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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI
OFFICE DES EAUX DU NUNAVUT

File No. 2AM-MEA1525 / Amendment No. 1

June 6, 2016

Stéphane Robert
Manager Regulatory Affairs Nunavut
Agnico Eagle Mines Limited – Meadowbank Division
145 King Street East, Suite 400,
Toronto, Ontario M5C 2Y7 1C0

Email: stephane.robert@agnicoeagle.com

Subject: Type “A” Water Licence No. 2AM-MEA1525 – Meadowbank Gold Mine Project; Amendment No. 1 – Part C: Security

Dear Mr. Robert,

Please find attached Amendment No. 1 to Type “A” Water Licence No. 2AM-MEA1525 issued to Agnico Eagle Mines Limited (AEM) and approved by the Nunavut Water Board (NWB) Panel P9 (Meadowbank Panel), the three-member Panel duly appointed by the NWB to consider this amendment. On May 31, 2016, the Meadowbank Panel by **Motion 2016-04-P9-06** pursuant to the NWB’s authority under Article 13 of the Nunavut Land Claims Agreement (NLCA) and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* (NWNSRTA) approved the issuance of this Amendment to Part C of the Licence (Security).

Amendment No. 1 reflects that an agreement to manage reclamation security for the Project has recently been signed by AEM, the Kivalliq Inuit Association and the Minister of Indigenous and Northern Affairs Canada (the Minister).

All other terms and conditions of the original Licence related to the use of Waters and disposal of Waste remain unchanged. As this Amendment was determined by the Panel to not constitute a change that would affect the use, flow or quality of waters or alter the term of the Licence, the Panel waived the requirement for a Public Hearing as part of the processing of the amendment to the Type “A” Licence, as authorized under s. 9(1)(a) of the *Nunavut Waters Regulations*.

Please note that to take effect, the Amendment to the Licence must be approved by the Minister under s. 56 of the NWNSRTA. Accordingly, the NWB has forwarded the Amendment and accompanying Reasons for Decision to the Minister for her consideration under a separate cover.

Sincerely,

Norman Mike, Meadowbank Panel Chair
Nunavut Water Board

NM/kk

Enclosure: Licence No. **2AM-MEA1525 – Amendment No. 1**
Comments – DFO, INAC and KIA

Cc: Distribution - Kivalliq

LICENCE AMENDMENT No. 1

Licensee:	AGNICO EAGLE MINES LIMITED
Licence No:	2AM-MEA1525 Type “A”
Licence Issued:	July 23, 2015
Minister Approval of Licence:	September 2, 2015
Licence Expiry:	July 22, 2025
Amendment No. 1 Issuance:	June 06, 2016

DECISION

FILE BACKGROUND AND REGULATORY HISTORY

Current Application

During the April 29-30, 2015, Nunavut Water Board (NWB or Board) Public Hearing for Agnico Eagle Mines Limited (AEM or Licensee) original 2AM-MEA0815 Type “A” water licence renewal and amendment application, it was determined that the total reclamation estimate for the completion of activities presented in the Licensee’s Interim Closure and Reclamation Plan¹ was \$86,519,614.

As noted in the Reasons for Decision accompanying the renewed and amended Type “A” Water Licence No. 2AM-MEA1525 (the Licence) the Board considered evidence provided by the Kivalliq Inuit Association (KIA) that the KIA held \$14,900,000 for reclamation security under a Commercial Production Land Use Lease. On this basis the Board determined the following:

When the global security amount of \$86.5 million is discounted by the \$14.9 million currently posted under the KIA Commercial Production Lease, the amount of security the Board has fixed under Part C, Item 1 is currently set at \$71,700,000 (\$71.7 million).²

In setting the security under the Licence, the Board also, however acknowledged that AEM and the KIA had indicated that negotiations were underway between AEM and the KIA to add to the

¹ Meadowbank Gold Project, Interim Closure and Reclamation Plan prepared for Agnico Eagle Mines Limited. Golder Associates Limited. Report No. 13-1151-0131, dated January 7, 2014.

² Nunavut Water Board, Reasons for Decision for 2AM-MEA1525, August 5, 2015 at p. 71.

security held under the Commercial Production Lease. With the acknowledgement that a significant increase to the security held by the KIA could result in the potential for overbonding for the undertaking, the Board included additional terms and conditions in Part C of the Licence as follows:

...the parties should be aware that the Board has amended Part C to expressly allow for AEM, the KIA or the Minister to bring an application to amend the security amount required under Part C, Item 1 of the renewed and amended licence (under the Existing Licence this authority was limited to a request by the Licensee). This amendment to the renewed and amended licence would permit AEM or the KIA to apply to the Board to consider a reduction in the security amount required under Part C, Item 1 to reflect any changes to the security held under the Commercial Production Lease (increases OR decreases). Part C has also been amended to permit the Board to discount from the security amount fixed under the licence the reclamation security amount held by the KIA under the Commercial Production Lease (or other land- based instrument) where that security is held for equivalent purposes.³

Following the issuance of the Licence in August 2015, and approval by the Minister on September 2, 2015, the Licensee furnished \$71,700,000 as required under Part C, Item 1 of the Licence. Subsequently, when negotiations were concluded with the KIA in February 2016, the Licensee furnished \$78,834,710 to the KIA pursuant to an amendment to its Commercial Production Lease (increase from \$14,900,000 to \$78,834,710). As a result, by February 2016, the Licensee had furnished a total of \$150,534,710 in reclamation security to both INAC and KIA.

On February 12, 2016, the NWB received a request and associated documents from AEM under Part C, Item 2 of the Licence seeking to trigger an amendment to the reclamation security required to be held under Part C, Item 1 of the Licence. The basis for the amendment request was that when the security held under Part C, Item 1 of the Licence was added to the updated and increased reclamation security posted by AEM with the KIA under the Commercial Production Lease in February 2016, the total reclamation security posted by AEM for the undertaking was \$150,534,710 which, by AEM's estimate, "is an over-bonding of \$64,015,096 against the accepted liability of \$86,519,614".

As set out in the Licence, Part C, Item 2:

Upon the Licensee filing evidence, in writing with the Board and with notice to the Minister and Kivalliq Inuit Association that the Licensee has furnished and maintained security with the Kivalliq Inuit Association in an amount that the Kivalliq Inuit Association confirms is sufficient to secure the mine closure and reclamation costs (including cumulative and legacy liabilities) estimated to be required for the portion of the Project located on Inuit-owned lands, the Board may reduce the amount of security required to be held under Part C, Item 1. The Board

³ Nunavut Water Board, Reasons for Decision for 2AM-MEA1525, August 5, 2015 at p. 72.

shall ensure that the reduced amount of security furnished under Part C, Item 1 is equal to the estimated anticipated mine closure and reclamation costs (including cumulative legacy liabilities) for the portion of the Project located on Crown-owned lands.

In support of AEM's request to amend Part C, Item 1 of the Licence, the following documents were included within AEM's submission:

- Cover letter, February 12, 2016;
- Letter from INAC, dated November 02, 2015 verifying the posting of the security required under Part C, Item 1 of the Licence in a manner satisfactory to the Minister;
- Letter from INAC, dated October 29, 2015, verifying receipt of an Irrevocable Standby Letter of Credit for the amount of \$71,700,000;
- Letter from KIA, dated August 31, 2015 advising AEM that the security requirement under the Commercial Production Land Use Lease would be increased from \$43,900,000 to \$78,834,710; and
- Letter from the KIA, dated February 09, 2016 confirming that AEM has posted the additional security required under the Commercial Production Land Use Lease in the form of an Irrevocable Standby Letter of Credit in the amount of \$78,834,710.

