Statement of Claim alleges that the Company's public disclosure concerning water flow issues at its Goldex mine was misleading. The Ontario Claim was issued by the plaintiffs on behalf of all persons and entities who acquired securities of the Company during the period March 26, 2010 to October 19, 2011, excluding persons resident or domiciled in the Province of Quebec at the time they purchased or acquired such securities. The plaintiffs seek, among other things, damages of C$250.0 million and to certify the Ontario Claim as a class action. On April 17, 2013 an Order was granted on consent certifying a class action proceeding and granting leave for the claims under Section 138 of the *Securities Act* (Ontario) to proceed. The Company intends to vigorously defend the action on the merits.

On April 12, 2012, two senior officers of the Company, who also are or were directors of the Company, were served with a Motion for Leave to Institute a Class Action and for the Appointment of a Representative Plaintiff (the "Quebec Motion"). The action is on behalf of all persons and entities with fewer than 50 employees resident in Quebec who acquired securities of the Company between March 26, 2010 and October 19, 2011. The proposed class action is for damages of C$100.0 million arising as a result of allegedly misleading disclosure by the Company concerning its operations at the Goldex mine. On October 15, 2012, the plaintiffs served an amended Quebec Motion seeking leave to commence an action under the *Securities Act* (Quebec) in addition to seeking authorization to institute a class action. On October 1, 2013, the Quebec court certified the class action on terms identical to those set out in the consent Order granted in Ontario on April 17, 2013. No date has been set for the hearing to argue the class action on the merits. The Company intends to vigorously defend the action on the merits.

# APPENDIX B

## Certificate of Incorporation/Corporate Registration

| | | |
|---|---|---|
| CANADA | ) | **TO ALL WHOM THESE PRESENTS** |
| **Province of Ontario** | ) | may come, be seen or known |
| To Wit | ) | |

**I, R. Gregory Laing,** a Notary Public, in and for the Province of Ontario, by Royal Authority duly appointed, residing at the Town of Oakville in said Province.

**DO CERTIFY AND ATTEST** that the paper-writing hereto annexed is a true copy of a document produced and shown to me purporting to be a:

> Certificate of Articles of Amalgamation of Agnico-Eagle Mines Limited dated August 1, 2007;

the said copy having been compared by me with the said original document, an act whereof being requested I have granted under my Notarial Form and Seal of Office to serve and avail as occasion shall or may require. This photocopy conforms to the original document that has not been altered in any way. **IN TESTIMONY WHEREOF I** have hereto subscribed my name and affixed my Notarial Seal of Office at Toronto this 17th day of October 2007.

A Notary Public in and for the
Province of Ontario
R. Gregory Laing
240 Dolphin Court
Oakville, Ontario
L6J 5S8
Canada

For Ministry Use Only
*À l'usage exclusif du ministère*

Ontario Corporation Number
*Numéro de la société en Ontario*

1742273



**Ministry of Government Services** — **Ministère des Services gouvernementaux**

**Ontario**

**CERTIFICATE** — **CERTIFICAT**

**This is to certify that these articles are effective on** — Ceci certifie que les présents statuts entrent en vigueur le

**AUGUST 0 1 AOÛT, 2007**

Director / Directrice

**Business Corporations** Act / Loi sur les sociétés **par actions**

Form 4
*Business Corporations Act*

*Formule 4*
*Loi sur les sociétés par actions*

## ARTICLES OF AMALGAMATION
## *STATUTS DE FUSION*

1. The name of the amalgamated corporation is: (Set out in BLOCK CAPITAL LETTERS)
   *Dénomination sociale de la société issue de la fusion* (écrire en LETTRES MAJUSCULES SEULEMENT) :

   AGNICO-EAGLE MINES LIMITED/MINES AGNICO-EAGLE LIMITÉE

2. The address of the registered office is:
   *Adresse du siège social :*

   145 King Street East, Suite 400

   (Street & Number or R.R. Number & if Multi-Office Building give Room No.)
   *(Rue et numéro, ou numéro de la R.R. et, s'il s'agit d'un édifice à bureaux, numéro du bureau)*

   Toronto **Ontario** M5C 2Y7

   (Name of Municipality or Post Office) (Postal Code / *Code postal*)
   (Nom de la municipalité ou du bureau de poste)

3. Number of directors is/are: **or** minimum and maximum number of directors is/are:
   *Nombre d'administrateurs :* **ou** *nombres minimum et maximum d'administrateurs :*

| Number / Nombre | or / ou | minimum / minimum | maximum / maximum |
|---|---|---|---|
| | | 5 | 12 |

4. The director(s) is/are:
   Administrateur(s) :

| First name, middle names and surname *Prénom, autres prénoms et nom de famille* | Address for service, giving Street & No. or R.R. No., Municipality, Province, Country and Postal Code *Domicile élu, y compris la rue et le numéro ou le numéro de la R.R., le nom de la municipalité, la province, le pays et le code postal* | Resident Canadian State 'Yes' or' No' *Résident canadien Oui/Non* |
|---|---|---|
| see page 1A attached | | |

07121 (08/2005)

| First name, initials and last name | Residence Address | Resident Canadian yes or no |
| --- | --- | --- |
| Pertti Voutilainen | Juannusmaki 11C<br>02200 Espoo<br>Finland | No |
| Leanne Baker | 480 Ridge Road<br>Tiburon, California<br>USA 94920 | No |
| Douglas R. Beaumont | 621 Sir Richards Road<br>Mississauga, Ontario<br>Canada L5C 1A2 | Yes |
| Sean Boyd | 1 Blue Ridge Trail, R.R. #3<br>Newmarket, Ontario<br>Canada L3Y 4W3 | Yes |
| Bernard Kraft | 1166 Bay Street, Suite 1804<br>Toronto, Ontario<br>Canada M5S 2S8 | Yes |
| Mel Leiderman | 15 Fifeshire Road<br>Toronto, Ontario<br>Canada M2L 2G4 | Yes |
| James D. Nasso | 67 Groomsport Cres.<br>Agincourt, Ontario<br>Canada M1T 2K8 | Yes |
| Eberhard Scherkus | 1183 Carey Road<br>Oakville, Ontario<br>Canada L6J 2E3 | Yes |
| Howard Stockford | 25 George Street, Suite 805<br>Toronto, Ontario<br>Canada M5A 4L8 | Yes |

5. **Check A or B**
***Cocher A ou B***

☐ A) The amalgamation agreement has been duly adopted by the shareholders of each of the amalgamating corporations as required by subsection 176 (4) of the *Business Corporations Act* on the date set out below.

*A) Les actionnaires de chaque société qui fusionnne ont dûment adopté la convention de fusion conformément au paragraphe 176(4) de la* Loi sur les sociétés par actions *à la date mentionnée ci-dessous.*

or
ou

☒ B) The amalgamation has been approved by the directors of each amalgamating corporation by a resolution as required by section 177 of the *Business Corporations Act* on the date set out below.

*B) Les administrateurs de chaque société qui fusionne ont approuvé la fusion par voie de résolution conformément à l'article 177 de la* Loi sur les sociétés par actions *à la date mentionnée ci-dessous.*

The articles of amalgamation in substance contain the provisions of the articles of incorporation of
*Les statuts de fusion reprennent essentiellement les dispositions des statuts constitutifs de*

AGNICO-EAGLE MINES LIMITED/MINES AGNICO-EAGLE LIMITÉE

and are more particularly set out in these articles.
*et sont énoncés textuellement aux présents statuts.*

| Names of amalgamating corporations<br>*Dénomination sociale des sociétés qui fusionnent* | Ontario Corporation Number<br>*Numéro de la société en Ontario* | Date of Adoption/Approval<br>*Date d'adoption ou d'approbation*<br>Year / année Month / mois Day / jour |
|---|---|---|
| Agnico-Eagle Mines Limited/Mines Agnico-Eagle Limitée | 1495447 | 2007-Jul-27 |
| Cumberland Resources Ltd. | 528134 | 2007-Jul-27 |
| Agnico-Eagle Acquisition Corporation | 1740720 | 2007-Jul-27 |
| Meadowbank Mining Corporation | 1740721 | 2007-Jul-27 |

6. Restrictions, if any, on business the corporation may carry on or on powers the corporation may exercise.
*Limites, s'il y a lieu, imposées aux activités commerciales ou aux pouvoirs de la société.*

None

7. The classes and any maximum number of shares that the corporation is authorized to issue:
*Catégories et nombre maximal, s'il y a lieu, d'actions que la société est autorisée à émettre :*

The Corporation is authorized to issue an unlimited number of shares of one class designated as common shares.

8. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series:
*Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions qui peut être émise en série :*

The holders of the common shares are entitled:

(a) to vote at all meetings of shareholders; and
(b) to receive the remaining property of the Corporation upon dissolution.

9. The issue, transfer or ownership of shares is/is not restricted and the restrictions (if any) are as follows:
*L'émission, le transfert ou la propriété d'actions est/n'est pas restreint. Les restrictions, s'il y a lieu, sont les suivantes :*

not applicable

10. Other provisions, (if any):
*Autres dispositions, s'il y a lieu :*

The board of directors may from time to time, in such amounts and on such terms as it deems expedient:

(a) borrow money on the credit of the Corporation;

(b) issue, sell or pledge debt obligations (including bonds, debentures, notes or other similar obligations, secured or unsecured) of the Corporation;

(c) charge, mortgage, hypothecate or pledge all or any of the currently-owned or subsequently-acquired real or personal, moveable or immoveable, property of the Corporation, including book debts, rights, powers, franchises and undertaking to secure any debt obligations or any money borrowed, or other debt or liability of the Corporation.

The board of directors may from time to time delegate to such one or more of the directors and officers of the Corporation as may be designated by the board all or any of the powers conferred on the board above to such extent and in such manner as the board shall determine at the time of each such delegation.

The English form "Agnico-Eagle Mines Limited" and the French form "Mines Agnico-Eagle Limitée" of the name of the Corporation are equivalent and are used separately.

11. The statements required by subsection 178(2) of the *Business Corporations Act* are attached as Schedule "A".
*Les déclarations exigées aux termes du paragraphe 178(2) de la* Loi sur les sociétés par actions *constituent l'annexe A.*

12. A copy of the amalgamation agreement or directors' resolutions (as the case may be) is/are attached as Schedule "B".
*Une copie de la convention de fusion ou les résolutions des administrateurs (selon le cas) constitue(nt) l'annexe B.*

These articles are signed in duplicate.
*Les présents statuts sont signés en double exemplaire.*

Names of the amalgamating corporations and signatures and descriptions of office of their proper officers.
*Dénomination sociale des sociétés qui fusionnent, signature et fonction de leurs dirigeants régulièrement désignés.*

AGNICO-EAGLE MINES LIMITED/MINES AGNICO-EAGLE LIMITÉE

by: ______________________
Name: Robert Gregory Laing
Title: General Counsel, Senior Vice-President, Legal and Corporate Secretary

CUMBERLAND RESOURCES LTD.

by: ______________________
Name: Robert Gregory Laing
Title: Director

AGNICO-EAGLE ACQUISITION CORPORATION

by: ______________________
Name: Robert Gregory Laing
Title: Director

MEADOWBANK MINING CORPORATION

by: ______________________
Name: Robert Gregory Laing
Title: Director

## SCHEDULE A

## STATEMENT OF DIRECTOR OR OFFICER PURSUANT TO SUBSECTION 178(2) OF THE *BUSINESS CORPORATIONS ACT* (ONTARIO)

I, Robert Gregory Laing, of the Town of Oakville, in the Province of Ontario, hereby state as follows:

1. This Statement is made pursuant to subsection 178(2) of the *Business Corporations Act* (Ontario) (the "Act").

2. I am the director, President and Secretary of Agnico-Eagle Acquisition Corporation (the "Corporation") and as such have knowledge of its affairs.

3. I have conducted such examinations of the books and records of the Corporation as are necessary to enable me to make the statements set forth below.

4. There are reasonable grounds for believing that:

   (a) the Corporation is and the corporation to be formed by the amalgamation (the "Amalgamation") of the Corporation, Agnico-Eagle Mines Limited/Mines Agnico-Eagle Limitée, Meadowbank Mining Corporation and Cumberland Resources Ltd. will be able to pay its liabilities as they become due; and

   (b) the realizable value of such amalgamated corporation's assets will not be less than the aggregate of its liabilities and stated capital of all classes.

5. There are reasonable grounds for believing that no creditor of the Corporation will be prejudiced by the Amalgamation.

6. The Corporation has not been notified by any creditor that it objects to the Amalgamation.

This Statement is made this 27th day of July, 2007.

Robert Gregory Laing

## SCHEDULE A

## STATEMENT OF DIRECTOR OR OFFICER PURSUANT TO SUBSECTION 178(2) OF THE *BUSINESS CORPORATIONS ACT* (ONTARIO)

I, Robert Gregory Laing, of the Town of Oakville, in the Province of Ontario, hereby state as follows:

1. This Statement is made pursuant to subsection 178(2) of the *Business Corporations Act* (Ontario) (the "Act").

2. I am the director, President and Secretary of Meadowbank Mining Corporation (the "Corporation") and as such have knowledge of its affairs.

3. I have conducted such examinations of the books and records of the Corporation as are necessary to enable me to make the statements set forth below.

4. There are reasonable grounds for believing that:

   (a) the Corporation is and the corporation to be formed by the amalgamation (the "Amalgamation") of the Corporation, Agnico-Eagle Mines Limited/Mines Agnico-Eagle Limitée, Agnico-Eagle Acquisition Corporation and Cumberland Resources Ltd. will be able to pay its liabilities as they become due; and

   (b) the realizable value of such amalgamated corporation's assets will not be less than the aggregate of its liabilities and stated capital of all classes.

5. There are reasonable grounds for believing that no creditor of the Corporation will be prejudiced by the Amalgamation.

6. The Corporation has not been notified by any creditor that it objects to the Amalgamation.

This Statement is made this 27th day of July, 2007.

Robert Gregory Laing

## SCHEDULE A

## STATEMENT OF DIRECTOR OR OFFICER PURSUANT TO SUBSECTION 178(2) OF THE *BUSINESS CORPORATIONS ACT* (ONTARIO)

I, Robert Gregory Laing, of the Town of Oakville, in the Province of Ontario, hereby state as follows:

1. This Statement is made pursuant to subsection 178(2) of the *Business Corporations Act* (Ontario) (the "Act").

2. I am the director, President and Secretary of Cumberland Resources Ltd. (the "Corporation") and as such have knowledge of its affairs.

3. I have conducted such examinations of the books and records of the Corporation as are necessary to enable me to make the statements set forth below.

4. There are reasonable grounds for believing that:

   (a) the Corporation is and the corporation to be formed by the amalgamation (the "Amalgamation") of the Corporation, Agnico-Eagle Mines Limited/Mines Agnico-Eagle Limitée, Agnico-Eagle Acquisition Corporation and Meadowbank Mining Corporation will be able to pay its liabilities as they become due; and

   (b) the realizable value of such amalgamated corporation's assets will not be less than the aggregate of its liabilities and stated capital of all classes.

5. There are reasonable grounds for believing that no creditor of the Corporation will be prejudiced by the Amalgamation.

6. The Corporation has not been notified by any creditor that it objects to the Amalgamation.

This Statement is made this 27th day of July, 2007.

