



October 31, 2025

Karen Kharatyan
Nunavut Water Board
PO Box 119
Gjoa Haven, NU
X0B 1J0

Re: Water Licence 2AM-MEL1631 Modification – Pump Development within Permafrost and Water Storage in Pits – Comment on Security

Dear Mr. Kharatyan,

In support of the 2AM-MEL1631 Modification for mining of the Pump development within permafrost (with in-pit portal), and water storage in pits, the following letter has been prepared based on requests made during the conference call held by the Nunavut Water Board (NWB) on October 27, 2025 between the Kivalliq Inuit Association (KivIA), Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC), Environment and Climate Change Canada (ECCC), and Agnico Eagle Mines Limited (Agnico Eagle).

Request Made by Interested Parties

In summary, the KivIA and CIRNAC have an outstanding comment with respect to the security being held as it relates to storage of saline water in pits. Specifically, parties have indicated that the treatment of saline water is not accounted for in the current security. Parties have requested the volume of saline water to be stored as part of this Modification, as well as associated treatment costs.

Agnico Eagle's Response to Request

In response to comments provided to the NWB on September 24, 2025, and stated on the October 27, 2025 conference call, Agnico Eagle references the Interim Closure and Reclamation Plan (Agnico Eagle 2025¹): *"During closure, all saline water will be pumped to the underground. Surface contact water as well as local runoff and precipitation will be stored in the pits to enhance reflooding activities. Active reflooding will be conducted with water to be pumped from Meliadine Lake."*

Security measures are in place if the company dissolves, though this is highly unlikely given Agnico Eagle's strong long-term outlook.

The following information is provided for support in the review of security associated with storage of saline water in mined out pits.

¹ Agnico Eagle. 2025. Interim Closure and Reclamation Plan – Update 2024, March 2025.

Water Management Assumptions

There are two options available for management of saline water at closure:

- 1) send to Itivia Harbour; or
- 2) send to the underground mine(s).

This is the same approach used in the closure water management strategy in the Water Licence Amendment (Agnico Eagle 2024²), where saline water would remain in Lake B7/SP6 and it was assumed that the underground void space would be used for backfill of underground waste rock and saline water. Additionally, it was assumed that the Waterline remains available for the first two years of Active Closure (2032 and 2033). This additional Waterline operating window is proposed as an adaptive management measure to position the site for effective closure.

The Water Balance Water Quality Model Report (page 2-7), submitted with the Modification application, reflects this same strategy by including the option to pump water to Itivia Harbour. Based on model results, approximately 2.6 Mm³ of saline water is expected to remain at the end of Operations and in the initial years of Closure (see Table 3-1 below, extracted from the Water Balance Water Quality Model Report, an appendix to the Water Management Plan). This volume could be fully removed by pumping through the Waterline to Itivia Harbour, or by pumping the remaining saline water to the Tiriganiaq Underground.

The security provided for Meliadine Mine includes three years of pumping (2032 to 2034). This could be pumping water to Itivia Harbour or pumping water to Tiriganiaq Underground.

**Table 3-1:
Annual discharge volumes and sources. Active closure phase discharges highlighted
in grey.**

| Discharge | TIRI02 to WES02 | WES02 to Itivia Harbour | Surface Contact to Itivia Harbour | Total Discharge to Itivia Harbour | Discharge to Meliadine Lake |
|--------------|------------------|-------------------------|-----------------------------------|-----------------------------------|-----------------------------|
| Year | m ³ | | | | |
| 2025 | 0 | 0 | 0 | 0 | 1,359,000 |
| 2026 | 240,160 | 0 | 1,936,000 | 1,885,000 | 548,147 |
| 2027 | 1,093,684 | 193,404 | 1,898,000 | 2,039,404 | 464,203 |
| 2028 | 1,028,894 | 792,288 | 1,299,000 | 2,039,288 | 459,126 |
| 2029 | 0 | 579,815 | 1,511,000 | 2,039,815 | 484,839 |
| 2030 | 0 | 809,636 | 1,281,000 | 2,039,636 | 261,973 |
| 2031 | 0 | 564,103 | 1,527,000 | 2,040,103 | 151,152 |
| 2032 | 0 | 2,091,000 | 30,153 | 2,121,153 | 0 |
| 2033 | 0 | 517,876 | 1,573,000 | 2,039,876 | 0 |
| 2034 | 0 | 0 | 2,075,533 | 2,075,533 | 0 |
| Total | 2,362,738 | 5,548,122 | 13,130,686 | 16,244,275 | 3,728,440 |

² Agnico Eagle. 2024. WBWQM report submitted as Appendix E of the Water Management Plan in the 2024 WLA application.

Security Overview

As outlined in the Water Licence, Schedule C, security is held based on reclamation by phases of the Meliadine Mine.

Tranche 1 of securities included activities prior to the 2024 Water Licence Amendment. After the Amendment, additional security was added with respect to Tiriganiaq and Pump deposits and associated infrastructure. Tranche 1 security actively held is \$113,228,788.

Security for Water Management

Security in Tranche 1 (Tiriganiaq and Pump) includes: \$9,581,765 (for the activity of Surface and Groundwater Management), \$2,212,355 for Open Pits (includes flooding), and \$10,141,926 (overall contingency). This was based on the conservative groundwater model (i.e., higher flows than have been observed). The cost to pump water for flooding the three pits that will hold saline water is \$512,360 (see table below). As part of this modification, saline water would have to be pumped out before freshwater can be pumped in. Therefore, as presented in the table below, the cost to operate the pumps would be doubled. Based on the volume of water estimated to be in the pits, an additional direct cost of \$267,747 (or \$342,716 with indirect costs) would be required.

| Open Pits which will Hold Saline Water | Current Security for Pumping Direct Cost (Total) (to fully flood the pit with freshwater) | Pumping Cost for Saline Water (to remove remaining saline water) |
|---|---|--|
| TIRI02 | \$31,759 | \$4,373 |
| WES02 | \$444,101 | \$243,372 |
| PUMP02 | \$36,500 | \$20,002 |
| Total Cost | \$512,360 | \$267,747 |

The cost to remove saline water from these pits can be taken from the use of the Waterline or from contingency. It is the position of Agnico Eagle that contingency could be used because pumping water is an activity that has been accounted for, contingency is used to account for volumes or quantities that may be slightly higher than estimated at the time of security finalization.

Summary

Based on the information provided above, Agnico Eagle maintains the position that additional security is not required because:

- Pumping of saline water has been considered in the Water Licence and security, and thus it is appropriate to apply contingency for the small additional amount of saline water through this modification.
- The liability for pumping of saline water out of the three pits represents ~2.6% of the overall contingency in Tranche 1.
- The Waterline is assumed to remain operational for the first three years of Active Closure; if the waterline is not used to move water to Itivia Harbor, those costs can be transferred to manage other pumping of water at the main site.
- Agnico Eagle is a financially strong company, and the probability of the company ceasing to exist and the need for CIRNAC and KIA to draw on the securities, is extremely low.

CLOSURE

Agnico Eagle thanks the NWB for hosting the conference call on October 27, 2025 to advance the outstanding comments on the Modification. We believe the NWB has all the information to make an informed decision on security. In addition, we believe we have sufficient security for this modification.

We look forward to a decision from NWB in a timely manner to maintain operational activities. Should you have any questions or require further information, please contact the undersigned at your convenience.

Regards,



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