
February 18, 2016

Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU
X0B 1J0

**RE: Agnico Eagle Mines Meadowbank Mine Type A Water License – 2AM-MEA1525
Modification**

Dear Karen Kharatyan,

The following letter is AEM's written notification to the Nunavut Water Board (NWB) in regard to a planned modification to the Vault Pit and ancillary works. This is provided to the NWB at least 60 days prior to the commencement of Phaser Lake dewatering, Phaser Pit and BB Phaser Pit mining activities as required under the terms and conditions of the Meadowbank Type A Water License (2AM-MEA1525 – Part G, Item 1). Under Type A Water License 2AM-MEA1525 Meadowbank Gold Project Water Agnico Eagle Mines (AEM) Meadowbank Division, Part G: Conditions Applying to Modifications, states:

1. The Licensee may, without written consent from the Board, carry out Modifications provided that such Modifications are consistent with the terms of this Licence and the following requirements are met:
 - a. The Licensee has notified the Board in writing of such proposed Modifications at least sixty (60) days prior to beginning the Modifications;
 - b. Such Modifications do not place the Licensee in contravention of the Licence or the Act;
 - c. Such Modifications are consistent with the NIRB Screening Determination;
 - d. The Board has not, within sixty (60) days following notification of the proposed Modifications, informed the Licensee that review of the proposal will require more than sixty (60) days; and
 - e. The Board has not rejected the proposed Modifications.

Triggered by AEM's application to the DFO for an authorization to dewater and mine in Phaser Lake, AEM submitted a request for a reconsideration of condition 48 and 49 of the Meadowbank Gold Mine Project Certificate [No. 004], related to Phaser Lake as per the Vault Expansion into Phaser Lake Main Application Document to Nunavut Impact Review Board in July 14, 2014 (Phaser Pit and BB Phaser Pit). In February 2015, NIRB advised AEM on the process for the reconsideration of the conditions. At the request of NIRB, AEM followed with a revised submission entitled, FEIS Addendum for the Meadowbank Project: Vault Expansion to include Phaser Pit and BB Phaser Pit, which was submitted to NIRB on July 3, 2015. NIRB is

currently reviewing the Vault Expansion (Phaser Pit and BB Phaser Pit) file. The hearings will be completed in March 1 -2nd, followed by a NIRB decision.

Phaser Pit and BB Phaser Pit are two small open pits that extend to the southwest from the perimeter of the Vault Pit and into Phaser Lake (See Figure 1). With current economics and mine planning, this expansion amounts to approximately 30 days of additional milling and uses the existing Meadowbank mill for ore processing; Vault Waste Rock Facility for waste rock storage; tailings storage facility, infrastructure and Vault haul road; all facilities which have been previously approved by NWB. No additional engineered structures are required for this expansion. AEM believes that Phaser Pit and BB Phaser Pit is an insignificant change to the project, the area was included in the terrestrial impact assessment, and is within the scope of the original project permitted by NIRB Project Certificate No.4, which assessed a 9 -10 year operating mine (i.e. 2009 – 2018). Furthermore, it is within the KIA Production Lease (KVPL08D280) and will be a continuation of the current mine, which Agnico Eagle believes has a net positive socio-economic impact for the community of Baker Lake and the Kivalliq region.