History of Project

Meadowbank Mining Corporation (MMC), a wholly owned subsidiary of Cumberland Resources Ltd. (Cumberland), began actively exploring the Kivalliq Region approximately 70 km north of the Hamlet of Baker Lake in 1995. Engineering, environmental baseline studies and community consultations paralleled the exploration programs and were integrated to form the basis of the Meadowbank Gold Project. As a result of feasibility studies initiated by Cumberland in 2003, the Meadowbank Gold Project was established as a major Canadian gold project. The project consisted of the exploitation of several gold-bearing deposits in relatively close proximity to one another and processing of the ore at a nearby mill facility. The three main deposits are: Vault, Portage (including the Third Portage deposit, and the Connector Zone and North Portage deposit), and Goose Island deposits. The potential eco-systemic and socio-economic effects of the Meadowbank Gold Project were assessed by the Nunavut Impact Review Board (NIRB), and a Project Certificate [No. 004] was issued in December 2006.

In 2007, Agnico Eagle Mines Limited (AEM or the Applicant) was amalgamated with Cumberland and MMC. As a result of this amalgamation, all of the rights, titles, interests, liabilities and obligations of Cumberland and MMC were automatically, by law, transferred to, and assumed by, AEM who accelerated the development and started the construction of the mine. The Meadowbank Gold Mine Project (the Project as licensed by the NWB in 2008) involved the construction, operation, maintenance, reclamation, closure and monitoring of an open pit gold mine and milling facility at the Meadowbank mine site, and the processing plant achieved commercial production in March 2010. The original licence was subsequently renewed by the Board in August 2015.

At present, the project components included in the scope of the Licence consist of the Meadowbank mine site and the Vault mine site, a Marshalling Facility in Baker Lake, and a 110 kilometre (km) All Weather Private Access Road between Baker Lake and the Meadowbank mine site. There are also water retention dikes constructed from mined waste rock to allow for the mining of ore beneath shallow dewatered lakes and a tailings storage facility (Second Portage Lake's northwest dewatered arm), where tailings have been deposited sub-aerially as slurry and water from the ponds reclaimed during operation. Waste rocks are placed in separate Portage and Vault Waste Rock Storage Facilities.

Licensing History for the Undertaking

The original Type "A" Water Licence **2AM-MEA0815** was issued by the NWB on June 9, 2008. The original Licence was subsequently approved by the Minister on July 10, 2008,⁴ authorizing the use of water and deposit of waste in relation to the Mining Undertaking at the Meadowbank Gold Mine Project located approximately 70 km north of Baker Lake within the Kivalliq Region of Nunavut.

Amendment No. 1 to 2AM-MEA0815 was issued by the NWB on May 6, 2010, and was subsequently approved by the Minister on June 18, 2010. Amendment No. 1 allowed AEM to expand the Marshalling Area Bulk Fuel Storage Facility and fuel storage area, with increasing capacity from 40 million litres (ML) to 60 ML of diesel fuel by adding two additional 10 ML capacity diesel fuel tanks. In addition, the amendment authorized the construction of an additional 2 ML tank for the bulk storage of Jet A fuel to refuel aircraft flying into the Meadowbank mine site.

Amendment No. 2 to 2AM-MEA0815 was issued by the NWB on June 30, 2014, and was subsequently approved by the Minister on July 23, 2014 to increase the authorized use of water associated with the Meadowbank Gold Mine Project from the licensed amount of 700,000 m³ per year of fresh water for all purposes (domestic camp use, mining, milling and associated uses), to a total amount of 1,870,000 m³ in 2013 and 1,150,000 m³ per year after 2013.

Short-Term Renewal of 2AM-MEA0815 was issued by the NWB on March 20, 2015 and was approved by the Minister on April 20, 2015. The Short-term Renewal extended the expiry of the licence by an additional 180 days to allow time for the Board to complete their consideration of the full renewal and amendment application which was underway but would not have been completed by the original expiry of the licence. The Board's grant (and Minister's approval) of the Short-Term Renewal Application resulted in the extension of the expiry of the water licence to the earlier of November 27, 2015 or the grant of a renewed water licence should the Board decide to grant AEM's request to renew the licence and the Minister approve the renewed water licence. Under the Short-Term Renewal, all other terms and conditions of the licence remained unchanged.