Robert Gregory Laing

## SCHEDULE A

## STATEMENT OF DIRECTOR OR OFFICER PURSUANT TO SUBSECTION 178(2) OF THE *BUSINESS CORPORATIONS ACT* (ONTARIO)

I, Robert Gregory Laing, of the Town of Oakville, in the Province of Ontario, hereby state as follows:

1. This Statement is made pursuant to subsection 178(2) of the *Business Corporations Act* (Ontario) (the "Act").

2. I am the General Counsel, Senior Vice-President, Legal and Corporate Secretary of Agnico-Eagle Mines Limited/Mines Agnico-Eagle Limitée (the "Corporation") and as such have knowledge of its affairs.

3. I have conducted such examinations of the books and records of the Corporation as are necessary to enable me to make the statements set forth below.

4. There are reasonable grounds for believing that:

   (a) the Corporation is and the corporation to be formed by the amalgamation (the "Amalgamation") of the Corporation, Meadowbank Mining Corporation, Agnico-Eagle Acquisition Corporation and Cumberland Resources Ltd. will be able to pay its liabilities as they become due; and

   (b) the realizable value of such amalgamated corporation's assets will not be less than the aggregate of its liabilities and stated capital of all classes.

5. There are reasonable grounds for believing that no creditor of the Corporation will be prejudiced by the Amalgamation.

6. The Corporation has not been notified by any creditor that it objects to the Amalgamation.

This Statement is made this 27th day of July, 2007.

Robert Gregory Laing

SCHEDULE B

RESOLUTION OF THE DIRECTORS
OF
AGNICO-EAGLE MINES LIMITED/MINES AGNICO-EAGLE LIMITÉE

"AMALGAMATION WITH AGNICO-EAGLE ACQUISITION CORPORATION, CUMBERLAND RESOURCES LTD. AND MEADOWBANK MINING CORPORATION

WHEREAS subsection 177(1) of the *Business Corporations Act* (Ontario) (the "Act") permits a holding corporation and one or more of its subsidiary corporations to amalgamate and continue as one corporation without complying with sections 175 and 176 of the Act;

AND WHEREAS Agnico-Eagle Acquisition Corporation ("Acquisition"), Cumberland Resources Ltd. ("Cumberland") and Meadowbank Mining Corporation ("Meadowbank") are subsidiary corporations of AGNICO-EAGLE MINES LIMITED/MINES AGNICO-EAGLE LIMITÉE (the "Corporation");

AND WHEREAS it is considered desirable and in the best interests of the Corporation that the Corporation and each of Acquisition, Cumberland and Meadowbank amalgamate and continue as one corporation pursuant to subsection 177(1) of the Act;

IT IS RESOLVED THAT:

1. the amalgamation (the "Amalgamation") of the Corporation, Acquisition, Cumberland and Meadowbank pursuant to the provisions of subsection 177(1) of the Act is hereby approved;

2. upon the Amalgamation becoming effective, all the shares (whether issued or unissued) of Acquisition, Cumberland and Meadowbank shall be cancelled without any repayment of capital in respect thereof;

3. except as may be prescribed by the Regulation under the Act, the articles of amalgamation of the corporation (the "Amalgamated Corporation") continuing from the Amalgamation shall be the same as the articles of the Corporation;

4. upon the Amalgamation becoming effective, the by-law of the Corporation as in effect immediately prior to the Amalgamation shall be the by-law of the Amalgamated Corporation;

5. no securities shall be issued and no assets shall be distributed by the Amalgamated Corporation in connection with the Amalgamation;

6. any director or officer of the Corporation is hereby authorized and directed, for an in the name of and on behalf of the Corporation, to execute (whether under the corporate seal of the Corporation or otherwise) and deliver all such agreements, instruments, certificates and other documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable in connection with the Amalgamation, including the execution and delivery to the Director appointed under the Act of articles of amalgamation in the prescribed form in respect of the Amalgamation, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination."

The undersigned General Counsel, Senior Vice-President, Legal and Corporate Secretary of AGNICO-EAGLE MINES LIMITED/MINES AGNICO-EAGLE LIMITÉE (the "Corporation") hereby certifies that the foregoing is a true and correct copy of a resolution passed by the directors of the Corporation on July 27, 2007, which resolution is in full force and effect as of the date hereof, unamended.

DATED July 27, 2007.

Robert Gregory Laing
General Counsel, Senior
Vice-President, Legal and
Corporate Secretary

SCHEDULE B

RESOLUTION OF THE DIRECTOR
OF
CUMBERLAND RESOURCES LTD.

AMALGAMATION WITH AGNICO-EAGLE MINES LIMITED/MINES AGNICO-EAGLE LIMITÉE, AGNICO-EAGLE ACQUISITION CORPORATION AND MEADOWBANK MINING CORPORATION

WHEREAS subsection 177(1) of the *Business Corporations Act* (Ontario) (the "Act") permits a holding corporation and one or more of its subsidiary corporations to amalgamate and continue as one corporation without complying with sections 175 and 176 of the Act;

AND WHEREAS CUMBERLAND RESOURCES LTD. (the "Corporation") is a subsidiary corporation of Agnico-Eagle Mines Limited/Mines Agnico-Eagle Limitée ("Agnico") and Agnico-Eagle Acquisition Corporation ("Acquisition");

AND WHEREAS it is considered desirable and in the best interests of the Corporation that the Corporation and each of Acquisition, Agnico and Meadowbank Mining Corporation ("Meadowbank") amalgamate and continue as one corporation pursuant to subsection 177(1) of the Act;

IT IS RESOLVED THAT:

1. the amalgamation (the "Amalgamation") of the Corporation, Acquisition, Meadowbank and Agnico pursuant to the provisions of subsection 177(1) of the Act is hereby approved;

2. upon the Amalgamation becoming effective, all the shares (whether issued or unissued) of the Corporation shall be cancelled without any repayment of capital in respect thereof;

3. except as may be prescribed by the Regulation under the Act, the articles of amalgamation of the corporation (the "Amalgamated Corporation") continuing from the Amalgamation shall be the same as the articles of Agnico;

4. upon the Amalgamation becoming effective, the by-law of Agnico as in effect immediately prior to the Amalgamation shall be the by-law of the Amalgamated Corporation;

5. no securities shall be issued and no assets shall be distributed by the Amalgamated Corporation in connection with the Amalgamation; and

6. any director or officer of the Corporation is authorized and directed, for and in the name of and on behalf of the Corporation, to execute (whether under the corporate seal of the Corporation or otherwise) and deliver all such agreements, instruments, certificates and other documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable in connection with the Amalgamation, including the execution and delivery to the Director appointed under the Act of articles of amalgamation in the prescribed form in respect of the Amalgamation, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.

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The undersigned, being the sole director of CUMBERLAND RESOURCES LTD., passes the foregoing resolution pursuant to the *Business Corporations Act* (Ontario).

DATED July 27, 2007.

Robert Gregory Laing

SCHEDULE B

RESOLUTION OF THE DIRECTOR
OF
AGNICO-EAGLE ACQUISITION CORPORATION

AMALGAMATION WITH AGNICO-EAGLE MINES LIMITED/MINES AGNICO-EAGLE LIMITÉE, MEADOWBANK MINING CORPORATION AND CUMBERLAND RESOURCES LTD.

WHEREAS subsection 177(1) of the *Business Corporations Act* (Ontario) (the "Act") permits a holding corporation and one or more of its subsidiary corporations to amalgamate and continue as one corporation without complying with sections 175 and 176 of the Act;

AND WHEREAS AGNICO-EAGLE ACQUISITION CORPORATION (the "Corporation") is a wholly-owned subsidiary corporation of AGNICO-EAGLE MINES LIMITED/MINES AGNICO-EAGLE LIMITÉE ("Agnico");

AND WHEREAS it is considered desirable and in the best interests of the Corporation that the Corporation and each of Meadowbank Mining Corporation ("Meadowbank"), Agnico and Cumberland Resources Ltd. ("Cumberland") amalgamate and continue as one corporation pursuant to subsection 177(1) of the Act;

IT IS RESOLVED THAT:

1. the amalgamation (the "Amalgamation") of the Corporation, Meadowbank, Cumberland and Agnico pursuant to the provisions of subsection 177(1) of the Act is hereby approved;

2. upon the Amalgamation becoming effective, all the shares (whether issued or unissued) of the Corporation shall be cancelled without any repayment of capital in respect thereof;

3. except as may be prescribed by the Regulation under the Act, the articles of amalgamation of the corporation (the "Amalgamated Corporation") continuing from the Amalgamation shall be the same as the articles of Agnico;

4. upon the Amalgamation becoming effective, the by-law of Agnico as in effect immediately prior to the Amalgamation shall be the by-law of the Amalgamated Corporation;

5. no securities shall be issued and no assets shall be distributed by the Amalgamated Corporation in connection with the Amalgamation; and

6. any director or officer of the Corporation is hereby authorized and directed, for and in the name of and on behalf of the Corporation, to execute (whether under the corporate seal of the Corporation or otherwise) and deliver all such agreements, instruments, certificates and other documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable in connection with the Amalgamation, including the execution and delivery to the Director appointed under the Act of articles of amalgamation in the prescribed form in respect of the Amalgamation, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.

---

The undersigned, being the sole director of AGNICO-EAGLE ACQUISITION CORPORATION, passes the foregoing resolution pursuant to the *Business Corporations Act* (Ontario).

DATED July 27, 2007.

Robert Gregory Laing

## SCHEDULE B

## RESOLUTION OF THE DIRECTOR
## OF
## MEADOWBANK MINING CORPORATION

## AMALGAMATION WITH AGNICO-EAGLE MINES LIMITED/MINES AGNICO-EAGLE LIMITÉE, AGNICO-EAGLE ACQUISITION CORPORATION AND CUMBERLAND RESOURCES LTD.

WHEREAS subsection 177(1) of the *Business Corporations Act* (Ontario) (the "Act") permits a holding corporation and one or more of its subsidiary corporations to amalgamate and continue as one corporation without complying with sections 175 and 176 of the Act;

AND WHEREAS MEADOWBANK MINING CORPORATION (the "Corporation") is a wholly-owned subsidiary corporation of CUMBERLAND RESOURCES LTD. ("Cumberland");

AND WHEREAS it is considered desirable and in the best interests of the Corporation that the Corporation and each of Agnico-Eagle Acquisition Corporation ("Acquisition"), Agnico-Eagle Mines Limited/Mines Agnico-Eagle Limitée ("Agnico") and Cumberland amalgamate and continue as one corporation pursuant to subsection 177(1) of the Act;

IT IS RESOLVED THAT:

1. the amalgamation (the "Amalgamation") of the Corporation, Acquisition, Cumberland and Agnico pursuant to the provisions of subsection 177(1) of the Act is hereby approved;

2. upon the Amalgamation becoming effective, all the shares (whether issued or unissued) of the Corporation shall be cancelled without any repayment of capital in respect thereof;

3. except as may be prescribed by the Regulation under the Act, the articles of amalgamation of the corporation (the "Amalgamated Corporation") continuing from the Amalgamation shall be the same as the articles of Agnico;

4. upon the Amalgamation becoming effective, the by-law of Agnico as in effect immediately prior to the Amalgamation shall be the by-law of the Amalgamated Corporation;

5. no securities shall be issued and no assets shall be distributed by the Amalgamated Corporation in connection with the Amalgamation; and

6. any director or officer of the Corporation is hereby authorized and directed, for and in the name of and on behalf of the Corporation, to execute (whether under the corporate seal of the Corporation or otherwise) and deliver all such agreements, instruments, certificates and other documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable in connection with the Amalgamation, including the execution and delivery to the Director appointed under the Act of articles of amalgamation in the prescribed form in respect of the Amalgamation, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.

---

The undersigned, being the sole director of MEADOWBANK MINING CORPORATION, passes the foregoing resolution pursuant to the *Business Corporations Act* (Ontario).

DATED July 27, 2007.

Robert Gregory Laing

# APPENDIX C

## Meliadine Project Licenses, Permits, Authorizations, and Agreements

**Other Meliadine Project Licenses, Permits, Authorizations, and Agreements**

| Licence Number | Explanation | Issued By | Issued Date | Expiry Date |
|---|---|---|---|---|
| **Land Use Permits, Leases and Authorizations from Kivalliq Inuit Association (KIA)** | | | | |
| KVL100B195 | Land use permit for Inuit Owned Lands (IOL) – Meliadine prospecting and staking | KIA | 2000-05-23 | 2014-10-31 |
| KVL302C268 | Nunavut Tunngavik Inc. (NTI) parcel drilling including Tiriganiaq | KIA | | 2014-07-01 |
| KVCL102J168 | Commercial lease for IOL – Meliadine West site including exploration camp, fuel and bulk sample | KIA | 2002-07-01 | 2015-06-30 |
| KVRW98F149 | Meliadine right-of-way | KIA | | 2014-04-30 |
| KVRW07F02 | Winter road overland right-of-way | KIA | 2010-08-20 | 2014-10-26 |
| KVCA07Q08 | Tiriganiaq esker quarry permit | KIA | | 2014-09-15 |
| KVCA11Q01 | Permanent road quarry permit | KIA | 2012-04-19 | |
| KVRW11F02 | Permanent right-of-way land use permit | KIA | 2012-04-19 | 2015-04-19 |
| | Meliadine Phase 1 All-weather Access Road (AWAR) water compensation agreement | KIA | 2012-04-19 | |
| KVL308C07 | Meliadine East exploration land use permit RI01 | KIA | | 2015-06-13 |
| **Land Use Leases and Authorizations from Aboriginal Affairs and Northern Development Canada (AANDC)** | | | | |
| N2010C0002 | PB1, geotechnical drilling permit | AANDC | 10EN006 | 2014-04-11 |
| N2013-C002 | CWM claims drilling | AANDC | | 2015-05-23 |
| **Land Use Leases from Government of Nunavut (GN)** | | | | |
| | Land use lease for Itivia laydown area in Rankin Inlet – land use lease from Nunavut Airports | GN Department of Community and Government Services | 2011-07-01 | 2021-06-30 |
| **Water Use Licenses – Type B – Nunavut Water Board (NWB)** | | | | |
| 2BB-MEL0914 | Type B water license – Meliadine West exploration | NWB | 2009-07-31 | 2014-07-31 |
| 2BB-MEL0914 | Amendment #1 – Underground bulk sampling program | NWB | 2010-06-28 | 2014-07-31 |
| 2BB-MEL0914 | Amendment #2 – Geotechnical drilling near Meliadine River crossing | NWB | 2010-07-08 | 2014-07-31 |
| 2BB-MEL0914 | Amendment #3 – Extension of underground bulk sampling program | NWB | 2011-01-06 | 2014-07-31 |
| 2BB-MEL0914 | Amendment #4 – Establishment of landfill | NWB | Pending | 2014-07-31 |
| 2BB-MEL0914 | Amendment #5 – Re-allocation of water use | NWB | 2012-08-17 | 2014-07-31 |
| 2BE-MEL0813 | Type B water license – Meliadine East exploration project | NWB | 2008-06-17 | 2018-10-31 |
| 2BE-MEL0813 | Amendment #1 – Increase in water use to 299 $m^3$/day | NWB | 2012-01-10 | 2018-10-31 |
| 2BW-MEL1215 | Type B water license – Construction of Phase 1 AWAR | NWB | 2012-03-12 | 2015-05-31 |
| **Other Licenses/Permits** | | | | |
| 03 004014R-M | Baseline data collection | Nunavut Research Institute (NRI) | | 2014-12-31 |

| Licence Number | Explanation | Issued By | Issued Date | Expiry Date |
|---|---|---|---|---|
| | Nunavut archaeological permit | GN Department of Culture, Language, Elders and Youth (CLEY) | | Under renewal for 2015 |
| | Wildlife research permit | GN Department of Environment (DoE) | | Under renewal for 2015 |
| | WCB program authorization | Nunavut Workers Compensation Board (WCB) | | 2015-12-31 |

| Permit/Approval Legislation | Administering Agency | Project Activity |
|---|---|---|
| **Project Certificate** Nunavut Land Claims Agreement (NLCA) (Article 12) | Nunavut Impact Review Board | Project approval. Issued Project Certificate No. 006 on February 26$^{th}$ 2015. |
| **Inuit Impact and Benefit Agreement** NLCA (Article 26) | KIA | Project commencement |
| **Mineral Production Lease** | Nunavut Tunngavik Inc. | Required for mineral production |
| **Inuit Water Rights Compensation Agreement** NLCA (Article 20) | KIA | May be required |
| **Water Licence** *Nunavut Waters and Nunavut Surface Rights Tribunal Act* | NWB | Required for water use and waste disposal |
| **Class 1/Class 2 Archaeology Permit** *Nunavut Archaeological and Paleontological Sites Regulations* | CLEY | Required to conduct archaeology research and to mitigate archaeological sites to allow development to occur |
| **IOL – Commercial Land Use Lease or Right of Way** NLCA | KIA | Long-term land tenure required for land use on IOL; land required for infrastructure, roads and activities associated with construction, operations, and closure phases |
| **IOL – Quarry Lease/Permit** NLCA | KIA | Required for quarrying of material on IOL during construction, operation and closure |
| **Crown Land – Lease/Land Use Permit** *Territorial Lands Act* *Territorial Land Use Regulations* | AANDC | Required for quarrying of material on Crown land during construction, operation and closure |
| **Approval and/or Exemption** *Navigation Protection Act (NPA)* (sections 5, 22 and 23) | Transport Canada | Construction of works in navigable waters. Prescriptions of Sections 22 and 23 of the NPA will be followed as necessary. |
| **Fisheries Authorization for Harmful Alteration, Disruption or Destruction (HADD) of Fish or Fish Habitat** *Fisheries Act* (section 35) | Fisheries and Oceans Canada (DFO) | Required if HADD cannot be avoided; if HADD can be avoided, DFO may provide a letter of advice outlining best management practices |
| **Licence for a Factory and Magazine** *Explosives Act and Regulations* | Natural Resources Canada | Required for construction of explosives factories and magazine(s) and storage of |

| Permit/Approval Legislation | Administering Agency | Project Activity |
|---|---|---|
| | | explosives |
| **Permit to Store Detonators**<br>*Explosives Use Act*<br>*Mine Health and Safety Act and Regulations* | Nunavut Mine Health and Safety<br>WCB | Required to store detonators in a magazine |
| **Explosive Use Permit**<br>*Explosives Use Act*<br>*Mine Health and Safety Act* and *Regulations* | Nunavut Mine Health and Safety<br>WCB | A permit is required to use explosives unless used in accordance with the regulations |
| **Spill Contingency Plan Approval**<br>*Environmental Protection Act*<br>*Spill Contingency Planning and Reporting Regulations* | DoE | A Spill Contingency Plan must be filed with the Chief Environmental Protection Officer to store fuel in an above-ground facility with a 20,000 L capacity or greater |
| **Assorted Scientific Research Permits**<br>*Scientist Act*<br>*Wildlife Act* | NRI | Required to conduct some of the environmental monitoring activities |

# APPENDIX D

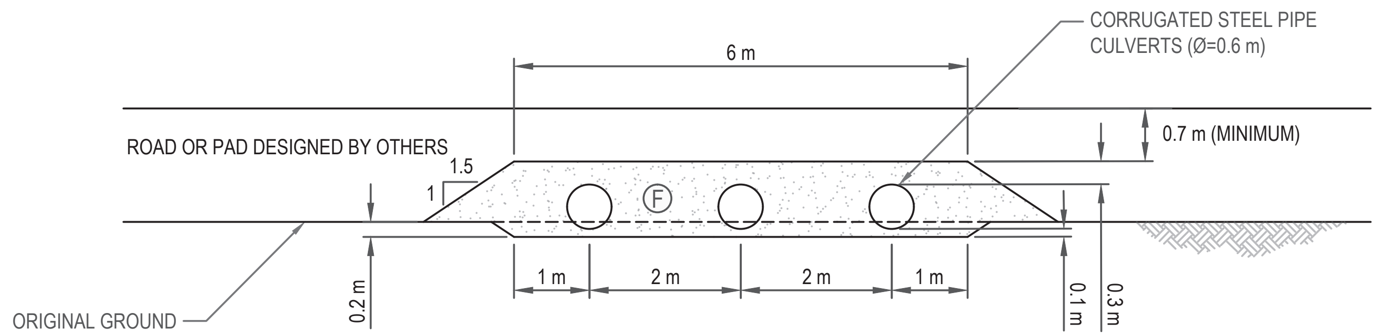
## Typical Drawings for Culverts and Roads

NO. DESSIN
DRAWING NO.

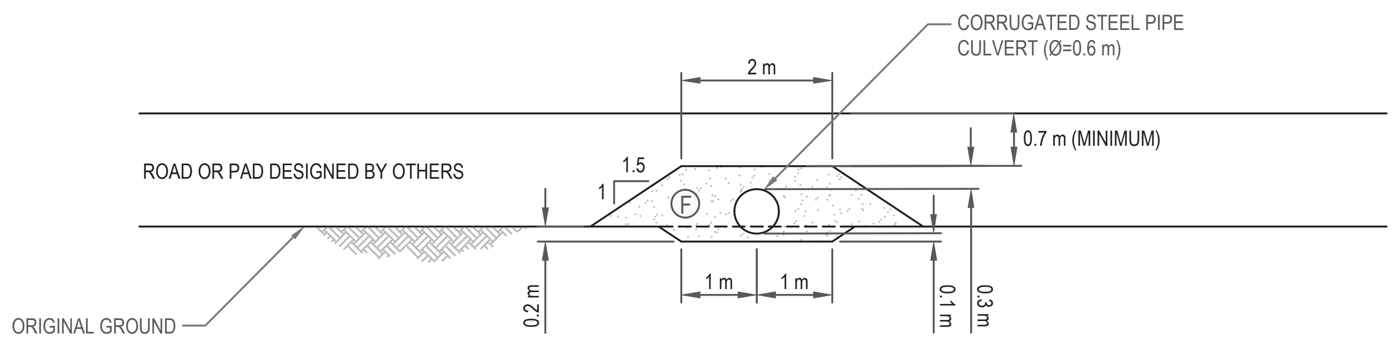
FORMAT ANSI B–11x17

## NOTES:

- (A) PIT-RUN OR QUARRY ROCKFILL
- (B) TRANSITION ROCKFILL
- (C) LINER BEDDING TILL
- (D) TILL FILL
- (E) TILL FILTER FILL
- (F) ROAD SURFACE FILL
- (G) RIP RAP




TYPICAL DESIGN SECTION – CULVERT2 AND CULVERT3




TYPICAL DESIGN SECTION – CULVERT1, AND CULVERT4 TO CULVERT6

AGNICO EAGLE

TETRA TECH EBA

| TITRE / TITLE | # DWG |
|---|---|
| – | – |
| – | – |
| – | – |
| – | – |
| – | – |

DESSINS EN RÉFÉRENCE/REFERENCE DRAWINGS

| REV | DESCRIPTION | DATE | PAR BY |
|---|---|---|---|
| 0 | ISSUED FOR USE | 2014–10–02 | |

REVISIONS

| | | | |
|---|---|---|---|
| DESSINÉ PAR DRAWN BY | EP | DATE | 2014–08–15 |
| VÉRIFIÉ PAR CHECKED BY | GZ/HX | | 2014–08–15 |
| APPROUVÉ PAR APPROVED BY | | | |
| No. PROJET PROJECT NO. | | | |
| DATE | | | |

TITRE / TITLE
6509 MELIADINE FEASIBILITY STUDY
660–SITE DRAINAGE AND SETTLING POND
230–EARTH WORK
TYPICAL SECTIONS FOR
CULVERT1 TO CULVERT6

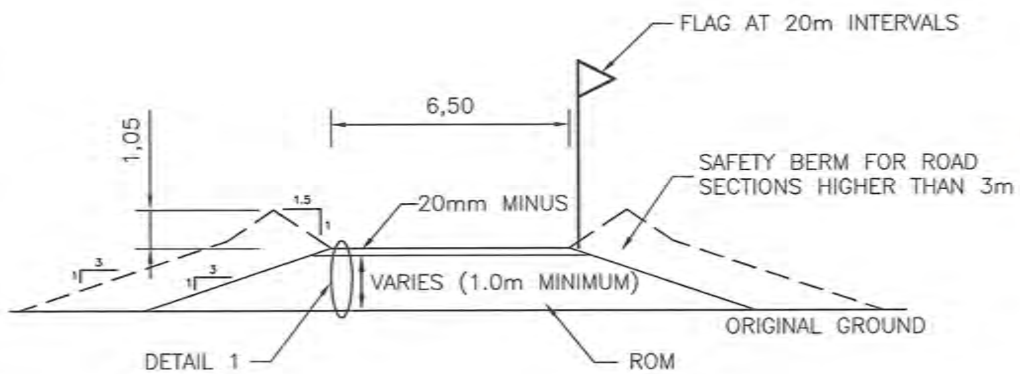
| ÉCHELLE/ SCALE | FICHIER FILE .DWG | | |
|---|---|---|---|
| No. DESSIN/ DRAWING NO. 6509–660–230–203–008 | REVISION 0 | FEUILLE/SHT 08 / 08 | |

AE–CART–ANSI B

Q:\Edmonton\Engineering\E141\Projects\E14103188–01_Meliadine Feasibility Phase 2\Report Drawings – ISSUED FOR USE\Chapter 9\6509–615–230–203 Culverts.dwg

NO. DESSIN DRAWING NO. 65-001-230-200

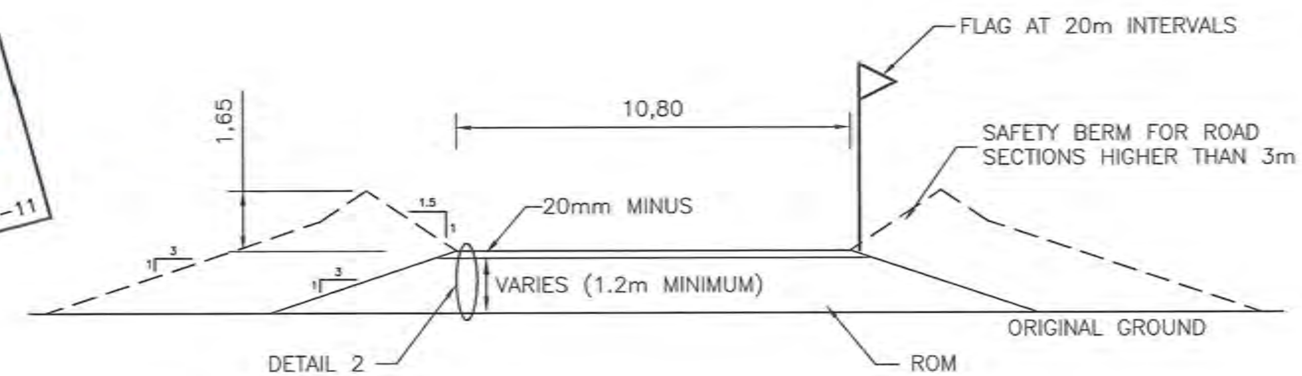
FORMAT ANSI B-11x17




*SERVICE TRUCK & LIGHT VEHICLE–SINGLE LANE*

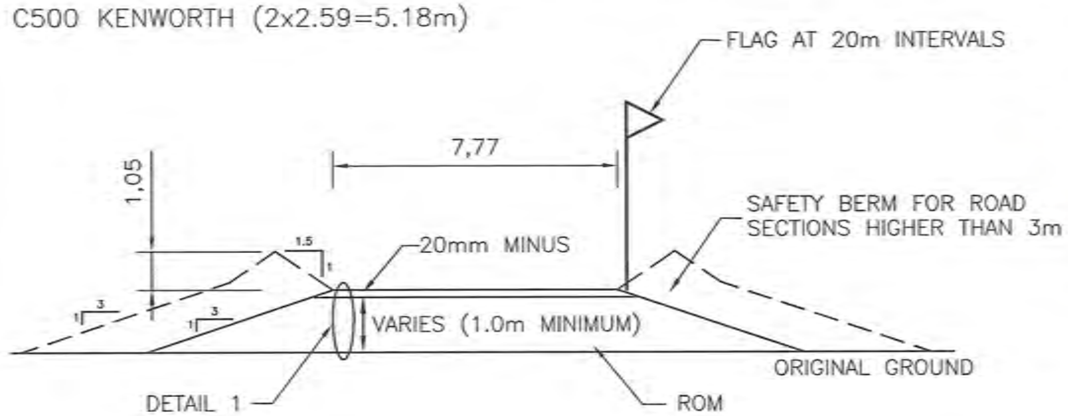
C500 KENWORTH (2x2.59=5.18m)

ÉMISSION FINALE
NE PAS UTILISER POUR CONSTRUCTION
FINAL ISSUE
NOT TO BE USED FOR CONSTRUCTION
AGNICO EAGLE
DATE : 2014-09-11




*HAUL ROAD 63MT – SINGLE LANE*

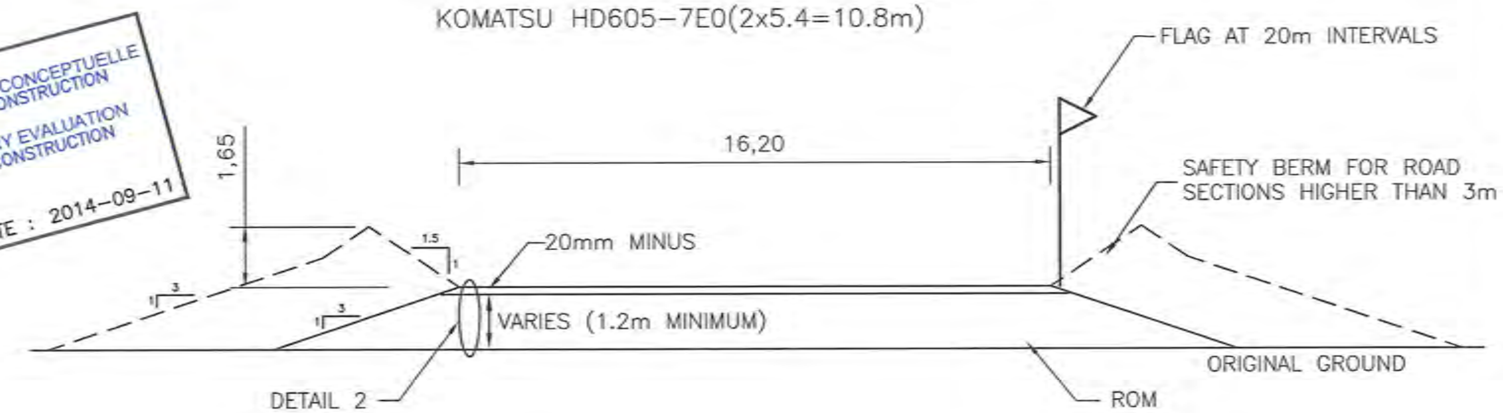
KOMATSU HD605-7E0(2x5.4=10.8m)




*SERVICE TRUCK & LIGHT VEHICLE–DUAL LANE*

C500 KENWORTH (3x2.59=7.77m)

ÉVALUATION BUDGÉTAIRE CONCEPTUELLE
NE PAS UTILISER POUR CONSTRUCTION
CONCEPTUAL BUDGETARY EVALUATION
NOT TO BE USED FOR CONSTRUCTION
AGNICO EAGLE
DATE : 2014-09-11




*HAUL ROAD 63MT – DUAL LANE*

KOMATSU HD605-7E0(3x5.4=16.2m)


*DETAIL 1* *DETAIL 2*

*TYPICAL ROAD SECTION*

| | KENWORTH C500 | VOLVO A40F | KOMATSU HD605 |
|---|---|---|---|
| Paylaod MT | 39.0 | 40.8 | 63.0 |
| Tire Type | 14R25 | 29.5R25 | 24R35 |
| Tire Height | 1.405 | 1.885 | 2.194 |
| Op.Width | 2.59 | 3.44 | 5.40 |

NOTES:

- UNITS IN METERS UNLESS OTHERWISE SPECIFIED
- TRANSITION MATERIAL MAY BE PLACED BETWEEN ROM AND 20mm MINUS PENDING GRADATION OF ROM.
- HEIGHT OF SAFETY BERM WAS DETERMINATED BY THE TIRE HEIGHT.

