

December 21, 2018

Stephanie Autut
Executive Director
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU X0B 1J0

RE: Notice re Potential Water User Compensation Process

Dear Ms. Autut:

The Kivalliq Inuit Association (KIA) indicated in August 2018 that KIA is in the process of reviewing the water compensation payable under the existing Water Compensation Agreement for the Meadowbank Project. Agnico-Eagle Mines Limited and KIA are discussing these matters over the next 30 days and it is our hope that matters relating to water compensation will be resolved in the near term.

However, in recognition of the Nunavut Water Board (NWB)'s schedule, Agnico is writing to provide advance notice to the NWB that if matters relating to water compensation are not resolved on or before January 22, 2018, Agnico may initiate the NWB compensation determination process pursuant to section 20.3.2 of the Nunavut Agreement. In that event, Agnico would request a final NWB determination respecting water compensation be made on or before March 18, 2019. This date is important for the continued operation of the Meadowbank mine. As you may know, over the last two years, we have worked really hard to ensure that there would be no gap in employment for our Inuit and non-Inuit employees at Meadowbank. This date is in line with this goal.

Agnico recognizes and respects that it is the role of the NWB to make its own determination on procedural matters, however Agnico suggests the following timeline and steps would be appropriate in those circumstances:

- (a) On or before **Friday, January 25, 2019**, the KIA and Agnico would provide all materials to the NWB and to each other in support of their assessment of the appropriate measure of compensation.
- (b) On or before **Monday, February 4, 2019**, the NWB would schedule an informal teleconference with KIA and Agnico in order to provide an opportunity for resolution of any outstanding items respecting compensation.
- (c) On or before **Friday, February 8, 2019**, the NWB would identify and provide notice to the KIA and Agnico if information in addition to the materials provided is considered necessary to arrive at a fair determination.
- (d) No less than seven (7) days prior to the oral hearing date, KIA and Agnico would file their final written submission with each other and the NWB.

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- (e) A preliminary oral hearing date for **the week of February 18, 2019** would be set by the NWB. Agnico has no preference as to location of the oral hearing, and would be open to conducting the oral hearing in Baker Lake, Rankin Inlet or Winnipeg if that is the preference of the NWB and KIA.
 - (f) Within twenty-one (21) days of the conclusion of the oral hearing (i.e. **the week of March 11, 2019**), the NWB would issue a water user compensation determination decision.

Agnico wishes to emphasize once again that it intends to work collaboratively with the KIA in order to resolve any issues relating to Meadowbank water compensation, and our hope is that this matter is resolved between the parties without need for an NWB determination.

Should you have any questions regarding this letter please do not hesitate to contact the undersigned.

Regards



Dominique Girard
VP, Nunavut Operations

copy to: Gabriel Karlik, Kivalliq Inuit Association