⁴ Letter from the Honourable C. Strahl, Minister of Indian and Northern Affairs Canada (as the Minister was then, the Ministry has since been renamed and is now Indigenous and Northern Affairs Canada) to T. Kabloona, NWB, Interim Chair, July 10, 2008.

Renewal Licence 2AM-MEL1525 was issued by the NWB on July 23, 2015 (the Licence). The Licence was subsequently approved by the Minister on September 2, 2015⁵. The Licence authorizes the Licensee to continue the use of water and deposit of waste in relation to the Mining Undertaking at the Meadowbank Gold Mine Project.

Procedural and Regulatory History of the Amendment Application

As noted above, on February 12, 2016, AEM submitted the application to amend the amount of reclamation security fixed under Part C, Item 1 of the Licence. The Board reviewed the Licensee's request and, as set out in Part C, Item 2 of the Licence, on February 29, 2016 the Board provided notice of AEM's amendment application and requested, that on or before March 21, 2016, the Kivalliq Inuit Association (KIA) provide their comments on the following:

- Comment as to whether or not the KIA agrees that the updated security amount filed under the Commercial Production Land Use Lease is sufficient to secure the mine closure and reclamation costs (including cumulative and legacy liabilities) estimated to be required for the portion of the Project located on Inuit-owned lands; and
- Any other comments the KIA would consider relevant to the Board in assessing the Licensee's request for amendment to the security held under Part C, Item 1 of the Licence.

Also, as set out in Part C, Item 2, the Board requested that on or before March 21, 2016, representatives of the Minister of Indigenous and Northern Affairs Canada (INAC) provide their comments on the following:

- Comment as to whether or not the Minister agrees that the reduced security amount proposed by AEM to be required under an amended Part C, Item 1 of the Licence (\$7,684,904) would be sufficient to secure the mine closure and reclamation costs (including cumulative and legacy liabilities) estimated to be required for the portion of the Project located on Crown owned lands; and
- Any other comments the Minister would consider relevant to the Board in assessing the Licensee's request for amendment to the security held under Part C, Item 1 of the Licence.

The NWB's February 29, 2016 correspondence also provided public notice of AEM's amendment request as required under s. 55(1) of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* and invited comment from any interested parties or members of the public who wished to provide comments and/or recommendations to the Board regarding the proposed amendment by the end of the commenting deadline for all parties set at March 21, 2016.

On March 14, the Board received comment submissions from Fisheries and Oceans Canada (DFO) raising issues with respect to the reclamation cost estimates as they may be associated with the expansion of mining activity into Phaser Lake (a matter that was before the Minister of INAC following assessment and a reconsideration of the terms and conditions in the existing Meadowbank Project Certificate by the Nunavut Impact Review Board).

⁵ Letter from the Honourable B. Valcourt, Minister of Aboriginal Affairs and Northern Development Canada (as the Minister was then, the Ministry has since been renamed and is now Indigenous and Northern Affairs Canada) to L. Toomasie, NWB, Hearing Chair, September 2, 2015.

On March 18, 2016, prior to the deadline for submissions, the Board received a request from the KIA and INAC to extend the comment deadline to April 25, 2016 in order to allow for AEM, the KIA and INAC to engage in further discussions regarding entering into an arrangement for managing reclamation security for the undertaking. Prior to April 25, 2016, a further extension request was received from the KIA, and the NWB extended the deadline for filing comments to May 2, 2016. On May 2, 2016, the KIA requested a further 15 day extension to the comment deadline, and on May 3, 2016, the Board extended the deadline to May 17, 2016.

On May 2, 2016, comment submissions regarding AEM's amendment request were received from INAC that provided the following recommendations:

Pursuant to Section 4 of the Department of Indian Affairs and Northern Development Act, the Department's Minister is responsible for the management of Nunavut's freshwater resources. The allocation of reclamation security under water licences should not be based on land ownership (Crown versus private land ownership) as it may not be sufficient for projects mostly or completely on Inuit-owned lands given the Minister's responsibilities for water in the whole of Nunavut under the Nunavut Waters and Nunavut Surface Rights Tribunal Act and the Nunavut Waters Regulations. The proposed amount \$7,684,904 is therefore inadequate.