*DRAWING REFERENCE 6508-001-230-001*

INGÉNIEUR ENGINEER Daniel Séguin 5000720 QC 2014-10-07

INGÉNIEUR Dany Laflamme 132266 QUÉBEC 2014-10-08

| TITRE / TITLE | # DWG |
|---|---|
| – | – |
| – | – |
| – | – |
| – | – |
| – | – |

DESSINS EN RÉFÉRENCE / REFERENCE DRAWINGS

| REV | DESCRIPTION | DATE | PAR BY |
|---|---|---|---|
| | | | |

REVISIONS

AGNICO EAGLE

FEASIBILITY STUDY

| | | |
|---|---|---|
| DESSINÉ PAR DRAWN BY | JOCELYN CRETE | DATE 2014-09-11 |
| VÉRIFIÉ PAR CHECKED BY | SYLVAIN GUAY | 2014-09-11 |
| APPROUVÉ PAR APPROVED BY | DANY LAFLAMME | 2014-10-08 |
| No. PROJET PROJECT NO. | 6509 | |
| DATE | 2013-09-30 | |

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TITRE / TITLE
AGNICO EAGLE – MELIADINE DIVISION
001 – ROADS, YARDS, FENCES & OTHERS
230 – GENERAL EARTH WORKS
TYPICAL SECTION & DETAILS
ON SITE ACCESS ROAD

| ÉCHELLE/ SCALE | 1/200 | FICHIER FILE | .DWG |
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| No. DESSIN/ DRAWING NO. | 6509-001-230-001 | RÉVISION 0 | FEUILLE/SHT 1 / 1 |

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# APPENDIX E

## Environmental Management and Protection Plan Addendum

Agnico Eagle Mines Limited (Agnico Eagle) is developing the Meliadine Gold Project (Project), located approximately 25 kilometres (km) north of Rankin Inlet, and 80 km southwest of Chesterfield Inlet in the Kivalliq Region of Nunavut. In April 2015, an Environmental Management and Protection Plan (EMPP or Plan) was prepared for the Project. The EMPP was submitted to the NWB with Agnico Eagle's Type A Water Licence application.

The EMPP (the Plan) provides the overarching direction to environmental and socio-economic management for the Project and describes the systematic means by which Agnico Eagle will consistently manage and control potentially adverse impacts, and enhance potential project benefits, identified through the Environmental Assessment process. The Plan is supported by a suite of Project-specific mitigation, monitoring, and/or management plans that set out the Project's standards and requirements for particular areas of environmental and socio-economic management. Agnico Eagle's sustainable development policy and the associated Responsible Mining Management System (RMMS), through which the EMPP will be delivered, are presented in the Plan.

The EMPP applies to all phases of the Project, including the pre-development activities proposed in the Type B water licence application (Application). This EMPP Addendum summarizes the specific monitoring and inspections to be conducted by Agnico Eagle in relation to the pre-development activities proposed in the Application; these pre-development activities include:

- Construction of industrial pads at the mine site and in Rankin Inlet, with construction materials sourced from quarries and borrow pits;
- Construction of diversion channel #2 around the north side of the site industrial pad; and
- Construction of site access roads and culvert #2.

A table listing the individual mitigation, monitoring, and/or management plans specific to various aspects, components, activities, and phases of the Project is included in the EMPP (Table 1-1, EMPP April 2015). Monitoring and adaptive management are essential tools for ensuring that a project is implemented as planned, that mitigation measures are successful, that the procedures and practices are effective, that potential adverse impacts are avoided or minimized, and that enhancement measures are effective. The environmental management plans for the Project specific to the pre-development activities proposed in the Application are identified in the 'Pre-Develop" column of Table 1-1 below; this table was modified from Table 1-1 in the EMPP (April 2015).

**Table 1-1 (modified) Environmental and Socio-Economic Monitoring, Mitigation, and Management Plans**

| | Environmental Management System | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | Project Phase | | | | |
| | **Plan** | **Purpose** | **Pre-Develop** | **Construction** | **Operation** | **Closure** | **Post-Closure** |
| 6513-MPS-03 | Roads Management Plan | To manage access, service, and haul roads proposed in the Project areas, covering construction, operations, and final closure (the Plan also covers temporary closure). | √ | √ | √ | √ | |
| 6513-MPS-04 | Borrow Pits and Quarries Management Plan | To cover all environmental aspects of developing, using, and closing the borrow pits and quarries necessary for the overall Project. May be used throughout the Project's life as necessary (when quarries and borrow pits will be required). | √ | √ | √ | √ | |
| 6513-MPS-07 | Environmental Management and Protection Plan | To provide overarching direction for environmental and socio-economic management for the Project. | √ | √ | √ | √ | √ |
| | *and…* Follow-up and Adaptive Management Plan | To present follow-up plan to verify the accuracy of the potential impacts predicted in the environmental assessment and permitting stage of the Project, and to determine the effectiveness of proposed mitigation measures. | √ | √ | √ | √ | √ |

The performance of the management plans will be monitored periodically. Independent researchers or consultants may be engaged to review performance. The accuracy of the environmental impact predictions and the effectiveness of the mitigation measures will be verified through that process. If unusual or unforeseen adverse environmental impacts are noticed, corrective action will be put in place. Through the adaptive management process, the existing mitigation measures will be adjusted or new mitigation measures implemented if necessary.

An environmental monitoring program will be developed under the Type A Water Licence for the site to include regulated discharge monitoring, verification monitoring and general monitoring which will provide sufficiently robust data to support decisions in mine management. The monitoring activities specific to the pre-development activities proposed in the Type B Application are identified in Table 4-1 below; this table was modified from Table 4-1 in the EMPP (April 2015).

**Table 4-1 (modified) Proposed Monitoring for the Project during Pre-Development Activities**

| Monitoring Type | Mine Development Phase | Monitoring Station Number | Station Description | Purpose of Station | Sample Type | Number of Samples per Station |
|---|---|---|---|---|---|---|
| Verification | Pre-Development | MEL_06 | Local Lake G2 | Possible seepage or dust loadings from site infrastructure | Composite | 1 |
| Verification | Pre-Development | MEL_07 | Local Pond, H1 | | Composite | 1 |
| Verification | Pre-Development | MEL_08 | Local Lake, B5 | | Composite | 1 |
| Verification | Pre-Development | MEL_09 | CP2 | Collection of natural catchment drainage from the outer berm slopes of the Landfarm and industrial pad | Grab | 1 |

Operationally, under a Type A Water Licence (if issued), Agnico Eagle would have sole responsibility for inspection and maintenance of all mine components, and the inspection and monitoring of mine activities. This includes, but is not limited to, mine components such as open pits, quarries, borrow pits, roads, storage pads, waste rock storage facilities, diversion channels, dikes, sumps, berms, tailings storage facility, landfill, incinerator, landfarm, explosives plant, and pipelines. It also includes such activities as the pumping of water and waste, discharge of waste to the receiving environment, spill clean-up, and fuel transport on Agnico Eagle's roads. Mine components subject to pre-development may include open pits, quarries, borrow pits, roads, storage pads, diversion channels, dikes, sumps, and berms.

The proposed inspection program for the Project will lead to the early identification of areas where improvements are needed. The early resolution of any deficiencies will result in less ongoing maintenance and repair of mine components, and a reduction in the risk of adverse environmental effects. The inspection activities specific to the pre-development activities proposed in the application are identified in Table 4-3 below; this table was modified from Table 4-3 in the EMPP (April 2015).

**Table 4-3 (modified) Summary of Proposed Inspections**

| Mine Components / Activities Inspected | Inspection Methods & Procedures | Qualitative Risk Level - High, Medium, or Low | Department Responsible | Frequency |
|---|---|---|---|---|
| Culverts | Visual inspection for snow and/or debris blockage of culverts. | Medium. Snow can be removed from the front and back of the culverts before freshet. | Road Superintendent | Just prior to freshet and daily during the first days of freshet; also following major rain events. Monthly in the open water season after freshet is over. |
| Roads | Visual inspection for evidence of seasonal freeze and thaw adjacent to the toe of the road embankment. | Low. Affected area will be repaired using granular material and/or crushed rock. | Road Superintendent | Weekly over the summer (approximately mid-May, from the start of the freshet period to October, prior to the fall freeze-up). |
| Water ponding against roads | Visual inspection of roads after freshet and major rain events. | Low. Ponding can be dealt with by pumping the water or by installing a culvert in the road where water is ponding. | Road Superintendent | Weekly over the open water season and following freshet and major rain events. |
| Bridges | Visual inspection for snow dams prior to freshet. | High. Snow dams could lead to the bridge being overwhelmed at freshet with resultant damage. | Road Superintendent | Prior to freshet to allow time for any snow dams to be removed and weekly during freshet to confirm that snow dams were breeched. |
| Snow removal from roads | Visual inspections to ensure skidoo trails are not being blocked by snow removed from the roads. | Low. Pushing snow onto skidoos trails that cross Agnico Eagle's roads will make it difficult for trail users to cross the roads. | Road Superintendent | Following each major winter storm and clearing of snow off the roads. |
| Road dust | Visual inspection of the road for excessive dust generation. | High. Dust can impact on the environment along the roads, and be a safety risk due to limited visibility in using the roads. | Road Superintendent | Weekly when roads are very dry and/or when road traffic is heavy. Inspections will be suspended during rainy days and over the winter. |
| Caribou near or on roads | Visual inspection of hunting activities along the road when large numbers of caribou are near-by. | High. Hunters should observe the 1 km no shooting zone along the road. | Environment | Weekly year round and more frequently when large numbers of caribou are near or on the roads. |

**Table 4-3 (modified) Summary of Proposed Inspections (continued)**

| Mine Components / Activities Inspected | Inspection Methods & Procedures | Qualitative Risk Level - High, Medium, or Low | Department Responsible | Frequency |
|---|---|---|---|---|
| Watercourses and watercourse crossing | Visual inspection of infrastructure to identify defects, cracks or any other risks to structural integrity, sediment or other debris accumulation, or bed erosion or scour. | Low. Infrastructure will be repaired after deficiencies are noted, when it is safe to do so. | Road Superintendent | Weekly during the open water, during the freshet period, and unscheduled inspections following a major rain event. |
| Diversion Channels | Visual inspection of the channel for permafrost degradation. | Medium. Diversion channels need to be clear of snow prior to freshet to allow for water flow. | Engineering | (1) Prior to and at freshet;<br>(2) Immediately after a major rain event; and<br>(3) Weekly for the remainder of the ice-free season. |
| Quarries / Borrow Pits | Visual inspection for slumping and seepage from the quarries/borrow pits. | Low. Loose rock will be pulled down from the quarry face. Seepage will be sampled. | Environment | Weekly at freshet and monthly thereafter over the open water period. Also, after major rain events. |
| Spills | Document the recovery of spilled material and clean-up of any remaining residuals. | This could range from low to high risk depending on what was spilled, where it occurred, and success of spill recovery efforts. | All departments; Environment to follow-up | Inspections begin when a spill is reported and continues on a regular basis until the spill is cleaned up. The frequency of inspections will be dependent on what was spilled, where it occurred, and success of spill recovery efforts. |
| Spill Kits | Inventory of spills response equipment and materials in each spill kit. | Low. Spills kits will be restocked after use. | Environment | Monthly by Environment Technician. |
| Archaeological Sites | Inspect archaeological sites and report annually. | Low | Environment | The location of archaeological sites has been identified and Agnico Eagle will take photos of the sites inspected and include these in the annual report. |

# APPENDIX F

## Closure and Reclamation Strategy and Security Estimate for the Pre-development works

May 2015

AGNICO EAGLE

# CLOSURE AND RECLAMATION STRATEGY AND SECURITY ESTIMATE

# Type B Water Licence

**Submitted to:**
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU  X0B1J0

# Executive Summary

On 26 April 2011, Agnico Eagle Mines Ltd. (Agnico Eagle) submitted a Project proposal to the Nunavut Impact Review Board (NIRB) for an environmental assessment of the proposed Meliadine Gold Project (Project). Following screening and review of the Project by the NIRB, Agnico Eagle was issued Project Certificate No. 006 for NIRB File No. 11MN034 for development on 26 February 2015. Agnico Eagle submitted its Type A Water Licence Application for the Project to the Nunavut Water Board (NWB) on May 15, 2015. Following submission of the application it may take up to one year before Agnico Eagle receives a Ministerial approved Type A Water Licence authorizing full development of the Project. Since construction scheduling and implementation for the Project is dependent upon, and restricted by, the seasonal sea lift to support mobilization of supplies and equipment, waiting up to a year to receive a Type A Water Licence before starting construction has significant impact on the overall project schedule.

The regulatory framework provided in the Nunavut Land Claims Agreement (NLCA) and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* (NWNSRTA or Act) allows for interim, short-term approvals for water uses related to exploration or development work (referred to as pre-development work herein) for a proposal under development impact review. Since a Project Certificate was recently issued by the NIRB, the NWB is not restricted from issuing an interim, short-term period water license for pre-development work related to the Project.

In the Final Environmental Impact Statement for the Project (Volume 2, s.2.2.2), Agnico Eagle identified specific pre-development (site preparation) activities that would be beneficial in accelerating the overall project schedule if they could be started as early as possible. It was planned that these activities would be separately permitted immediately after the Project Certificate is issued, allowing construction to start soon thereafter, before waiting for other permitting issues involving mine operations to be addressed. This pre-development permitting approach could allow construction work to start this summer (i.e., in 2015), which would be a substantial gain considering the very small window for construction in the Arctic each year.

