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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYIT
OFFICE DES EAUX DU NUNAVUT

File No: 2AM-MEA0815

August 4, 2011

Rachel Lee Gould, M.Sc.
Permitting & Compliance Coordinator
Agnico-Eagle Mines Limited, Meadowbank Division
P.O. Box 540
Baker Lake, NU X0C 0A0

By email: rgould@agnico-eagle.com

Re: Licence No. 2AM-MEA0815; Part B, Item 3; Receipt of Water Use Fees for 2008, 2009 and 2010

Dear Ms Gould:

The Nunavut Water Board (NWB) would like to acknowledge the receipt of your letter dated June 9, 2011 and enclosed water use fees for the years 2008, 2009 and 2010, provided for the Meadowbank Mine Project, Agnico-Eagle Mines Limited ("the Company" or "AEM"), with respect to Licence No. 2AM-MEA0815.

Upon review of the letter and included summary tables for water use during the specified years, the NWB has determined that the fees provided are incorrect, as calculated according to sec.9 of the Northwest Territories Water Regulations, SOR/93-303 ("Regulations"). In a letter provided by the Board, June 20, 2011¹ to all Licensees paying water use fees (please see attached), direction was provided as to the use of the enclosed "Calculator" and water use fees payable moving forward.

The fees provided by AEM were calculated on an actual "use basis" rather than an "authorized" basis, and therefore reflect an inconsistent fee from year to year. The fee is to be calculated on the licensed amount and therefore will not change from year to year unless there is a change to that amount through an amendment to the Licence. In an email from Katheryn McIvor (AEM), dated August 5, 2008 to Richard Dwyer, a clarification was requested by AEM on the interpretation of sec.9 of the Regulations and the requirements of the Licence. At that time, discussions were taking place internally within Aboriginal Affairs and Northern Development Canada (AANDC) on the interpretation of the fee calculation and how to apply the fees. The understanding presented in AEM's initial email and the amount determined was correct.

¹ Letter from the NWB Chair, Notification of Corrections to the Calculation of Water Use Fees under the Northwest Territories Water Regulations, SOR/93-303, dated June 20, 2011.

Unfortunately, as the NWB was looking to AANDC for direction at the time, a response was not provided to AEM from the NWB.

Moving forward, the NWB is returning cheque no. 16915, in the amount of \$19,604.01 and would like to request that a resubmission of the water use fee, based on the attached information and calculator, be provided for 2011-12 in accordance with sec. 6(b)(ii) of the Regulations, which requires the fees to be paid, in advance on the anniversary date of issuance of the Licence. Although AEM did not include in their water fee summary, a payment for the period 2010-2011, the NWB has on record, an acknowledgment letter for the fee of \$30 submitted by AEM, therefore no additional fees are required at this time for that period.

Should you have any questions on the above or enclosed information, please feel free to contact the undersigned at email licensingadministrator@nunavutwaterboard.org .or directly at Phone 867-360-6338 ext.29.

Sincerely,

Original signed by:

Ida Porter,
Licensing Administrator

Attach. NWB Letter Dated June 20, 2011 re: Water use Fee Calculation
Cheque No.16915 with hard copy mail.

Cc: AANDC Water Resources Manager
Glen Stephens, AANDC