Based on the establishment of a security management agreement between the Department, the Kivalliq Inuit Association, and the Licensee, the Department recommends that the reclamation security amount specified under Part C, Item 1 of the water licence be reduced to \$43,259,807⁶.

On May 17, 2016, the KIA provided their comment submission consisting of a cover letter and Security Management Agreement executed by KIA, INAC and AEM that "applies to the proponent's Meadowbank Project, including the Phaser Lake/Vault Pit expansion..." As summarized by the KIA⁷:

The Kivalliq Inuit Association, Indigenous and Northern Affairs Canada and Agnico Eagle Mines Limited entered into a Security Management Agreement, pursuant to which Agnico Eagle Mines must furnish security in the amount of \$86,519,614. The security is to be divided and held as follows: security to be held under the water license (sic) will be \$43,259,807; security to be held by the Kivalliq Inuit Association under commercial Lease KVPL08D280 will be \$43,259,807. Kivalliq Inuit Association is attaching the Security Management Agreement as part of the evidence in this proceeding.

⁶ Letter from K. Costello, Director Resource Management Nunavut Region, INAC to Licensing Department, NWB; Re: Amendment to Reclamation Security Amount Required Under Nunavut Water Board Water Licence No. 2AM-MEA1525, Request by Licensee, May 2, 2016.

⁷ Letter from L. Manzo, KIA to Licensing Department, NWB; Re: Amendment of Reclamation Security Amount Required under Nunavut Water Board Water Licence No. 2AM-MEA1525, Request by Licensee, May 17, 2016.

AEM's amendment request, comment submissions and all other documentation related to the request are available from the NWB's public registry from the following link:

[ftp://ftp.nwb-oen.ca/registry/2%20MINING%20MILLING/2A/2AM%20-%20Mining/2AM-MEA1525%20Agnico/3%20TECH/2%20SECURITY%20\(C\)](ftp://ftp.nwb-oen.ca/registry/2%20MINING%20MILLING/2A/2AM%20-%20Mining/2AM-MEA1525%20Agnico/3%20TECH/2%20SECURITY%20(C))

DECISION TO ISSUE

Following the Board's receipt and review of the amendment application and the comments received, the Meadowbank Panel, the three-member Panel duly appointed by the NWB to consider this amendment, met on May 31, 2016 to consider the Licensee's amendment request. As this amendment may be characterized as: "an amendment to a Type "A" licence that does not affect the use, flow or quality of waters or alter the term of the licence" the Board determined that, as provided for under s. 9(1)(a) of the *Nunavut Waters Regulations*, SOR/2013-69⁸, no public hearing would be required before the Panel could consider and render a decision in respect of this amendment request.

Reflecting the jurisdiction of the Board under s. 76 of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* (NWNSTRA) and s. 10 of the *Nunavut Waters Regulations* and the requirement of s. 76.1(3)⁹ of the NWNSTRA, the Board has taken into account the evidence provided by the parties that reclamation security for the undertaking has now been addressed in the *Meadowbank Security Management Agreement* (Agreement) between KIA, INAC and AEM. The Agreement establishes the amount of the security expected to be furnished and maintained by the Licensee or prospective assignee under the amended Licence as well as under the Commercial Production Lease. The three-member panel of the Board, Panel P9, duly appointed by the Board to consider the Application, by Motion No. 2016-04-P9-05 and Motion No. 2016-04-P9-06 has decided to issue these Reasons for Decision and amend Water Licence No. 2AM-MEA1525 in accordance with the terms and conditions outlined below.