In accordance with the Act or NWNSRTA, Agnico Eagle is required to furnish and maintain security with the Minister, in a form determined by the Regulations or satisfactory to the Minister. In order for the NWB to be able to issue a licence, Agnico Eagle must satisfy the Board that the company has the financial ability to adequately implement mitigation measures and apply any costs associated with closing or abandonment of the undertaking.

This document provides for the closure and reclamation approach proposed by Agnico Eagle and an estimate of financial liability for the site as it pertains to the facilities and infrastructure related to pre-development and site preparations of the Project in advance of receipt of a Type A Water Licence.

# Table of Contents

# 1.0 INTRODUCTION

Agnico Eagle Mines Ltd. (Agnico Eagle) is developing the Meliadine Gold deposit (Project), located approximately 25 kilometres (km) north of Rankin Inlet, and 80 km southwest of the hamlet of Chesterfield Inlet in the Kivalliq Region of Nunavut. Situated on the western shore of Hudson Bay, the Project site is located on a peninsula between the east, south, and west basins of Meliadine Lake (63°1'23.8'' N, 92°13'6.42"W) on Inuit Owned Land. The Project is located within the Meliadine Lake watershed of the Wilson Water Management Area (Nunavut Water Regulations Schedule 4).

The Project is composed of five known gold deposits: Tiriganiaq, F Zone, Pump, Wesmeg, and Discovery. Agnico Eagle proposes to develop these deposits in a phased approach to manage the initial capital investment required and to allow production to commence while ongoing exploration continues to increase the known ore reserve. The initial phase of development (Phase 1) focuses on the development of the Tiriganiaq gold deposit using a traditional open-pit mining method and underground mining. Phase 2 will be defined and permitted during Phase 1, once the other deposits are better defined through ongoing exploration drilling. Both Phase 1 and 2 are within the Project that was the subject of the environmental and socio-economic assessment conducted by the Nunavut Impact Review Board (NIRB), culminating in the issuance of Project Certificate No. 006.

Approximately 12.1 million tonnes (Mt) of ore will be mined from Tiriganiaq over a nominal mine life of approximately eight years. The operation will produce approximately 31.8 Mt of waste rock, 7.4 Mt of overburden waste, and 12.1 Mt of tailings. Proposed Phase 1 mining facilities in the area include a plant site and accommodation buildings, two open pits, three ore stockpiles, a tailings storage facility (TSF), three waste rock storage facilities (WRSFs), and a water management system including water treatment facilities, several water diversion channels, retention dikes/berms, collection ponds, and a discharge diffuser.

The Project is subject to the regulatory requirements of the the Nunavut Land Claims Agreement (NLCA) and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* (NWNSRTA or Act), and as such is required to obtain a project certificate from the NIRB and a Type A Water Licence (Application) from the Nunavut Water Board (NWB) to allow for mine development and mining of the Project. A project certificate was issued by the NIRB on February 26, 2015 and Agnico Eagle filed a Type A Water Licence Application with the NWB on May 15, 2015.

Following submission of the Type A Water Licence Application it may take up to one year before Agnico Eagle receives a Ministerial approved Type A Water Licence authorizing full development of the Project. Since construction scheduling and implementation for the Project is dependent upon, and restricted by, the seasonal sea lift to support mobilization of supplies and equipment, waiting up to a year to receive a Type A Water Licence before starting construction has significant impact on the overall project schedule. The regulatory framework provided in the NLCA and the Act allows for interim, short-term approvals for water uses related to exploration or development work for a proposal under development impact review. Since a Project Certificate was recently issued by the NIRB, the NWB is not restricted from issuing an interim, short-term period water licence for development work related to the Project. As such Agnico Eagle is submitting the Type B application (the Application) for development work.

## 2.0 REGULATORY CONTEXT

A detailed overview of the legislative and regulatory requirements are provided in Section 2.0 of the Main Application Supporting Document submitted in support of the Application. In summary:

- The Project is subject to conformity determination to the Keewatin Regional Land Use Plan. On June 8, 2011, the NPC issued a positive conformity determination for the Project proposal and forwarded the Project proposal and determination to the NIRB for screening (NPC 2011).
- The Project is subject to environmental and socio-economic impact assessment processes by the NIRB established under Article 12 of the NLCA. Project Certificate No. 006 was issued on February 26, 2015 (NIRB 2015). For more information on the timelines and processes used by the NIRB in screening and review of the Meliadine Gold Project, refer to the Main Application Document submitted in support of the Type A water Licence Application (Type A MAD, S.2.4.1).
- The Project is subject to the requirements of the NWNSRTA, Regulations for water management. A Type A water licence application is pending. A Type B water licence is required from the NWB in order for Agnico Eagle to undertake site preparation and pre-development works.
- The Meliadine property consists of 52,173 hectares (ha): 887 ha as claims, and 51,286 ha as leases. The 51,286 ha are held under the Canada Mining Regulations, administered by AANDC; and are referred to as Crown Land. As well, Agnico Eagle has 3,430 ha of sub-surface NTI concessions, where the sub-surface mineral rights are administered directly by NTI. Compensation has been paid to the respective owning entities (NTI and AANDC) for Project land use and access to date.
- The proposed Rankin Inlet port facility, laydown area, fuel tank farm, Bypass Road and the first 2 km of the All-weather Access Road (AWAR) are sited on Commissioner's land, administered by the Department of Community and Government Services (CGS) for the benefit of the Hamlet of Rankin Inlet. The Phase 1 AWAR was constructed under land use permits issued by CGS on municipal land, and the KIA on Inuit Owned Land (IOL). Rankin Inlet infrastructure will also require leases from the CGS, and the GN will require Rankin Inlet municipal consent before issuing such leases.
- Fisheries protection and pollution prevention measures for the Project are subject to the requirements of the *Fisheries Act* s.35, which states that no person shall carry on any work, undertaking or activity that results in serious harm to fish that are part of a commercial, recreational, or Aboriginal fishery (CRA), or to fish that support such a fishery. The Project is not expected to cause serious harm to fish that are part of CRA fisheries, or to fish that support the CRA fisheries in the Peninsula waterbodies, or affect the productivity of the Meliadine Lake CRA fishery, which includes Arctic grayling, Arctic char, and lake trout as the most important species of the fishery. Therefore, it is not anticipated that an authorization will be required under the *Fisheries Act* for the proposed Project undertakings, works, or activities.
- The Meliadine Gold Project will be subject to Metal Mining Effluent Regulations (MMER) requirements (Government of Canada 2012). Pre-development works proposed in the Application will not require deposit of mine effluent. Agnico Eagle will ensure requirements of the MMER are met under the Type A water licence application.

- The Project may be subject to the *Navigation Protection Act* (NPA). Agnico Eagle met with Transport Canada to explore the implications of applying the NPA to the Project. At this time, Agnico Eagle does not believe that the small lakes, ponds and streams within the Project's footprint are navigable waterbodies. Agnico Eagle recognizes that Meliadine Lake, Meliadine River, and Melvin Bay in Rankin Inlet are navigable waterbodies, and will continue to work with Transport Canada to determine appropriate mitigation measures and strategies to protect navigable waterbodies and ensure compliance with the NPA.

# 3.0 SCOPE OF DEVELOPMENT WORKS

The scope of pre-development works is provided in Section 3.0 of the Main Application Supporting document of this Application. In summary the following pre-development works are proposed:

- **Satellite Infrastructure in Rankin Inlet**
  - construction of the fuel storage facility in Rankin Inlet
  - preparation of the laydown and material storage area in Rankin Inlet
- **Mine Areas, Site Infrastructure and Water Management**
  - new portal and conveyor ramp with ventilation infrastructure to the underground mine
  - Stripping of open pits (overburden and waste rock) and ore/waste rock stockpiling
  - construction of a pad for the permanent camp
  - installation of pilings for the permanent camp and infrastructure
  - start of work on concrete foundations
  - construction of the access roads
  - installation of culvert No. 2
  - begin construction of diversion Channel 2 to divert non-contact water away from the industrial site pad
- **Mobilization and Accommodation**
  - pre-delivery of material (i.e., equipment, material, and fuel)
  - accommodation for construction personnel estimated to be 250 persons (supported under existing exploration licence 2BB-MEL1424)

Agnico Eagle has entered into an agreement with the Hamlet of Rankin Inlet (Government of Nunavut) to lease fuel storage space within the community's existing fuel storage facility during the period of pre-development. Agnico Eagle does not anticipate construction of the fuel storage facility as originally projected; however, including the fuel storage facility in the Application allows for flexibility and inclusion of construction of the fuel storage facility as contingency. Agnico Eagle is committed to providing the NWB with detailed engineering drawings related to the fuel storage facility in Rankin Inlet at least 60 days prior to proposed construction and revising the spill contingency plan and monitoring plans to account for the change in operation, if implemented prior to issuance of a possible Type A Water Licence.

Borrow pit and quarry materials will be used for the construction and maintenance of the Itivia laydown. Borrow pit and quarry materials will also be used in construction of the infrastructure pad at the proposed Mine site and maintenance of the AWAR between Rankin Inlet and the Meliadine site. Best management practices will be used in the selection, construction, and operation of borrow pits and quarries for the Project. These include: minimizing the surface area and cuts of quarries and borrow pits, where possible; maintaining the floor of the quarries and borrow pits slightly above the elevation of the surrounding area to promote drainage to avoid creating quarry lakes; preventing erosion and sedimentation through appropriate control measures; and carrying out Acid Rock Drainage/Metal Leaching (ARD/ML) testing and water quality monitoring in support of mitigation measures. The quarries and borrow pits selected for building the AWAR showed no potential to generate acid drainage. Visual examinations of materials and additional testing will be conducted during construction to confirm that the best available building materials are being used. For additional information refer to the Borrow Pits and Quarries Management Plan (Agnico Eagle 2015).

Installation of the spud barge originally identified in the FEIS as a potential pre-development activity is not requested as part of this Application as it is a marine mine site component and will be undertaken on approval of the Type A Application. Similarly, the stripping of open pit(s) (overburden and waste rock) and ore/waste rock stockpiling originally proposed in the FEIS for pre-development is not requested as part of this Application. It has been determined through further evaluation of existing borrow pit and quarry material sources that sufficient sources are available for the proposed pre-development work construction activities. Quarry development will be undertaken through existing authorization from the KIA and AANDC. The quarry development to generate aggregate suitable for construction purposes is detailed within the Borrow Pits and Quarries Management Plan (Agnico Eagle 2015).

The portal and ramp will be started at the mine site as part of pre-development activities (Figure 3.1). The mine infrastructure pad, an area of approximately 70,000 square metres, will also be prepared involving the spreading of waste rock and borrow pit materials to an average thickness of approximately 3 m over the pad area for a total volume of approximately 200,000 cubic metres ($m^3$). The material to construct the proposed infrastructure pad will come from two main sources:

Ramp development waste rock:

- The extension of the ramp to 400 m below surface was approved by the NWB under Water Licence 2BB-MEL1424, Amendment #3. The development of the ramp is presently underway to explore deeper portions of the Tiriganiaq ore deposit. Waste rock from developing the ramp is being stored on a pad near the portal; and
- Waste rock available at the time from ramp development; approximately 150,000 $m^3$ of waste rock should be available to construct the infrastructure pad.

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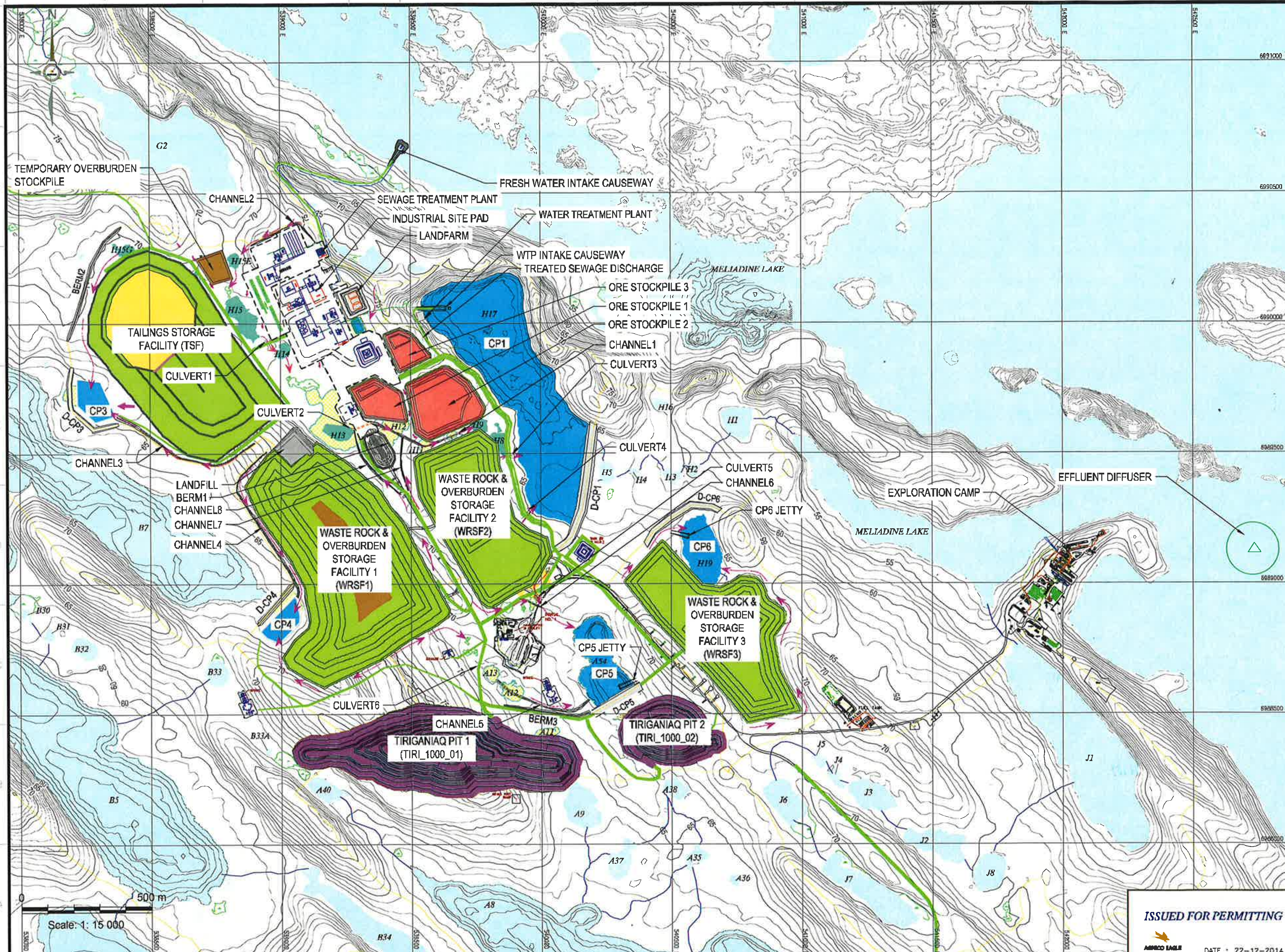


LEGEND

- CATCHMENT BOUNDARY
- SERVICE ROAD
- HAUL ROAD
- NON CONTACT WATERBODY
- CONTACT WATERBODY
- WATER COLLECTION POND
- DRAINED POND AREA
- OPEN PIT
- OVERBURDEN
- WASTE ROCK
- ORE
- TAILINGS
- INDUSTRIAL SITE PAD
- CONTACT WATER FLOW DIRECTION

AGNICO EAGLE

TETRA TECH EBA

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TITRE / TITLE
AGNICO EAGLE – MELIADINE GOLD PROJECT
FIGURE 3.1 MINE SITE LAYOUT PLAN

ISSUED FOR PERMITTING
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Borrow pits B5 and B6A located near the AWAR (Figure 3.2):

- Borrow pits B5 and B6A combined supplied approximately 100,000 $m^3$ of material in constructing the AWAR;
- Borrow Pits B5 and B6A will supply an additional 50,000 $m^3$ of material for constructing the proposed infrastructure pad. This will result in the expansion of the two borrow pits. Figure 3.2 shows the extent of the borrow material available, along with the area excavated in constructing the AWAR; and
- In extending the two borrow pits, a buffer of at least 31 m of undisturbed land will be maintained between the two borrow pits and waterbodies.