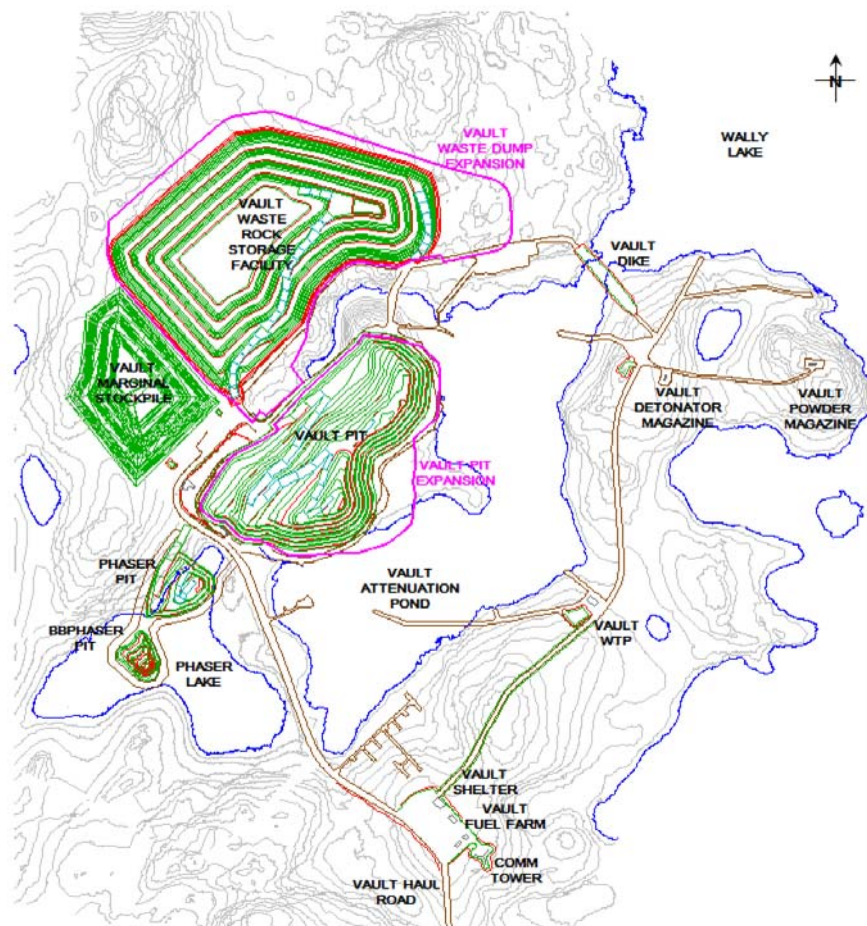


Figure 1: Vault Pit, Phaser Pit and BB Phaser Pit Layout and Waster Rock Pile

Pending a decision from NIRB, as an extension of the Vault Pit, AEM believes the requested Phaser Lake dewatering and mining of Phaser Pit and BB Phaser Pit is consistent with the activities already approved by the NWB Type A 2AM-MEA1525 for operation at the Vault Pit and therefore should extend to the Phaser Pit and BB Phaser Pit. The construction and operation schedule is presented in Table 1.

Table 1: Pit and Rim Road Construction, Dewatering and Operation Timeline

Description	Activity	Start Date
Road construction	Pit and Rim Roads that will connect Phaser Pit and BB Phaser Pit to the Vault Waste Rock Storage Facility and Main Vault Pit Haul Road	Q2 2016
Dewatering	Install pumps and piping	Q2 2016
	Begin Dewatering Phaser Lake* and pump from Phaser Lake to the approved Vault Attenuation Pond, treat as required, and discharge to Wally Lake	July to September 2016
Operations	Begin pre- stripping and Phaser Pit Operations	Q1 2017, depending on the timing of permits
	Begin pre-stripping and BB Phaser Pit Operations	2017, depending on the timing of permits

Note: * Refer to 2015 Water Management Report and Plan for Phaser Pit dewatering^{1 3}.

More specifically dewatering of Phaser Lake and management of water will follow Part D conditions applying to construction and dewatering². Water will be managed according to Part E and will be directed through the approved Vault Attenuation pond³. AEM will manage surface water that reports to Phaser Pit and BB Phaser Pit by pumping it to the approved Vault Attenuation pond as needed. During operations AEM will continue to meet approved license

¹ Part B Item 13; The Licensee shall, for all Plans submitted under this Licence, implement the Plan as approved by the Board in writing. The Board has approved (or accepted) the following Plans for implementation under the relevant sections in the Licence: Any changes to the plans deemed significant shall be considered as an amendment to the plans (s) or as a modification and must be approved by the Board.

² Part D Item 10; the licensee shall implement sediment and erosion control measures prior to and during construction and operations where necessary to prevent entry of sediment into water.

Part D Item 11; the licensee shall inspect daily, all construction activities for signs of erosion that may affect surface water discharging to Third Portage Lake, Second Portage Lake and Wally Lake.

