

DATE OF ISSUE: JULY 28, 2008

IRREVOCABLE STANDBY LETTER OF CREDIT

NO: S18572/276888

AMOUNT: NOT EXCEEDING CAD 14,900,000.00

DATE OF EXPIRY: JULY 28, 2009

TO:
KIVALLIQ INUIT ASSOCIATION
164-1 NIWIK AVENUE
RANKIN INLET, NUNAVUT
X0C 0G0APPLICANT:
AGNICO-EAGLE MINES LIMITED
145 KING STREET EAST, SUITE 400
TORONTO, ONTARIO
CANADA M5C 2Y7

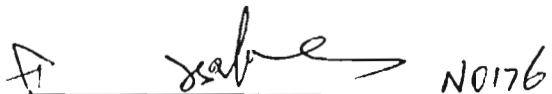
DEAR SIR(S) :

RE: SECURITY PURSUANT TO: PRODUCTION LEASE # KVPLOBD280 DATED JULY 24, 2008.

AT THE REQUEST AND FOR THE ACCOUNT OF AGNICO-EAGLE MINES LIMITED (THE "APPLICANT"), WE, THE BANK OF NOVA SCOTIA, ONTARIO INTERNATIONAL TRADE SERVICES, 61 FRONT ST. WEST, 4TH FLOOR, TORONTO, ONTARIO, CANADA M5H 1H1 HEREBY ESTABLISH IN YOUR FAVOUR OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. S18572/276888 (THE "CREDIT") FOR SUMS NOT EXCEEDING IN THE AGGREGATE CANADIAN DOLLARS FOURTEEN MILLION NINE HUNDRED THOUSAND ONLY (CAD14,900,000.00)

THIS CREDIT IS AVAILABLE WITH US FOR DRAWING AT SIGHT, WITHOUT ENQUIRY AS TO WHETHER YOU HAVE A RIGHT AS BETWEEN YOURSELF AND THE APPLICANT TO MAKE SUCH DEMAND AND WITHOUT RECOGNIZING ANY CLAIM OF THE APPLICANT, AGAINST PRESENTATION TO US, BY YOU OR YOUR DULY AUTHORIZED REPRESENTATIVE OR AGENT OF THE FOLLOWING DOCUMENTS:

1. A SIGHT DRAFT DRAWN ON THE BANK OF NOVA SCOTIA, ONTARIO INTERNATIONAL TRADE SERVICES, 61 FRONT STREET WEST, 4TH FLOOR, TORONTO, ONTARIO, CANADA M5H 1H1, AND
2. THE ORIGINAL OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT NO. S18572/276888 FOR ENDORSEMENT OF PAYMENT THEREON; AND
3. A STATEMENT PURPORTEDLY SIGNED BY AN OFFICIAL OF THE KIVALLIQ INUIT ASSOCIATION CERTIFYING THAT THE SIGNATORY IS AN OFFICIAL OF THE KIVALLIQ INUIT ASSOCIATION AND HAS AUTHORITY TO SIGN THE STATEMENT ON BEHALF OF KIVALLIQ INUIT ASSOCIATION (THE "KIA"),
AND

 NO176

AUTHORIZED SIGNATURE/SIGNATAIRE AUTORISÉ

 AB78

AUTHORIZED SIGNATURE/SIGNATAIRE AUTORISÉ

2381443 (7/99)

THE BANK OF NOVA SCOTIA/LA BANQUE DE NOUVELLE-ÉCOSSE

(ISSUING BANK NOTE: RETAIN IF ISSUED BY BRIEF CABLE/FULL CABLE/SWIFT)

(NOTE À LA BANQUE ÉMETTRICE : À CONSERVER SI AVIS BRIEF/COMPLET ÉMIS PAR CABLE/SWIFT)

ORIGINAL

3 - ADVISING BANK/BANQUE NOTIFICATRICE

2 - CUSTOMER/CLIENT

4 - BRANCH/SUCCURSALE

® Registered trademark of The Bank of Nova Scotia.

® Marque déposée de La Banque de Nouvelle-Écosse.

EITHER

THAT THE KIA IS ENTITLED TO APPLY THE AMOUNT DRAWN, BEING ALL OR PART OF THE SECURITY POSTED AND MAINTAINED PURSUANT TO PRODUCTION LEASE # KVPLOB280 DATED JULY 24, 2008 BETWEEN KIVALLIQ INUIT ASSOCIATION AND AGNICO - EAGLE MINES LIMITED, AS ORIGINALLY ISSUED OR AS AMENDED OR RENEWED FROM TIME TO TIME,

OR

THAT THIS CREDIT IS DUE TO EXPIRE IN 30 DAYS OR LESS AND THAT THE APPLICANT HAS NOT REPLACED THIS CREDIT BY POSTING WITH THE KIA AND OTHER SECURITY SATISFACTORY TO THE KIA.

PARTIAL DRAWINGS ARE PERMITTED.

THIS CREDIT IS EFFECTIVE FROM 9:00 A.M. JULY 28, 2008 AND SHALL EXPIRE AT OUR COUNTERS AT 5:00 P.M. JULY 28, 2009. THIS CREDIT SHALL BE RENEWED AUTOMATICALLY WITHOUT AMENDMENT FOR AN ADDITIONAL ONE YEAR PERIOD FROM THE INITIAL EXPIRATION DATE AND FOR AN ADDITIONAL ONE-YEAR PERIOD FROM EACH FUTURE DATE, UNLESS AT LEAST NINETY (90) DAYS PRIOR TO THE PRESENT OR FUTURE EXPIRATION DATE WE NOTIFY YOU IN WRITING BY REGISTERED MAIL OR COURIER THAT WE ELECT NOT TO CONSIDER THIS CREDIT RENEWED FOR SUCH ADDITIONAL PERIOD.

WE HEREBY AGREE THAT ALL DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS CREDIT SHALL BE DULY HONoured BY US IF PRESENTED FOR PAYMENT ON OR BEFORE THE PRESENT OR FUTURE EXPIRATION DATE.

EXCEPT SO FAR AS OTHERWISE EXPRESSLY STATED HEREIN, THIS CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (2007 REVISION), INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 600. NOTWITHSTANDING ARTICLE 36 OF SAID PUBLICATION, IF THIS CREDIT EXPIRES DURING AN INTERRUPTION OF BUSINESS AS DESCRIBED IN ARTICLE 36, WE AGREE TO EFFECT PAYMENT IF THIS CREDIT IS DRAWN ON US WITHIN FIFTEEN (15) DAYS AFTER THE RESUMPTION OF BUSINESS.

YOURS VERY TRULY,

 NO126

AUTHORIZED SIGNATURE/SIGNATAIRE AUTORISÉ



AUTHORIZED SIGNATURE/SIGNATAIRE AUTORISÉ

2381443 (7/99)

THE BANK OF NOVA SCOTIA/LA BANQUE DE NOUVELLE-ÉCOSSE

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