Only a portion of the infrastructure pad is being constructed as pre-development works at Year -5. The volumes indicated above represent the full quantity and volumes needed to construct the entire infrastructure pad for operations (Figure 3.3).

Water management structures (water retention dikes/berms and diversion channels) will be constructed as needed to contain and manage the contact water from the areas affected by the mine or mining activities. The water management infrastructure pre-development activities resulting from construction of the infrastructure pad includes the following:

- installation of culvert No. 2; and
- begin construction of diversion Channel 2 to divert non-contact water away from the infrastructure pad.

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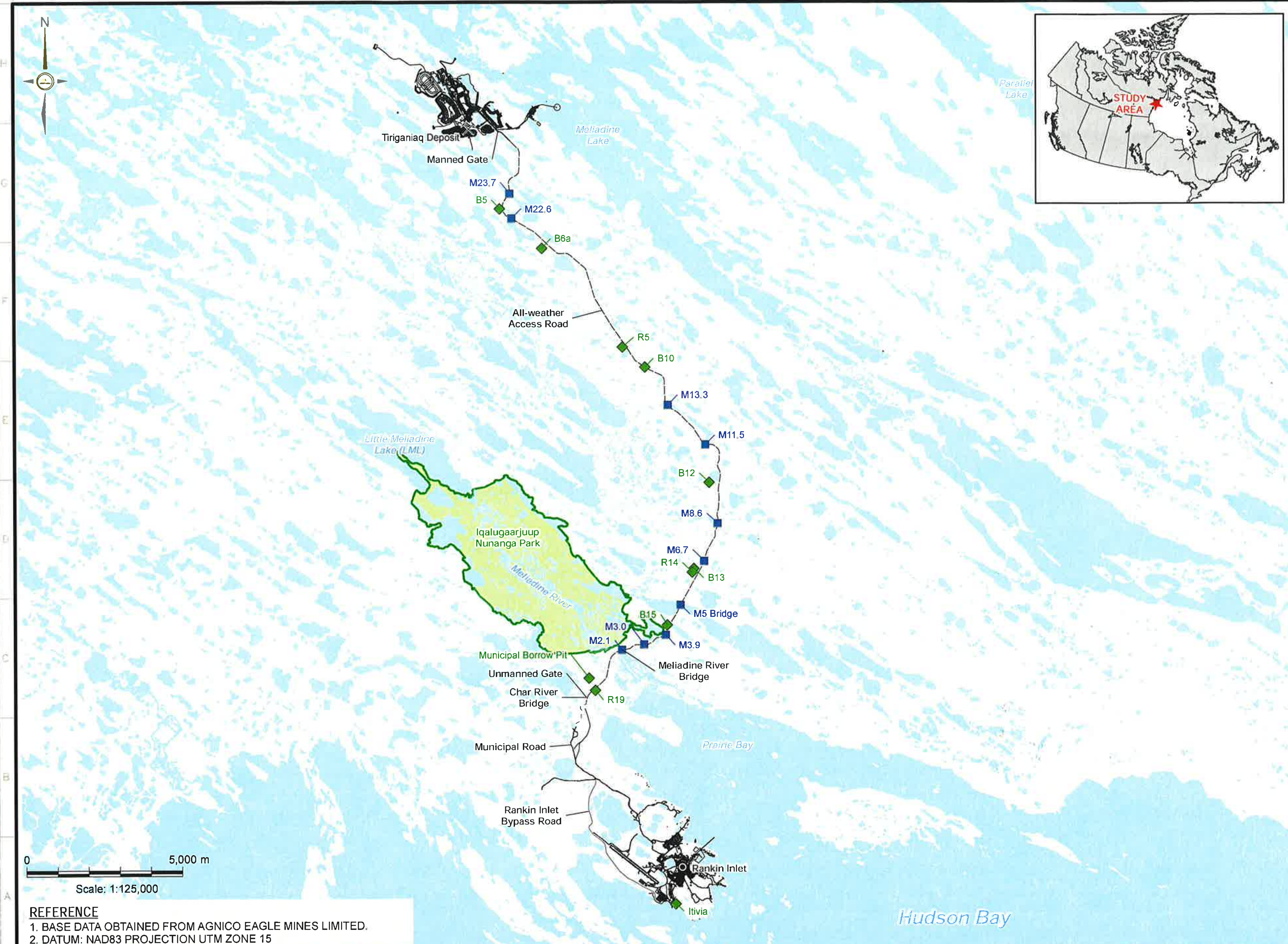


## LEGEND

- PROPOSED MINE SITE
- QUARRY/BORROW PIT LOCATION
- WATERCOURSE CROSSING
- ALL-WEATHER ACCESS ROAD (AWAR)
- ROAD - NEW
- ROAD - EXISTING
- WATERCOURSE
- WATERBODY
- TERRITORIAL PARK

## REFERENCE

1. BASE DATA OBTAINED FROM AGNICO EAGLE MINES LIMITED.
2. DATUM: NAD83 PROJECTION UTM ZONE 15

AGNICO EAGLE

Golder Associates



| TITRE / TITLE | # DWG |
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| VÉRIFIÉ PAR CHECKED BY | LY | | 24-03-2015 |
| APPROUVÉ PAR APPROVED BY | DRW | | 24-03-2015 |
| No. PROJET PROJECT NO. | 1405283 | | |
| DATE | - | | |

TITRE / TITLE

AGNICO EAGLE - MELIADINE DIVISION

FIGURE 3.2 LOCATION OF BORROW PITS AND QUARRIES FOR THE MELIADINE GOLD PROJECT

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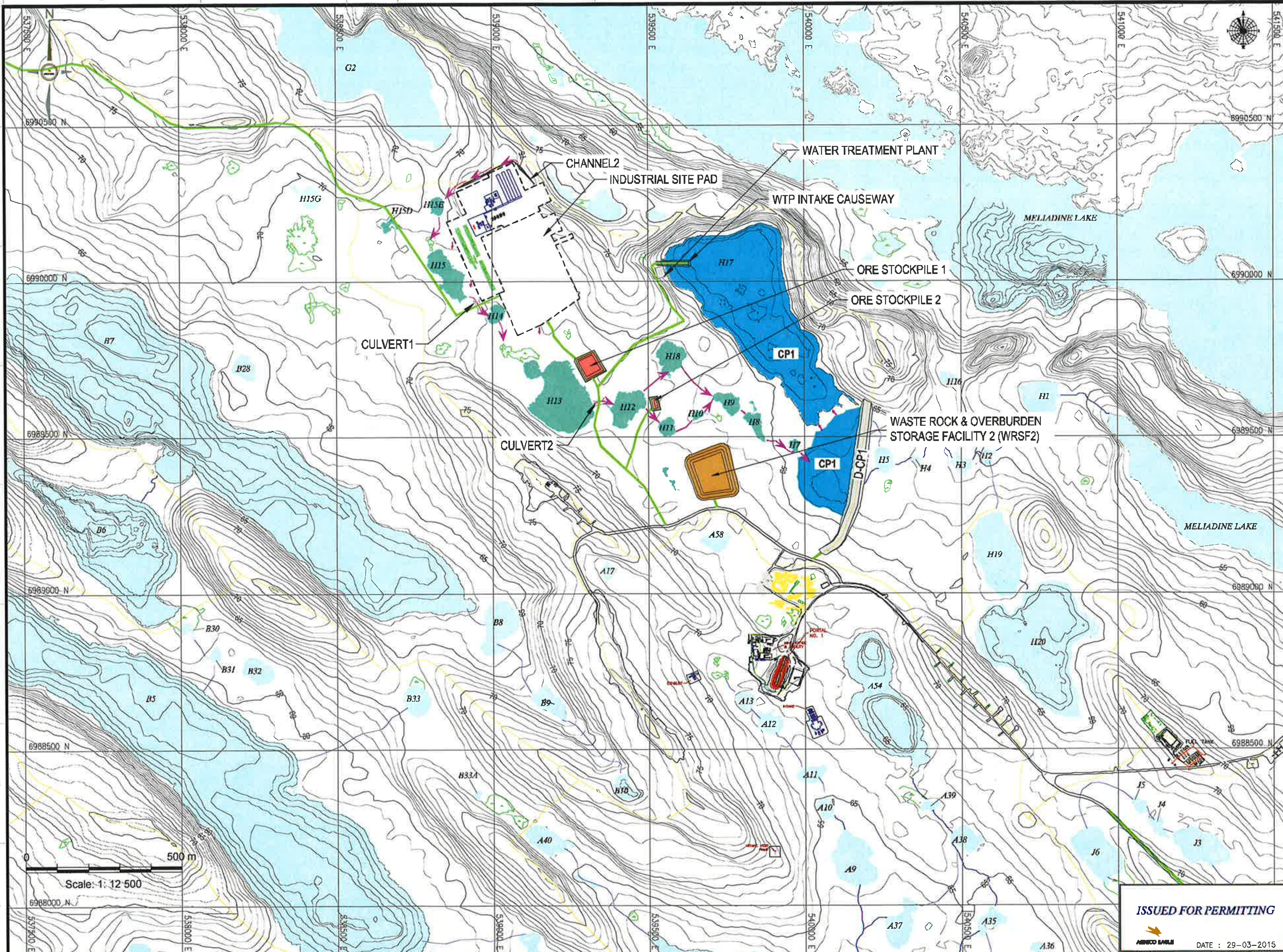


LEGEND

- CATCHMENT BOUNDARY
- SERVICE ROAD
- NON CONTACT WATERBODY
- CONTACT WATERBODY
- WATER COLLECTION POND
- OVERBURDEN
- WASTE ROCK
- ORE
- INDUSTRIAL SITE PAD
- WATER FLOW DIRECTION
- STREAM

AGNICO EAGLE

TETRA TECH EBA

| TITRE / TITLE | # DWG |
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REVISIONS

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| DATE | | | |

TITRE / TITLE
AGNICO EAGLE – MELIADINE GOLD PROJECT
FIGURE 3.3 YEARLY SITE LAYOUT PLAN FOR WATER MANAGEMENT (YEAR –4)

| ÉCHELLE/ SCALE | 1:12500 | FICHIER FILE | .DWG |
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ISSUED FOR PERMITTING
DATE : 29-03-2015

AE-CART-ANSI B

O:\Edmonton\Engineering\E141\Projects\E14103209_Meladine_Mgmt_Plans\EBA Drawings\Water MP\CAD_Dec_2014\FIGURE 3.2.dwg

## 4.0 CLOSURE AND RECLAMATION APPROACH

Agnico Eagle estimates that the company could initiate pre-development work by late summer of 2015 subject to NWB approval of the Type B Application for pre-development works. Given that Agnico Eagle predicts the overall Project approval (i.e., the Type A Application for Mining) is unlikely until Q2 of 2016, allowance for construction and mobilization in the summer of 2015 would yield a substantial gain for the Project when taking into account the very small window for construction in the Arctic each year. The process for application for pre-development work in this case is similar to the approach taken by Agnico Eagle for the pre-development work completed at the Meadowbank Mine.

Agnico Eagle acknowledges that the NWB may require the company to furnish and maintain security with the Minister, in a form determined by the Regulations or satisfactory to the Minister. As such, Agnico Eagle has provided this Closure and Reclamation Approach and Security Estimate (the Plan). The Plan includes an estimate of financial liability for pre-development works and site preparation. of $1.05 M; however, Agnico Eagle would propose the NWB defer full consideration of security of project liability to the Type A Water Licence submitted to the NWB on May 15, 2014.

For further information on Agnico Eagle's past performance and financial responsibility refer to the Type A Main Application Document (Sections 1.3 and 1.4; Agnico Eagle 2015a).

In accordance with the Nunavut Mine Site Reclamation Policy, Agnico Eagle's financial security cost estimate for the pre-development works requested in the Application for a Type B Water Licence has been developed assuming third party contractor rates, on the basis that Agnico Eagle is somehow unable to fulfill its closure and reclamation obligations, and the government is required to take over reclamation of the works.

The decision to implement the Type B closure and reclamation approach does not mean Agnico Eagle would abandon its current work program for which it holds valid authorizations, licenses and permits. Therefore, Agnico Eagle proposes to defer security of the pre-development components to the Type A Water Licence.

Should the predevelopment activites require the implementation of the reclamation and closure plans as outlined Section 5.0 in advance of receipt of a Type A water licence, the pre-development works remediation and closure will be undertaken at the same time as current approvals for the Meliadine site (refer to Section 2.3 of the Main Application Supporting Document for the Type B Application). For additional information on closure and reclamation refer to the Closure and Reclamation Plan submitted under the Type A Water Licence (where appropriate).

The closure and reclamation activities associated with the proposed Type B water licence pre-development work will follow applicable Kivalliq Inuit Association and federal/territorial guidelines and policies, and the closure and reclamation objectives and criteria outlined in this document and in general the Preliminary Closure and Reclamation Plan submitted with the Type A water licence application for the Project.

## 5.0 CLOSURE AND RECLAMATION ACTIVITIES

Closure and reclamation of proposed the pre-development and site preparation works described in Section 3 will include:

- Infrastructure Pads – Mine Site and Rankin Inlet

- The surface openings will be sealed: the portal and associated ramp will be capped to eliminate access.
- The area around the closed surface opening will be contoured and disturbed surface areas will be re-contoured to establish positive natural drainage patterns and blend in with the surrounding topography to the extent possible.
- In Rankin Inlet, the laydown and material storage area will be reclaimed. As mentioned in Section 2.0, the proposed laydown and material storage area is situated on lands leased from the Government of Nunavut.
- An assessment will be carried out to identify areas where soils may be contaminated by hydrocarbons. Contaminated soils will be excavated and hauled off site or managed as described under the authorized water license 2BB-MEL1424 which authorizes the use of an existing landfarm.
- Salvageable surface structures will be dismantled and demobilized from the site.
- Non-salvageable structures will be dismantled or demolished, and inert non-hazardous materials disposed of in the landfill area.
- Hazardous wastes will be removed for disposal by a licensed handler.
- Concrete foundations and pilings will be cut in pieces and buried, or removed, to a point about 1 m below the final ground surface or the final re-graded surface.
- All disturbed site areas will be re-graded to suit the surrounding topography. In areas where the original ground surface was lowered for site grading or structural requirements, the slopes will be stabilized and contoured. Cover materials may be required for erosion and dust control. It is anticipated that a succession of indigenous plant species will naturally re-vegetate the surface over time.
- Fuel not required during the closure and reclamation activities will be will be sold, returned to suppliers, disposed by a licensed handler, or incinerated.

