



TO Sophia Granchinho – NIRB
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FROM Agnico Eagle

CC Government of Nunavut

COMMITMENT 38 – FISCAL IMPACTS TO GOVERNMENT

During the technical meeting, held in Baker Lake, Nunavut on April 28-29, 2017 the following commitment was made (Commitment 38): Agnico Eagle will further investigate Project-driven revenue to the GN, and the forecasting of fuel and payroll tax. An updated response will be provided prior to the Final Hearing.

Further breakdown of projected Project-generated revenues have been provided below. Table 1 separates out fiscal impacts (i.e., revenue) accruing to the Government of Nunavut, less taxes and royalties paid to other bodies. These modelled values are preliminary, and will evolve as Project planning and development advances. Updated Payroll Tax values associated with the Project’s direct workforce requirements are now available, and have been included in the tables below. A breakdown of projected Project-generated fuel tax and payroll tax specific to the Government of Nunavut is provided in Table 2.

Table 1: Projected Total Project-Generated Fiscal Impacts Accruing Specifically to the Government of Nunavut

| Phase | Payroll Tax (\$M) | Corporate Income Tax (\$M) | Taxes on Unincorporated Business Profits (\$M) | Non-Renewable Resource Revenue (\$M) ^(a) | