

Updated Closure Security Estimate – Nunavut Water Board Letter Document for Client Use

Hope Bay Doris-Madrid Project Updated Closure Security Estimate - Current and
LOM Capital Cost Estimates (CAPEX)

Prepared for:

Agnico Eagle Mines Limited and the Kitikmeot Inuit Association

Prepared by:

Nunami Stantec Limited

April 28, 2023

Project No.: 169523533



April 28, 2023

Karen Kharatyan
Manager of Licensing
Nunavut Water Board
P.O. Box 119
Gjoa Haven, Nunavut
XOB 1JO

Sent by E-mail: karen.kharatyan@nwb-oen.ca

2023-04-30

Re: Water License 2AM-DOH1335 Hope Bay Doris-Madrid Project Updated Closure Security Estimate – April 2023

Dear Karen Kharatyan,

Please find the enclosed Hope Bay Doris-Madrid Project Updated Closure Security Estimate required as part of Part J, Item 6 of the Water Licence 2AM-DOH1335 (Water Licence) which states:

The Licensee shall, should the Project remain, or be in Care and Maintenance, submit an updated estimate of total mine closure restoration liability, within twelve (12) months of entering Care and Maintenance and every three (3) years thereafter.

Agnico Eagle Mines Limited (Agnico Eagle) provided the Nunavut Water Board (NWB) with formal written notice of Care and Maintenance for the Doris-Madrid operations on March 30, 2022. The Updated Closure Security Estimate provides a revised estimate from previous submissions provided in 2017¹ and by the former proponent, TMAC Resources Inc., which was acquired by Agnico Eagle in 2021.

TMAC Resources Inc. entered into a Framework Agreement² with the KIA on March 30, 2015, which has been adopted by Agnico Eagle, in which Section 12.1 Reclamation Security addresses security for reclamation obligations under the Land Use Licence and closure and reclamation plans under the Land Tenure Agreements. The purpose of the reclamation security is to ensure that KIA shall have sufficient funds available to it to complete the activities set out in reclamation plans under the Land Use Licence and closure and reclamation plans under the Land Tenures Agreements to fulfill the reclamation obligations. Section 12.2 of this Framework Agreement states that the quantum of reclamation security shall be determined by an independent Reclamation Security Expert in the area of reclamation security for Exploration Work and Mining Activities. The KIA and Agnico Eagle jointly appointed Nunami-Stantec as the Reclamation Security Expert to prepare this Updated Closure Security Estimate.

Development of the Updated Closure Security Estimate and Basis of Estimate (Attachment 1) has included the following:

¹ SRK (2017). Memorandum: Hope Bay Project Doris-Madrid Interim Closure and Reclamation Plan, Detailed Cost Estimate. November 30.

² Framework Agreement Between Kitikmeot Inuit Association and TMAC Resources Inc. March 30, 2015

- Incorporating closure concepts and planning details described in the Interim Closure and Reclamation Plan³
- Completing a joint two-day Closure Workshop with representatives of Agnico Eagle and the KIA March 13-14, 2023 and follow up discussions in April 2023
- Use of the RECLAIM 7.0 spreadsheet model and User Manual (Mining Version)⁴
- Updating current and future site conditions to reflect changes in the Hope Bay Belt Project (Doris-Madrid) Life of Mine (LOM) Plan and construction to date, as outlined in the February 2023 Doris-Madrid Interim Closure and Reclamation Plan Comparison⁵ (Attachment 2)
- Review and update (where required) of all RECLAIM 7.0 unit rates by Reclamation Security Expert, with consideration of in-house unit cost data and market escalation
- Compiling RECLAIM 7.0 security estimates for the Current Scope of Work conditions LOM Plan condition (Attachment 2), as well as (Attachment 3)

The Updated Closure Security Estimate is broken up into tranches. Once the development work for each tranche is triggered, then Agnico Eagle is required to provide security to the applicable regulatory holders. Table 1 and Table 2 provide summaries of the current site conditions and the LOM Plan conditions security estimates by tranches and scope of work.

³ SRK (2017). Hope Bay Project, Doris-Madrid Interim Closure and Reclamation Plan. November 17.

⁴ Brodie Consulting Ltd. (2017). RECLAIM 7.0, User Manual (Mining Version). Prepared for the Government of the Northwest Territories. November.

⁵ SRK (2023). *Draft* Doris-Madrid Interim Closure and Reclamation Plan Comparison. Hope Bay, Nunavut Canada. Prepared for Agnico Eagle Mines Limited. February.