- Diversion Channel #2
  - The diversion channel #2 will be re-contoured, and/or surface-treated according to site-specific conditions to minimize wind-blown dust and erosion from surface runoff to enhance the site area for natural re-vegetation and wildlife habitat post-closure.
- Site Access Roads including Culvert #2
  - The roads not required for post-closure monitoring will be decommissioned and the terrain restored.
  - Decommissioning will occur by loosening compacted surfaces and flattening side slopes.
  - The road surface will be scarified, allowing the native plant community to naturally establish itself on the former road surface.
  - Slopes will be stabilized against erosion potential.
  - If necessary, wildlife access will be provided at suitable intervals by re-grading the embankment shoulders to provide flatter slopes.

  - Should potentially acid generating bedrock be exposed along the roadway, these areas will be covered with a minimum 2 m thick layer of non-potentially acid generating and non-metal leaching soil or rock to direct water away from the surface.
  - Culvert #2 will be removed and original drainage patterns restored.
- Borrow Pits – B5 and B6A
  - Reclamation and closure of granular borrow pits will depend on the individual site conditions.
  - All mobile and stationary equipment will be removed.
  - Excavated slopes will be stabilized and contoured.
  - Native vegetation is anticipated to naturally re-establish on disturbed areas.
  - Should acid-generating bedrock be exposed, these areas will be covered with a minimum 2 m thick layer of non-acid generating soil or rock.

Monitoring and maintenance of the reclaimed facilities will be carried out during pre-development, operations and into closure. Period inspections will be performed to visually assess the reclaimed areas.

Surface and groundwater will be sampled if site specific conditions dictate during the closure period.

# 6.0 SCHEDULE OF CLOSURE AND RECLAMATION ACTIVITIES

Agnico Eagle requests a term of one (1) year to allow for construction of some basic infrastructure and for site preparation for the pre-development phase of the Project. Agnico Eagle would request that should a Type A Water Licence be issued for the Project in the future, that the Board incorporate the scope of this Type B Application/Licence into the Type A Water Licence.

Similar to the Term of Licence, Agnico Eagle also requests that should a Type A Water Licence be issued for the Project in the future, that the Board incorporate the security required under the Type B Licence into the Type A Water Licence such that a “double bonding” for project activities of the same scope does not occur.

Agnico Eagle estimates that if the Type A licence is not issued, it would require 1 to 2 summer seasons to complete the work noted in this Plan. Agnico Eagle anticipates the Type A Water Licence will be issued, so this Plan would not need to be implemented.

# 7.0 ESTIMATE OF PROPOSED PRE-DEVELOPMENT WORKS FINANCIAL LIABILITY

A permanent closure and reclamation financial security cost estimate for the proposed pre-development works described in this Plan has been prepared to a conceptual level using RECLAIM Version 7.0, March 2014 (Attachment A).

A summary of the financial security cost estimate for the pre-development works is provided in Table 7.1.

**Table 7.1: Summary Financial Security Cost Estimate**

| CAPITAL COSTS | COMPONENT NAME | COST | LAND LIABILITY | WATER LIABILITY |
|---|---|---|---|---|
| OPEN PIT | Tiriganiaq Pit 1 | $0 | $0 | $0 |
| | Tiriganiaq Pit 2 | $0 | $0 | $0 |
| UNDERGROUND MINE | Tiriganiaq | $120,122 | $0 | $120,122 |
| TAILINGS FACILITY | Tailings Storage Facility | $0 | $0 | $0 |
| ROCK PILE | Waste Rock Facility East | $0 | $0 | $0 |
| | Waste Rock Facility West | $0 | $0 | $0 |
| | Waste Rock Facility H19-H20 | $0 | $0 | $0 |
| BUILDINGS AND EQUIPMENT | | $529,501 | $0 | $529,501 |
| CHEMICALS AND CONTAMINATED SOIL MANAGEMENT | | $0 | $0 | $0 |
| SURFACE AND GROUNDWATER MANAGEMENT | | $0 | - | $0 |
| INTERIM CARE AND MAINTENANCE | | $0 | - | $0 |
| | **SUBTOTAL: Capital Costs** | **$649,623** | **$0** | **$649,623** |
| | **PERCENT OF SUBTOTAL** | | **0%** | **100%** |
| **INDIRECT COSTS** | | **COST** | **LAND LIABILITY** | **WATER LIABILITY** |
| MOBILIZATION/DEMOBILIZATION | | $156,216 | $0 | $156,216 |
| POST-CLOSURE MONITORING AND MAINTENANCE | | $39,000 | $0 | $39,000 |
| ENGINEERING | 5% | $32,481 | $0 | $32,481 |
| PROJECT MANAGEMENT | 5% | $32,481 | $0 | $32,481 |
| HEALTH AND SAFETY PLANS/MONITORING & QA/QC | 1% | $6,496 | $0 | $6,496 |
| BONDING/INSURANCE | 1% | $6,496 | $0 | $6,496 |
| CONTINGENCY | 20% | $129,925 | $0 | $129,925 |
| MARKET PRICE FACTOR ADJUSTMENT | 0% | $0 | $0 | $0 |
| | **SUBTOTAL: Indirect Costs** | **$403,095** | **$0** | **$403,095** |
| **TOTAL COSTS** | | **$1,052,718** | **$0** | **$1,052,718** |

# ATTACHMENT A

## Security Estimate - Reclaim Model v.7.0 - Meliadine Type B Water Licence for Pre-development Works

| Underground Mine Name | | | Tiriganiaq | | UG Mine # 1 | | | |
|---|---|---|---|---|---|---|---|---|
| **ACTIVITY/MATERIAL** | **Notes** | **Unit** | **Qty** | **Code** | **Unit Cost** | **Cost Land** | **Cost** | **Water Cost** |
| CONTROL ACCESS | | | | | | | | |
| Fence | | m | | #N/A | $0.00 | $0 | $0 | $0 |
| Signs | | each | 1 | SH | $37.08 | $37 | $0 | $37 |
| Block roads | | m3 | | #N/A | $0.00 | $0 | $0 | $0 |
| Berm | | m3 | | RB1H | $17.05 | $0 | $0 | $0 |
| Concrete wall in portals | | m3 | | #N/A | $0.00 | $0 | $0 | $0 |
| Cap bulkhead, pit portal | | each | | MBK | $79,590.60 | $0 | $0 | $0 |
| Backfill portal #1 | | m3 | | #N/A | $0.00 | $0 | $0 | $0 |
| Backfill portal #2 | | m3 | | #N/A | $0.00 | $0 | $0 | $0 |
| Cap portal / raises and/or stopes | | each | 1 | MBK | $79,590.60 | $79,591 | $0 | $79,591 |
| Cap raise # 1 | | m3 | | #N/A | $0.00 | $0 | $0 | $0 |
| Cap raise #2 | | m3 | | #N/A | $0.00 | $0 | $0 | $0 |
| Cap shaft #1 | | m3 | | #N/A | $0.00 | $0 | $0 | $0 |
| Cap shaft #2 | | m3 | | #N/A | $0.00 | $0 | $0 | $0 |
| Backfill adits | | m3 | | #N/A | $0.00 | $0 | $0 | $0 |
| Backfill open stope | | m3 | | #N/A | $0.00 | $0 | $0 | $0 |
| Concrete cap over open stope | | m3 | | #N/A | $0.00 | $0 | $0 | $0 |
| Contour portal area | | m3 | 6,864 | SB1H | $5.90 | $40,495 | $0 | $40,495 |
| Other | | | | #N/A | $0.00 | $0 | $0 | $0 |
| REMOVE HAZARDOUS MATERIALS | | | | | | | | |
| Remove hazardous materials, U/G labor | | hrs | | SCOOPL | $170.00 | $0 | $0 | $0 |
| Remove/decontam. stationary & elect. equip | | mandays | | #N/A | $0.00 | $0 | $0 | $0 |
| Remove/decontam. mobile equipment | | each | | #N/A | $0.00 | $0 | $0 | $0 |
| Remove misc. haz. mat & explosives | | kg | | #N/A | $0.00 | $0 | $0 | $0 |
| Other | | | | #N/A | $0.00 | $0 | $0 | $0 |
| INSTALL BULKHEADS | | | | | | | | |
| Bulkheads to control water flow | | each | | #N/A | $0.00 | $0 | $0 | $0 |
| Grout bulkhead | | m3 | | #N/A | $0.00 | $0 | $0 | $0 |
| FLOOD MINE | | | | | | | | |
| Supply/install pump | | each | | #N/A | $0.00 | $0 | $0 | $0 |
| Supply/install piping system | | each | | #N/A | $0.00 | $0 | $0 | $0 |
| Operate pumps to flood workings | | m3 | | #N/A | $0.00 | $0 | $0 | $0 |
| Other | | | | #N/A | $0.00 | $0 | $0 | $0 |
| INSTALL GROUNDWATER COLLECTION SYSTEM | | | | | | | | |
| Excavate/install sumps | | m2 | | #N/A | $0.00 | $0 | $0 | $0 |
| Install pumping wells | | m3 | | #N/A | $0.00 | $0 | $0 | $0 |
| Install pumps/pipelines/power supply | | LS | | #N/A | $0.00 | $0 | $0 | $0 |
| SPECIALIZED ITEMS | | | | | | | | |
| Install water quality monitoring pipes | | each | | #N/A | $0.00 | $0 | $0 | $0 |
| Install permanent pumping system | | each | | #N/A | $0.00 | $0 | $0 | $0 |
| Other | | | | #N/A | $0.00 | $0 | $0 | $0 |
| | | | | | **Total** | $120,122 | $0 | $120,122 |
| | | | | | **% of Total** | | 0% | 100% |

**Chemicals/Soil Area Name:**

**Note:** The procedures, equipment and packaging for clean up and removal of chemicals or contaminated soils are highly dependent on the nature of the chemicals and their existing state of containment. Government guidelines should be consulted on an individual chemical basis. Any estimate made here should be considered very rough unless specific evaluations have been conducted.

| ACTIVITY/MATERIAL | Notes | Units | Quantity | Cost Code | Unit Cost | Cost | % Land | Land Cost | Water Cost |
|---|---|---|---|---|---|---|---|---|---|
| HAZARDOUS MATERIALS AUDIT | | | | | | | | | |
| Hazardous materials audit | | mandays | | #N/A | $0.00 | $0 | | $0 | $0 |
| Phase 1 audit | | each | 0 | MBK | $7,500.00 | $0 | | $0 | $0 |
| Phase 2 audit | | each | 0 | MBK | $50,000.00 | $0 | | $0 | $0 |
| BUILDING DECONTAMINATION & CONSOLIDATION OF HAZARDOUS MATERIALS | | | | | | | | | |
| Environmental technician/coordinator | | mandays | | #N/A | $0.00 | $0 | | $0 | $0 |
| Decontaminate: oil, fuel | | mandays | | #N/A | $0.00 | $0 | | $0 | $0 |
| Decontaminate maintenance shop | | mandays | | #N/A | $0.00 | $0 | | $0 | $0 |
| Decontaminate power plant | | mandays | | #N/A | $0.00 | $0 | | $0 | $0 |
| Decontaminate bulk fuel storage | | mandays | | #N/A | $0.00 | $0 | | $0 | $0 |
| Decontaminate ANFO plant | | mandays | | #N/A | $0.00 | $0 | | $0 | $0 |
| Decontaminate offices/warehouse/accom | | mandays | | #N/A | $0.00 | $0 | | $0 | $0 |
| Removal of asbestos siding on buildings | | m2 | | #N/A | $0.00 | $0 | | $0 | $0 |
| Removal of friable asbestos on equipment | | m2 | | #N/A | $0.00 | $0 | | $0 | $0 |
| Other | | | | #N/A | $0.00 | $0 | | $0 | $0 |
| HAZARDOUS MATERIALS REMOVAL | | | | | | | | | |
| Waste oils | | litre | | ORL | $0.43 | $0 | | $0 | $0 |
| Waste fuel (Type 1, e.g. diesel dregs) | | litre | | ORL | $0.43 | $0 | | $0 | $0 |
| Waste batteries | | quatrex | | EXPLO | $75.00 | $0 | | $0 | $0 |
| mill and water treatment reagents | | kg | | PCRH | $2.50 | $0 | | $0 | $0 |
| Assay & environmental lab reagents | | pallet | | LCRH | $2,606.83 | $0 | | $0 | $0 |
| Machine shop paints, solvents etc | | litre | | EXPLO | $1.50 | $0 | | $0 | $0 |
| Glycol | | kg | | PCRH | $2.50 | $0 | | $0 | $0 |
| Process reagents | | kg | | #N/A | $0.00 | $0 | | $0 | $0 |
| Nuclear sources | | allow | | #N/A | $0.00 | $0 | | $0 | $0 |
| Other hazardous materials | | allow | | #N/A | $0.00 | $0 | | $0 | $0 |
| HAZARDOUS MATERIALS | | | | | | | | | |
| Transportation to disposal facility | | allow | | #N/A | $0.00 | $0 | | $0 | $0 |
| Disposal fees | | allow | | #N/A | $0.00 | $0 | | $0 | $0 |
| Other | | | | #N/A | $0.00 | $0 | | $0 | $0 |
| CONTAMINATED SOILS | | | | | | | | | |
| Contam. soil investigation - Phase 1 | | each | | #N/A | $0.00 | $0 | | $0 | $0 |
| Contam. soil investigation - Phase 2 | | each | | #N/A | $0.00 | $0 | | $0 | $0 |
| CONTAMINATED SOIL REMOVAL | | | | | | | | | |
| Excavate, load, haul to biopile or: Excavate and transport to onsite facility | | m3 | | SC4L | $9.30 | $0 | | $0 | $0 |
| Remediate on-site at biopile or: Manage hydrocarbon remediation at facility | | m3 | | CSRL | $47.00 | $0 | | $0 | $0 |
| Reagents/stabilizing agent | | m2 | | #N/A | $0.00 | $0 | | $0 | $0 |
| Excavate and transport to offsite facility | | m3 | | #N/A | $0.00 | $0 | | $0 | $0 |
| Contour decontaminated area | | m3 | | #N/A | $0.00 | $0 | | $0 | $0 |
| CONTAMINATED SOIL VERY LOW PERMEABILITY COVER | | | | | | | | | |
| Supply geomembrame, HDPE, ES3, GCL | | m2 | | #N/A | $0.00 | $0 | | $0 | $0 |
| Upper and lower bedding layers | | m3 | | #N/A | $0.00 | $0 | | $0 | $0 |
| Install geomembrane, HDPE, ES3, GCL | | m2 | | #N/A | $0.00 | $0 | | $0 | $0 |
| Erosion protection layer | | m3 | | #N/A | $0.00 | $0 | | $0 | $0 |
| Vegetate | | m2 | | #N/A | $0.00 | $0 | | $0 | $0 |
| Install infiltration/seepage instrumentation | | allow | | #N/A | $0.00 | $0 | | $0 | $0 |
| Other | | | | #N/A | $0.00 | $0 | | $0 | $0 |
| OTHER | | | | | | | | | |
| | | | | #N/A | $0.00 | $0 | | $0 | $0 |
| | | | | | **Total** | $0 | | $0 | $0 |
| | | | | | **% of Total** | | | 0% | 0% |

