

December 21, 2018

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**RE: AGNICO EAGLE MEADOWBANK DIVISION NWB WATER LICENCE 2AM-MEA1526 -
BAKER LAKE FUEL FARM EXPANSION PROJECT – MODIFICATION**

Dear Mr. Kharatyan and Mr. Dwyer:

The following letter is Agnico Eagle's written notification to the Nunavut Water Board (NWB) in regard to a planned modification to the "Baker Lake Marshalling Area Bulk Fuel Storage Facility". This is provided to the NWB at least 60 days prior to the commencement of construction activities as required under the terms and conditions of the Meadowbank Type A Water License (2AM-MEA1526 – Part G, Item 1). Under Type A Water License 2AM-MEA1526 Meadowbank Gold Project Water Agnico Eagle Mines Ltd. (Agnico Eagle) 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.*

Agnico Eagle is developing the Whale Tail Pit Project (Project), a satellite deposit located on the Amaruq property approximately 50 km northwest of the Meadowbank Mine, to extend mine operations and milling at Meadowbank. The Whale Tail Pit will be mined by truck-and-shovel operation and will require the hauling of material from the pit operations to the Meadowbank

Mill. It will produce 8.3 million tonnes (Mt) of ore, 61.3Mt of waste rock, and 6.0 Mt of overburden waste. There are four phases to the development of the Project: 1 year of construction, 3 years of mine operation, 8 years of closure, and a post-closure period.

As a result of ore hauling from the Project to Meadowbank, and the addition of a Power Plant and heating facilities at the Project site, diesel fuel needs have increased and calculations made underestimated the needs. To address the upcoming shortage, Agnico Eagle is proposing to add two (2) 10 million L diesel fuel storage tanks to the Marshalling Area Bulk Fuel Storage Facility in Baker Lake for a total of 80 million litre. We propose to build the proposed infrastructures during the Spring and Summer 2019 (Tank 7) and Spring and Summer of 2020 (Tank 8). Tank 7 will be commissioned during the Summer and Fall of 2019 and Tank 8 will be commissioned during the Summer and Fall of 2020. Engineered drawings and design report can be found enclosed with this application.

The project was submitted to the Nunavut Planning Commission (NPC) on August 22, 2018. On August 28, 2018, the NPC referred Agnico Eagle to the positive conformity determination dated February 20, 2002 and to the Nunavut Water Board for further steps.

Agnico Eagle is proposing to modify NWB Water License 2AM-MEA1526 "Marshalling Area Bulk Fuel Storage Facility" definition from:

"means the facility consisting of six (6) 10 million L diesel fuel storage tanks and twenty (20) 100,000L fuel storage tank for Jet-A, for a total fuel capacity of sixty two (62) million litres and all associated infrastructure, as described in the Water Licence Application document entitled "Baker Lake Bulk Fuel Storage Facility: Environmental Performance Monitoring Plan" dated June 2014, indicated in the documents entitled "Baker Lake Fuel Storage Installations Final Report Phase 2-B" December 7, 2009 and illustrated in the As-Built DWGs VD2259-BKL-001 to VD2259-BKL-002, Stavibel Engineering Project Number VD2259-2, and "Baker Lake Fuel Storage Installations Final Report Phase 3" January 2011, and illustrated in the attached As-Built DWGs 740-C-0123, 740-C-0124 and 740-C-0125, Stavibel Engineering Project Number MEAD-1-400;"

to

"means the fuel storage and all associated infrastructure as described in the document entitled "Meadowbank Gold Project - Baker Lake Bulk Fuel Storage Facility: Environmental Performance Monitoring Plan" dated August 2018.

The above revised Environmental Performance Monitoring Plan can be found enclosed with this application.

The Monitoring Program will remain the same with sampling being conducted at station ST-40 in the secondary containment sump of additional tanks (7&8) prior to discharge or transfer of Effluent. To prevent entry of sediment into water, silt fences and/or straw logs will be installed downstream of the Construction area should runoff be observed. This is in accordance with Water Licence 2AM-MEA1526 Part D items 10-12.

To ensure thorough consultation, two (2) events (Open house – July 10, 2018; Elders site visit – August 10, 2018) were organized in Baker Lake to present the proposed project, gather traditional knowledge, hear concerns and respond to questions. As per traditional knowledge shared, the existing area used to be a garbage dump and does not hold archaeological value (i.e. no archaeological site within the vicinity of the area). Caribou migration routes with reference to the proposed site, potential of oil spill and measures in place to reduce the risk of it happening, Council approval process and design of the structure were amongst the topics discussed. Information collected has been included into the design. Overall, the participants were pleased to be included in the consultation and were interested in knowing more as the regulatory and construction phase progress (should the project be approved). Other events will be planned during Spring 2019.

The proposed Project is located on municipal land (Baker Lake). Land Leases on municipal land are administered by the Government of Nunavut Department of Community and Government Services (CGS) on behalf of the hamlet of Baker Lake. When the hamlet council passes a resolution approving the land leases, the permit is issued by CGS. As directed by the Government of Nunavut, an application for an amendment to the existing land lease permit has been submitted.

Under Type A Water License 2AM-MEA1526 Meadowbank Gold Project Water Agnico Eagle 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.*

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

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- Written notification to the NWB, at least 60 days prior to the beginning of construction activities;
 - A description of the facilities and/ or works to be constructed;
 - No additional impacts to the receiving environment are expected.
 - NWB has approved monitoring plans with sample locations in secondary containments of tanks 1-6. Sampling locations will be established in secondary containments of proposed tanks 7&8. As per above, Agnico Eagle has submitted a revised Baker Lake Bulk Fuel Storage Facility: Environmental Performance Monitoring Plan with this application,
 - A schedule for construction and operation has been provided; and
 - Drawings of Engineered Structures and design report have been submitted with this application;
 - Proposed sediment and erosion control measures has been provided.

As per in Part G, Item 1(b) Agnico Eagle believes the planned modification, does not put Agnico Eagle in contravention of the Type A license 2AM-MEA1526.

Should you require anything else, do not hesitate to contact the undersigned.

Best regards,



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Permitting Lead