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By Licence Administrator at 11:00 am, Jun 10, 2011

June 9, 2011

Via Email & XpressPost

Richard Dwyer  
Licensing Administrator  
Nunavut Water Board  
P.O. Box 119  
Gjoa Haven, NU  
X0B 1J0

Dear Richard

**Re: Meadowbank Gold Project – Water Use Fees**

The Meadowbank Gold Project Type A water license 2AM-MEA0815, Part B, Condition 3, states:

*“The amount of Water use fees shall be determined in accordance with the section 9(b) of the Regulations.”* This is an annual fee due on the anniversary date of the license.

Section 9(b) of the Northwest Territories Water Regulations (SOR/93/-303, June 1993) state:

**9.** (1) Subject to subsections (4) and (5), the fee payable by a licensee for the right to the use of water, calculated on an annual basis, is

(b) in respect of an industrial, mining and milling or miscellaneous undertaking, the greater of \$30 and the aggregate of

(i) for the first 2 000 m<sup>3</sup> per day that is authorized by the licence, \$1 for each 100 m<sup>3</sup> per day,

(ii) for any quantity greater than 2 000 m<sup>3</sup> per day but less than or equal to 4 000 m<sup>3</sup> per day that is authorized by the licence, \$1.50 for each 100 m<sup>3</sup> per day, and

(iii) for any quantity greater than 4 000 m<sup>3</sup> per day that is authorized by the licence, \$2 for each 100 m<sup>3</sup> per day

Upon review of the water usage and payments made in 2009 and 2010, it was determined that Agnico-Eagle Mines – Meadowbank Division underpaid the water usage fees. A summary of the water usage and fees owed and paid for June 2008 – May 2009, and June 2009 – May 2010 is provided below. In addition, a summary of the water usage and fees owing for June 2010 – May 2011 is provided below.

**Regional Office:**  
20, Route 395  
Cadillac, Quebec  
J0Y 1C0  
Tel: 819-759-3700 Fax: 819-759-3663

**Baker Lake Office:**  
P.O. Box 540  
Baker Lake, Nunavut  
X0C 0A0  
Tel: 867-793-4610 Fax: 867-793-4611



**June 2008 – May 2009**

Month	m <sup>3</sup> Used Per Month	# Days / Month	m <sup>3</sup> / Day	< 2000 m <sup>3</sup> /day \$1/ 100 m <sup>3</sup> /day /month
June	1161	30	39	11.61
July	1541	31	50	15.41
August	1794	31	58	17.94
September	2162	30	72	21.62
October	2163	31	70	21.63
November	1737	30	58	17.37
December	1600	31	52	16.00
January	1725	31	56	17.25
February	1806	28	65	18.06
March	2593	31	84	25.93
April	2456	30	82	24.56
May	2624	31	85	26.24
<b>Total Fees Due</b>				<b>\$233.63</b>
<b>Total Paid</b>				<b>\$ 30.00</b>
<b>Outstanding Amount</b>				<b>\$ 203.63</b>

On July 29, 2009, the NWB acknowledged receipt of a cheque from AEM in the amount of \$30 for water use fees for water license 2AM-MEA0815. The \$30 amount was incorrect as per Section 9(b) of the regulations. The greater of \$30 and the aggregate of the 9(b) i, ii, and iii calculations should have been paid; consequently, a fee of \$233.63 should have been paid. The amount outstanding to the NWB is \$203.63.

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### June 2009 – May 2010

Month	m <sup>3</sup> Used Per Month	# Days / Month	m <sup>3</sup> / Day	< 2000 m <sup>3</sup> /day \$1/ 100 m <sup>3</sup> /day /month	2000 - 4000 m <sup>3</sup> /day \$1.50/ 100 m <sup>3</sup> /day /month	>4000 m <sup>3</sup> /day \$2 / 100 m <sup>3</sup> /day /month
June	4600	30	153	46.00		
July	4908	31	158	49.08		
August	4612	31	149	46.12		
September	3686	30	123	36.86		
October	2544	31	82	25.44		
November	2420	30	81	24.20		
December	2477	31	80	24.77		
January	4039	31	130	40.39		
February	92262	28	3295	560.00	543.93	
March	231346	31	7463	620.00	930.00	2146.92
April	97784	30	3259	600.00	566.75	
May	85288	31	2751	620.00	349.32	
<b>Total Fees Due</b>				<b>\$7,229.78</b>		
<b>Total Paid</b>				<b>\$ 30.00</b>		
<b>Outstanding Amount</b>				<b>\$ 7,199.78</b>		

On June 9, 2010, the NWB acknowledged receipt of a cheque from AEM in the amount of \$30 for water use fees for water license 2AM-MEA0815. The \$30 amount was incorrect as per Section 9(b) of the regulations. The greater of \$30 and the aggregate of the 9(b) i, ii, and iii calculations should have been paid; consequently, a fee of \$7,229.78 should have been paid. The amount outstanding to the NWB is \$7,199.78.

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**June 2010 – May 2011**

Month	m <sup>3</sup> Used Per Month	# Days / Month	m <sup>3</sup> / Day	< 2000 m <sup>3</sup> /day \$1/ 100 m <sup>3</sup> /day /month	2000 - 4000 m <sup>3</sup> /day \$1.50/ 100 m <sup>3</sup> /day /month
June	102032	30	3401	600.00	630.48
July	96683	31	3119	620.00	520.25
August	99162	31	3199	620.00	557.43
September	95228	30	3174	600.00	528.43
October	88410	31	2852	620.00	396.15
November	74626	30	2488	600.00	219.39
December	81645	31	2634	620.00	294.68
January	71525	31	2307	620.00	142.88
February	73387	28	2621	560.00	260.81
March	87801	31	2832	620.00	387.02
April	86464	30	2882	600.00	396.96
May	99743	31	3218	620.00	566.15
<b>Total Fees Due</b>				<b>\$ 12,200.60</b>	

As per Section 9(b) of the regulations, AEM owes 12,200.60 for water use fees for the period of June 2010 to May 2011 for water license 2AM-MEA0815.

In summary, a total of \$19,604.01 is owed to the NWB for the following fees:

- \$203.63 for the outstanding amount from June 2008 – May 2009;
- \$7,199.78 for the outstanding amount from June 2009 – May 2010; and
- \$12,200.60 for the fees due from June 2010 – May 2011.



A cheque in the amount of **\$19,604.01** will be submitted to the NWB under separate cover, along with a copy of this letter.

Should you have any questions regarding this payment, please contact me via email at [rgould@agnico-eagle.com](mailto:rgould@agnico-eagle.com) or Stephane Robert at [stephane.robert@agnico-eagle.com](mailto:stephane.robert@agnico-eagle.com).

Regards,  
**Agnico-Eagle Mines Limited – Meadowbank Division**

Rachel Lee Gould, M.Sc.  
Permitting & Compliance Coordinator