1 **Building / Equip Name:** **Bldg / Equip #:** **1**

| ACTIVITY/MATERIAL | Notes | Units | Quantity | Cost Code | Unit Cost | % Cost Land | Land Cost | Water Cost |
|---|---|---|---|---|---|---|---|---|
| DISPOSE MOBILE EQUIPMENT | | | | | | | | |
| Decontaminate and ship off-site | | tonne | | AEM | $383.12 | $0 | $0 | $0 |
| Decontaminate and dispose on-site | | tonne | | AEM | $5.00 | $0 | $0 | $0 |
| Salvage Value | | tonne | | AEM | -$383.12 | $0 | $0 | $0 |
| Other | | | | #N/A | $0.00 | $0 | $0 | $0 |
| REMOVE BUILDINGS - see note below | | | | | | | | |
| Accomodation Complex (incl dorms, corridors, kitchen, laundry, dry, rec hall, ERT) | | m2 | | BRS1L | $45.00 | $0 | $0 | $0 |
| Exploration camp - existing does not include fuel storage area | | m2 | | BRS1L | $45.00 | $0 | $0 | $0 |
| Process Facilities - assumes 5000 TPD plant (including crushing building and crushed ore storage) | | m2 | | BRS1H | $65.00 | $0 | $0 | $0 |
| Assay Lab | | m2 | | BRS1L | $45.00 | $0 | $0 | $0 |
| Maintenance Shop | | m2 | | BRS1L | $45.00 | $0 | $0 | $0 |
| Mine surface general (existing and future office and megadome, and explosive plant) | | m2 | | BRS1L | $45.00 | $0 | $0 | $0 |
| Offices, Repair, Lab, Warehouse | | m2 | | #N/A | $0.00 | $0 | $0 | $0 |
| Storage Facilites | | m2 | | #N/A | $0.00 | $0 | $0 | $0 |
| Water and Wastewater Treatment Facilities | | m2 | | BRS1L | $45.00 | $0 | $0 | $0 |
| Power Plant | | m2 | | BRS1H | $65.00 | $0 | $0 | $0 |
| U/G Heating Plant | | m2 | | #N/A | $0.00 | $0 | $0 | $0 |
| Emulsion Plant | | m2 | | BRS1H | $65.00 | $0 | $0 | $0 |
| AN Storage Facility | | m2 | | #N/A | $0.00 | $0 | $0 | $0 |
| Warehouse, Shops and Other | | m2 | | BRS1L | $45.00 | $0 | $0 | $0 |
| Paste plant | | m2 | | BRS1L | $45.00 | $0 | $0 | $0 |
| Storage Facility at Laydown/Airstrip | | m2 | | #N/A | $0.00 | $0 | $0 | $0 |
| Incinerator building | | m2 | | BRS1L | $45.00 | $0 | $0 | $0 |
| Fuel tanks-on site | | m2 | | BRS1H | $65.00 | $0 | $0 | $0 |
| Fuel tanks - Itivia Harbour | | m2 | | BRS1H | $65.00 | $0 | $0 | $0 |
| Freshwater intake | | m2 | | #N/A | $0.00 | $0 | $0 | $0 |
| Reclaim pumps | | m2 | | #N/A | $0.00 | $0 | $0 | $0 |
| Outfall & Diffuser | | m2 | | #N/A | $0.00 | $0 | $0 | $0 |
| Airstrip lighting, navigation, electrician | | mandays | | #N/A | $0.00 | $0 | $0 | $0 |
| Airstrip lighting, navigation, mechanical | | mandays | | #N/A | $0.00 | $0 | $0 | $0 |
| Break foundation slabs | total of all buildings | m2 | | #N/A | $0.00 | $0 | $0 | $0 |
| Consolidate & dump boneyard debris | | m3 | | #N/A | $0.00 | $0 | $0 | $0 |
| Guard house | | m2 | | BRS1L | $45.00 | $0 | $0 | $0 |
| Other | | | | #N/A | $0.00 | $0 | $0 | $0 |
| LANDFILL FOR DEMOLITION WASTE | | | | | | | | |
| Place rock cover over operation landfill | | m3 | | AEM | $8.47 | $0 | $0 | $0 |
| Place soil cover | | m3 | | #N/A | $0.00 | $0 | $0 | $0 |
| Vegetate | | ha | | #N/A | $0.00 | $0 | $0 | $0 |
| Base, sides and cover of closure landfill (for demolition rubbish) | | m3 | | | $29.41 | $0 | $0 | $0 |
| GRADE AND CONTOUR PADS - see note below | | | | | | | | |
| Accomodation Complex (incl dorms, corridors, kitchen, laundry, offices, dry, rec hall, ERT) | | m3 | 6,146 | AEM | $8.47 | $52,053 | $0 | $52,053 |
| Exploration camp - existing | | m3 | | AEM | $8.47 | $0 | $0 | $0 |
| Process Facilities - assumes 3000 TPD plant (including crushing building and crushed ore storage) | | m3 | 3,573 | AEM | $8.47 | $30,259 | $0 | $30,259 |
| Assay Lab | | m3 | | AEM | $8.47 | $0 | $0 | $0 |
| Maintenance Shop | | m3 | | AEM | $8.47 | $0 | $0 | $0 |
| Mine surface general (office and megadome, and explosive plant) | | m3 | | AEM | $8.47 | $0 | $0 | $0 |
| Offices, Repair, Lab, Warehouse | | ha | | #N/A | $0.00 | $0 | $0 | $0 |
| Storage Facilites | | ha | | #N/A | $0.00 | $0 | $0 | $0 |
| Water and Wastewater Treatment Facilities | | m3 | | AEM | $8.47 | $0 | $0 | $0 |
| Power Plant | | m3 | | AEM | $8.47 | $0 | $0 | $0 |
| U/G Heating Plant | | ha | | #N/A | $0.00 | $0 | $0 | $0 |
| Emulsion Plant | | m3 | | AEM | $8.47 | $0 | $0 | $0 |
| Warehouse, Shops and Other | | m3 | | AEM | $8.47 | $0 | $0 | $0 |
| Paste plant | | m3 | 217 | AEM | $8.47 | $1,835 | $0 | $1,835 |
| Storage Facilities (Laydown areas) | | m3 | 33,400 | MBK | $5.31 | $177,354 | $0 | $177,354 |
| Incinerator building | | m3 | | AEM | $8.47 | $0 | $0 | $0 |
| Fuel tanks-on site | | m3 | | AEM | $8.47 | $0 | $0 | $0 |
| Fuel tanks - Itivia Harbour | | m3 | | AEM | $8.47 | $0 | $0 | $0 |
| Guard house | | m3 | | AEM | $8.47 | $0 | $0 | $0 |
| Place rock cover | | ha | | #N/A | $0.00 | $0 | $0 | $0 |
| Vegetate | | ha | | #N/A | $0.00 | $0 | $0 | $0 |
| Other | | | | #N/A | $0.00 | $0 | $0 | $0 |
| PUNCTURE LINED SUMPS | | | | | | | | |
| Puncture liner and place soil cover | | m3 | | #N/A | $0.00 | $0 | $0 | $0 |
| RECLAIM ROADS | | | | | | | | |
| Remove culverts | | each | 1 | MBK | $10,000.00 | $10,000 | $0 | $10,000 |
| Remove bridges | | each | | AEM | $50,000.00 | $0 | $0 | $0 |
| Scarify and install water breaks | | ha | | SCFYH | $6,030.00 | $0 | $0 | $0 |
| scarify roads (15m x 40km) | | ha | 60 | SCFYL | $4,300.00 | $258,000 | $0 | $258,000 |
| Scarify airstriip | | ha | | #N/A | $0.00 | $0 | $0 | $0 |
| Scarify laydown areas | | ha | | #N/A | $0.00 | $0 | $0 | $0 |
| Vegetate | | ha | | #N/A | $0.00 | $0 | $0 | $0 |
| Other | | | | #N/A | $0.00 | $0 | $0 | $0 |
| OBJECTIVE: BUILDING DECONTAMINATION & HAZ. MATERIAL REMOVAL | | | | | | | | |
| Decontaminate, oil, fuel and glycol systems | | mandays | | AEM | $1,000.00 | $0 | $0 | $0 |
| Electrical | | mandays | | AEM | $1,000.00 | $0 | $0 | $0 |
| SPECIALIZED ITEMS | | | | | | | | |
| Dispose of misc. debris and laydown area refuse | | | | #N/A | $0.00 | $0 | $0 | $0 |
| | | | | | **Total** | $529,501 | $0 | $529,501 |
| | | | | | **% of Total** | | 0% | 100% |

Note: Unit costs are based on 3m high, single storey building. Scale larger building areas accordingly. E.g. 10m high building multiply area by 3.3 (10/3)

## 1 Post-Closure Monitoring & Maintenance:

| ACTIVITY/MATERIAL | Notes | Units | Quantity | Cost Code | Unit Cost | Cost |
|---|---|---|---|---|---|---|
| MONITORING & INSPECTIONS | | | | | | |
| Annual geotechnical inspection | | each | | VIH | $7,977.79 | $0 |
| Surface water sampling | | each | 0.1 | WSH | $10,000.00 | $1,000 |
| Groundwater Sampling | | each | 0.1 | WSH | $10,000.00 | $1,000 |
| Receiving/downstream water sampling | | each | 0.1 | WSH | $10,000.00 | $1,000 |
| Monitoring program as per plan | | each | 0.1 | AEM | $100,000 | $10,000 |
| Survey inspection | | each | | #N/A | $0.00 | $0 |
| Regulatory costs* | | each | | #N/A | $0.00 | $0 |
| Site water monitoring (AEMP and SNP) | | each | | #N/A | $0.00 | $0 |
| - Active closure and flooding | | each | | #N/A | $0.00 | $0 |
| - Post pit flooding | | each | | #N/A | $0.00 | $0 |
| Air Quality Monitoring Program (AQMP) | | each | | #N/A | $0.00 | $0 |
| Wildlife Effects Monitoring Program (WEMP) | | each | | #N/A | $0.00 | $0 |
| Vegetation Monitoring | | each | | #N/A | $0.00 | $0 |
| Other | | | | #N/A | $0.00 | $0 |
| COVER MAINTENANCE | | | | | | |
| Repair erosion - infill gullies | | allow | | #N/A | $0.00 | $0 |
| Repair erosion - upgrade diversion ditches | | allow | | #N/A | $0.00 | $0 |
| Remove problem vegetation | | allow | | #N/A | $0.00 | $0 |
| Repair animal damage | | allow | | #N/A | $0.00 | $0 |
| Repair/upgrade access controls | | allow | | #N/A | $0.00 | $0 |
| Other | | | | #N/A | $0.00 | $0 |
| SPILLWAY MAINTENANCE | | | | | | |
| Repair erosion | | m3 | | #N/A | $0.00 | $0 |
| Clear spillway | | each | | #N/A | $0.00 | $0 |
| CWTS MAINTENANCE | | | | | | |
| Maintain flow, restore vegetation | | allow | | #N/A | $0.00 | $0 |
| POST-CLOSURE WATER TREATMENT | | | | | | |
| Subtotal, Annual post-closure costs | | | | | | $13,000 |
| Discount rate for calculation of net present value of post-closure cost, % | | | | 0.00% | | |
| Number of years of post-closure activity | | | | 3 | years | |
| **Present Value of payment stream** | | | | | | $39,000 |

*Regulatory costs - annual reporting, management plans, progress reports etc.

## Mobilization/Demobilization:

| ACTIVITY/MATERIAL | Notes | Units | Quantity | Cost Code | Unit Cost | Cost |
|---|---|---|---|---|---|---|
| MOBILIZE HEAVY EQUIPMENT | | | | | | |
| Excavators | | each | | #N/A | 0 | $0 |
| Dump trucks | | each | | #N/A | 0 | $0 |
| Dozers | | each | | #N/A | 0 | $0 |
| Demolition shears | | each | | AEM | $1,000,000 | $0 |
| Crane | | each | | #N/A | 0 | $0 |
| Loader | | each | | #N/A | 0 | $0 |
| Compactor | | each | | #N/A | 0 | $0 |
| Light duty vehicles | | each | | #N/A | 0 | $0 |
| MOBILIZE MISC. EQUIPMENT | | | | | | |
| Pump shipping | | each | | #N/A | 0 | $0 |
| Pipe shipping | | m | | #N/A | 0 | $0 |
| Minor tools and equipment | | allow | | #N/A | 0 | $0 |
| Truck tires | | allow | | #N/A | 0 | $0 |
| Other | | | | #N/A | 0 | $0 |
| MOBILIZE CAMP | | | | | | |
| Reclamation activities | | allow | | #N/A | 0 | $0 |
| Long term reclamation activities (eg pump flooding) | | allow | | #N/A | 0 | $0 |
| MOBILIZE WORKERS | | | | | | |
| rotations over reclamation period | | manhours | 1,800 | AEM | $75.00 | $135,000 |
| crew transportation | | each | 6 | AEM | $1,386.00 | $8,316 |
| Reclamation activities - transport | | each | | #N/A | 0 | $0 |
| Reclamation activities - travel time | | manhours | | #N/A | 0 | $0 |
| Long term reclamation activities (eg pump flooding) - transport | | each | | #N/A | 0 | $0 |
| Long term reclamation activities (eg pump flooding) - travel time | | each | | #N/A | 0 | $0 |
| Monitoring Airfare | | each | | #N/A | 0 | $0 |
| WORKER ACCOMODATIONS | | | | | | |
| Reclamation activities | | manmonths | 5.00 | ACCM | $2,580.00 | $12,900 |
| Long term reclamation activities (eg pump flooding) | | manmonths | | #N/A | $0.00 | $0 |
| MOBILIZE FUEL | | | | | | |
| Fuel freight - reclamation activities | | litre | | #N/A | 0 | $0 |
| Fuel freight - long term reclamation activities | | litre | | #N/A | 0 | $0 |
| Fuel freight accomodations | | litre | | #N/A | 0 | $0 |
| WINTER ROAD | | | | | | |
| Construction and operation | | km | | #N/A | 0 | $0 |
| Limited winter use | | km | | #N/A | 0 | $0 |
| Winter road tarriff | | km | | #N/A | 0 | $0 |
| DEMOBILIZE HEAVY EQUIPMENT | | | | | | |
| Excavators | | km | | #N/A | 0 | $0 |
| Dump trucks | | km | | #N/A | 0 | $0 |
| Dozers | | km | | #N/A | 0 | $0 |
| Demolition shears | | km | | #N/A | 0 | $0 |
| Crane | | km | | #N/A | 0 | $0 |
| Loader | | km | | #N/A | 0 | $0 |
| Compactor | | each | | #N/A | 0 | $0 |
| Light duty vehicles | | km | | #N/A | 0 | $0 |
| Other | | km | | #N/A | 0 | $0 |
| DEMOBILIZE CAMP | | | | | | |
| | | allow | | #N/A | 0 | $0 |
| DEMOBILIZE WORKERS | | | | | | |
| crew travel time | | mandays | | #N/A | 0 | $0 |
| crew transportation | | each | | #N/A | 0 | $0 |
| WINTER ROAD | | | | | | |
| Construction and operation | | km | | #N/A | 0 | $0 |
| Limited winter use | | km | | #N/A | 0 | $0 |
| Winter road tarriff | | km | | #N/A | 0 | $0 |
| | | | | | **Total** | **$156,216** |