Conclusions of the Board Regarding the Amount of Security to be Held under the Licence

Pursuant to the Board's authority under Article 13 of the Nunavut Land Claims Agreement and the *Nunavut Waters and the Nunavut Surface Rights Tribunal Act*, with respect to a request for amendment dated February 12, 2016, made by Agnico Eagle Mines Limited for the Meadowbank Gold Mine Project, and the Reasons for Decision issued by the Nunavut Water Board (NWB) with respect to the request, the NWB hereby issues the amendments to Licence 2AM-MEA1525 as follows:

⁸ 9 (1) for the purposes of section 13.7.3 of the Agreement and subsection 52(1) of the Act, no public hearing is required in respect of an application for

(a) an amendment to a type A licence that does not affect the use, flow or quality of waters or alter the term of the licence;

⁹ 76 (1) The Board may require an applicant, a licensee or a prospective assignee to furnish and maintain security with the Minister in the form, of the nature, subject to such terms and conditions and in an amount prescribed by, or determined in accordance with, the regulations or that is satisfactory to the Minister.

(3) The Board shall take into account the written arrangement when it determines the amount of the security required to be furnished and maintained by the applicant, licensee or prospective assignee under subsection 76(1).

- Reflecting the information available, the Board acknowledges and accepts that the total security amount of \$86,519,614 is the appropriate amount of security required for reclamation of the undertaking. However, as set out in the Meadowbank Security Management Agreement, Article 6, Item 1, the Board recognizes that only 50% of this global amount will be secured under the Water Licence.
- Consequently, the amount of security that must be posted by the Licensee under Part C, Item 1 of Type “A” Water Licence 2AM-MEA1525 will be amended to be **\$43,259,807**.

Additional Amendments to the Licence to Permit Periodic Review of the Amount of Security

Under the *NWNSRTA* the Board may include any licence conditions the Board considers appropriate. Most specifically, s. 76(1) of the *Act* gives the Board the authority to establish terms or conditions relating to the furnishing or maintaining of security. As always, the Board’s authority must be exercised in light of its objects, stipulated under s. 35 of the *Act*.¹⁰

The Board noted that paragraph (h) of Article 2 of the *Meadowbank Security Management Agreement* indicates that AEM shall propose the following, as approved by KIA and the Minister, to the NWB: “*the periodic review of security, taking into account any material changes to the project or the risk of environmental damage, and the adjustment of the amount of security as a result of such reviews*”.¹¹

As the provisions of the Licence did not reflect the presence of security management arrangements between AEM, INAC and the KIA, the Board has also included amendments required to allow for this type of periodic review of the amount of security to be held under the Licence. In these additional terms and conditions the Board has defined that there are three key circumstances that may trigger the Board’s review and potential adjustment to the amount of security held under the Licence.

Firstly, if the Board receives notification that the *Meadowbank Security Management Agreement* has or will be terminated or has or will otherwise fail, or that there will be a material change to the Agreement that may affect the amount of security that should be held under the Licence, the Board may, upon providing notice under the *NWNSRTA*, initiate a review and amendment to the terms and conditions in the Licence related to security.

Secondly, upon the Board receiving notification and supporting evidence that there is a substantial change in the Project or risk of environmental damage that could result in a material change to the amount of security that should be held under the Licence (including, but not limited to, updates to the reclamation cost estimate arising from unexpected changes or modifications of the Project

¹⁰ Section 35 of the *NWNSRTA* states:

The objects of the Board are to provide for the conservation and utilization of waters in Nunavut, except in a national park, in a manner that will provide the optimum benefit from those waters or the residents of Nunavut in particular and Canadians in general.

¹¹ Meadowbank Security Management Agreement, page 4, Article 2

activities), the Board or parties to the Agreement may initiate an amendment to the relevant terms and conditions in relation to the security to be held under the Licence.

Thirdly, for specific periodic reviews of security, the Board has determined that the reclamation cost estimate shall be updated and submitted for the Board's review and consideration of potential amendments to the security requirements under the Licence when an updated reclamation cost estimate is included within the Final Closure and Reclamation Plan.