Table 1 Updated Closure Security Estimate Summary by Tranches and Current Scope of Work

Timing	Stage of Infrastructure Construction	Reclamation Security to be Added to Security Held Under the License for Each Stage	Reclamation Security to be Confirmed as Added to Security Held by the KIA for Each Stage	Total Reclamation Security for Each Stage (Licence and KIA Instruments Combined)
Upon Licence Issuance	Pre-existing Infrastructure (Phase 1) ^{Note 1}	\$ 11,735,369.11	\$ 52,155,556.15	\$ 63,890,925.26
Sixty (60) days prior to commencement of construction	Roberts Bay & Boston All Weather Roads	\$ -	\$ -	\$ -
Sixty (60) days prior to commencement of construction	Doris Wind Turbines	\$ -	\$ -	\$ -
Sixty (60) days prior to commencement of construction	Madrid North Wind Turbines	\$ -	\$ -	\$ -
Sixty (60) days prior to commencement of construction	Boston Wind Turbines	\$ -	\$ -	\$ -
Sixty (60) days prior to commencement of construction	Madrid North	\$ -	\$ -	\$ -
Sixty (60) days prior to commencement of construction	Madrid South	\$ -	\$ -	\$ -
Sixty (60) days prior to commencement of construction	Doris TIA Phase 2a	\$ -	\$ -	\$ -
Sixty (60) days prior to commencement of construction	Doris TIA Phase 2b	\$ -	\$ -	\$ -
TOTAL (ALL STAGES CONSTRUCTED)		\$ 11,455,094.59	\$ 52,435,830.67	\$ 63,890,925.26

Note 1: Pre-existing infrastructure includes all facilities as currently exist today including the construction work that has commenced to date at Madrid North and the work to reclaim and close the Doris Tailings Impoundment Area (TIA) as it currently exists.

Table 2 Updated Closure Security Estimate Summary by Tranches and LOM Scope of Work

Timing	Stage of Infrastructure Construction	Reclamation Security to be Added to Security Held Under the License for Each Stage	Reclamation Security to be Confirmed as Added to Security Held by the KIA for Each Stage	Total Reclamation Security for Each Stage (Licence and KIA Instruments Combined)
Upon Licence Issuance	Pre-existing Infrastructure (Phase 1) ^{Note 1}	\$ 11,735,369.11	\$ 52,155,556.15	\$ 63,890,925.26
Sixty (60) days prior to commencement of construction	Roberts Bay & Boston All Weather Roads	\$ 66,195.59	\$ 3,595,982.88	\$ 3,662,178.47
Sixty (60) days prior to commencement of construction	Doris Wind Turbines	\$ -	\$ 1,990,904.24	\$ 1,990,904.24
Sixty (60) days prior to commencement of construction	Madrid North Wind Turbines	\$ -	\$ 2,004,986.36	\$ 2,004,986.36
Sixty (60) days prior to commencement of construction	Boston Wind Turbines	\$ -	\$ 2,004,986.36	\$ 2,004,986.36
Sixty (60) days prior to commencement of construction	Madrid North	\$ 2,317,314.34	\$ 3,737,911.68	\$ 6,055,226.02
Sixty (60) days prior to commencement of construction	Madrid South	\$ 286,997.08	\$ 1,276,007.67	\$ 1,563,004.75
Sixty (60) days prior to commencement of construction	Doris TIA Phase 2a ^{Note 2}	\$ -	\$ -	\$ -
Sixty (60) days prior to commencement of construction	Doris TIA Phase 2b ^{Note 2}	\$ -	\$ -	\$ -
TOTAL (ALL STAGES CONSTRUCTED)		\$ 14,405,876.12	\$ 66,766,335.33	\$ 81,172,211.46

Note 2: The Doris TIA Phase 2a and 2b Tranches have no estimated additional security costs because the costs to close and reclaim the Doris TIA has been included in the Pre-existing infrastructure Tranche. If Hope Bay resumes production the costs of managing the additional tailings will be incurred as part of the operations and therefore further security will not be required.

April 28, 2023

If there are any questions, don't hesitate to contact the undersigned.

Regards,



John Roesch
Senior Hope Bay Project Officer, KIA



Guy Dufour
Hope Bay - Environment General Supervisor

Attachment 1 – 2AM-DOH1335_Basis_of_Estimate_Security_Update_April2023 (pdf)

Attachment 2 – 2AM-DOH1335_RECLAIM_Security_Update_Current_April2023 (excel)

Attachment 3 – 2AM-DOH1335_RECLAIM_Security_Update_LOM_April2023 (excel)