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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYIT
OFFICE DES EAUX DU NUNAVUT

File No.: 2AM-MEA0815/ E3, 4

September 28, 2012

Stéphane Robert
Manager Regulatory Affairs Nunavut
Agnico-Eagle Mines Ltd. – Meadowbank Division
20, Route 395
Cadillac, Quebec, J0Y 1C0
Email: stephane.robert@agnico-eagle.com

Subject: Licence No. 2AM-MEA0815, Agnico-Eagle Mines Ltd., Meadowbank Gold Project, Kivalliq Region, Nunavut.

Dear Mr. Robert,

On September 21, 2012 Agnico-Eagle Mines Ltd. (“AEM” or “Licensee”) provided the Nunavut Water Board (“NWB” or “Board”) and other interested parties with an update of their freshwater usage at the Meadowbank Gold Project.

Part E, Item 3 of the Licence states that:

The total volume of fresh Water for all uses shall not exceed 700, 000 cubic metres per year.

After achieving commercial production in March 2010, AEM realized that freshwater consumption could exceed the freshwater usage permitted within the Type “A” Licence. The Licensee reported volumes of 1,148,505 m³ and 1,088,254 m³ fresh Water used in 2010 and 2011, respectively.

The Licensee has indicated in the above noted letter, that an action plan was put in place to minimize the use of fresh water at the mill, the main user of water at the site. Part E, Item 4 of the Licence states:

The Licensee shall to the greatest practical extent recycle water and the use of reclaim water from the Tailings Storage Facility.

With regard to the above, AEM has investigated different options to increase the usage of reclaim water that would subsequently result in a decrease in the requirement of freshwater.

The NWB concurs with AEM, that improving the water management practices on site resulting in a reduction of the fresh water usage (and subsequently within the licence authorized amount) is a much better resource management approach than seeking permission for additional fresh water to be used through an amendment to the Licence. The NWB acknowledges the efforts being made by the Licensee with respect to reduction in freshwater use and water recycling/reuse, however would like to remind the Licensee that all terms and conditions of the Licence including Part E, Item 3 still apply. The NWB looks forward to an update from AEM with results of the studies and the direction if any, the Company will pursue once reclaim/recycle studies have been completed.

Should you have any questions, please do not hesitate to contact the undersigned at (867) 360-6338 Ext. 30 or k.kharatyan@nunavutwaterboard.org, at your earliest convenience.

Yours truly,

Original Signed By:

Karén Kharatyan
Technical Advisor

KK/ri