AMENDMENT TO PART C: CONDITIONS APPLYING TO SECURITY

Delete Items 1 to 6 of the Existing Licence and Insert

1. The Licensee shall, within thirty (30) days following the approval of this Licence by the Minister, furnish and maintain security with the Minister in the amount of **\$43,259,807**. As set out in the *Meadowbank Security Management Agreement*, May 17, 2016 Version, the amount secured under this Part constitutes 50% of the total global security amount of \$86,519,614 that is required to reclaim the Undertaking and reflects that the other 50% of the global security amount will be held outside the Licence by the Kivalliq Inuit Association, in accordance with the terms and conditions of the *Meadowbank Security Management Agreement*.
2. The security held under Part C, Item 1 shall be in the form, of the nature, and subject to such terms and conditions, as prescribed by the Act and Regulations.
3. The Licensee shall, within ten (10) days after furnishing security with the Minister, provide evidence to NWB and Kivalliq Inuit Association, that the security has been received by the Minister, indicating the amount, form, nature and conditions of the security.
4. The Licensee shall, within ten (10) days after furnishing security with the Kivalliq Inuit Association, provide evidence to NWB and to the Minister, that the security has been received by the Kivalliq Inuit Association, indicating the amount, form, nature and conditions of the security.
5. The Licensee shall provide the Board with at least ninety (90) days written notice prior to any parties' termination of the *Meadowbank Security Management Agreement*, or any material change to the *Meadowbank Security Management Agreement* that may affect the amount of security held under Part C, Item 1.
6. The Licensee shall provide the Board with at least ninety (90) days written notice prior to any material changes to the Undertaking or the risk of environmental damage associated with the Undertaking that could result in a material change to the reclamation liability associated with the Undertaking (including, but not limited to, updates to the reclamation cost estimate arising from unexpected changes or modifications of the works and activities associated with the Undertaking).
7. The Licensee shall at the time the Licensee files the Final Reclamation and Closure Plan as required under the Licence, submit to the Board for review in writing an updated reclamation cost estimate, using the INAC RECLAIM Reclamation Cost Estimating Model (Version 7.0 or the most current version at the time the updated reclamation cost estimate is submitted to the Board).
8. Upon the Board receiving notice under Part C, Items 5 or 6, or upon receiving an updated reclamation cost estimate as required under Part C, Item 7, the Board, may on its own initiative, or upon application by the Licensee, the Minister and/or Kivalliq Inuit

Association, conduct a periodic review of the outstanding reclamation liability associated with the Undertaking and may, as the Board considers appropriate, amend the amount of security held under Part C, Item 1. Any submission requesting an amendment to the security provisions of the Licence shall include supporting evidence to justify the amendment and will be processed by the Board as an amendment to the terms and conditions of the Licence.

9. If the Board determines it to be necessary, or upon the request of the Licensee, the Minister and/or the Kivalliq Inuit Association, the Board may issue further directions under this Part with respect to the process for the Board's conduct of periodic reviews of security and associated amendments to the amount of security to be furnished and maintained under the Licence.
10. The Licensee shall maintain the security deposit until such time as the Minister is satisfied that the Licensee has complied with all provisions of the approved Abandonment and Restoration Plan. This clause shall survive the expiry of the Licence or renewals thereof and until full and final reclamation has been completed to the satisfaction of the Minister.

AMENDMENT TO SCHEDULE A: SCOPE, DEFINITIONS AND ENFORCEMENT

Insert new Definition

“Meadowbank Security Management Agreement” means the agreement between Kivalliq Inuit Association, (KIA), Agnico Eagle Mines Limited (Proponent) and Her Majesty Queen in Right of Canada as represented by the Minister of Indigenous and Northern Affairs Canada (the Minister), signed by Minister on May 5, 2016, by Proponent on May 10, 2016, and by KIA on May 17, 2016 that applies with respect to the Proponent's Meadowbank Gold Mine Project (Project) including the Phaser Lake / Vault Pit expansion, but does not apply to any part of the Project in respect of which the Nunavut Water Board authorizes water use or waste deposits on or after the day on which the Agreement was signed.

All remaining terms and conditions of Type “A” Water Licence 2AM-MEA1525 dated July 23, 2015 shall continue to apply.

This Licence Amendment issued and recorded at Gjoa Haven, Nunavut on June 6, 2016.

**Nunavut Water Board
Panel Chair**

**APPROVED
BY:**

**Minister of Indigenous and Northern
Affaires Canada**

DATE LICENCE APPROVED: _____