³ Part E Item 7; the licensee shall submit a Water Management Plan on an annual basis to the Board for review following the commencement of Operations. The Plan must include an updated Water Balance.

discharge limits of effluent from the Vault Attenuation Pond prior to discharge through Wally Lake diffuser. Discharging water during operation will follow Part F effluent discharge limits, monitoring and acute lethality testing⁴. The approved monitoring of Wally Lake receiving environment as part of the CREMP and MMER monitoring will continue⁵.

As per Part B General conditions Item 13⁶, AEM will submit in its' 2015 NWB annual report the following revised plans:

- Water Quality and Flow Monitoring Plan, Version (March 2016);
- 2015 Water Management Report and Plan, Version 1 (March 2016)
- 2015 Mine Waste Rock and Tailings Management Plan, Version 1 (March 2016)

Furthermore, AEM continues to plan for dewatering and the fishout to begin in July 2016 and will continue to work with the DFO during the authorization phase. AEM will be submitting a revised offsetting plan in March, 2016 for Phaser Lake; dewatering and mining is pending authorization of these activities by DFO.

Under Type A Water License 2AM-MEA1525 Meadowbank Gold Project Water Agnico Eagle Mines (AEM) Meadowbank Division, *Part G: Conditions Applying to Modifications*, states:

3. Applications for modifications shall contain:
 - a. A description of the facilities and/or works to be constructed;
 - b. The proposed location of the structure(s);
 - c. Identification of any potential impacts to the receiving environment;
 - d. A description of any monitoring required, including sampling locations, parameters measured, and frequencies of sampling;
 - e. Schedule for construction;
 - f. Drawings of Engineered Structures stamped by a Professional Engineer;
 - and
 - g. Proposed sediment and erosion control measures.

⁴ Part F Item 4; The discharge of Effluent from the Vault Attenuation Pond at Monitoring Station ST-10 shall be directed to Wally Lake through the Wally Outfall Diffuser and shall not exceed the flowing Effluent quality limits. Part F Item 5; related to Acute Lethality testing.

⁵ Since the approved Wally discharge point is unchanged, Part I : Conditions Applying to General and Aquatic Effects Monitoring are approved for Phaser Pit activities.

⁶ Part B Item 13; The Licensee shall, for all Plans submitted under this Licence, implement the Plan as approved by the Board in writing. The Board has approved (or accepted) the following Plans for implementation under the relevant sections in the Licence: Any changes to the plans deemed significant shall be considered as an amendment to the plans (s) or as a modification and must be approved by the Board.

AEM believes we have met the conditions of Part G, Item 3. Herein, this letter has provided the NWB with the following:


- written notification to the NWB, at least 60 days prior to the beginning of dewatering of Phaser Lake;
- a description of the facilities and/ or works to be constructed;
- No additional impacts to the receiving environment (Wally Lake) are expected. For more details on the impact assessment AEM refers the NWB to the NIRB website and review the FEIS Addendum that discusses predicted impacts to the receiving environment as a result of mining Phaser Pit and BB Phaser Pit;
<ftp://ftp.nirb.ca/03-MONITORING/03MN107-MEADOWBANK%20GOLD%20MINE/01-PROJECT%20CERTIFICATE/05-AMENDMENTS/02-VAULT%20EXPANSION-CONDITION%2048/05-ADDENDUM%20%26%20CONFORMITY%20REVIEW/02-ADDENDUM%20SUBMISSION/150715-03MN107-EIS%20Addendum-IA1E.pdf>
- NWB has approved monitoring plans with sample locations in Wally Lake. As per above, AEM will submit revised monitoring and management plans in the 2015 annual report, that will be dated March 2016, and will include sample locations specific for Phaser Pit and BB Phaser Pit;
- A schedule for construction and operation has been provided in Table 1; and
- No new engineered structures are planned to be constructed, therefore stamped engineered structures are not required.

As per in Part G, Item 1(b) AEM believes the planned modification, does not put AEM in contravention of the Type A license 2AM-MEA1525.

Should you require any further information or questions please contact the below via email or by telephone.

Regards,

Agnico Eagle Mines Limited – Meadowbank Division



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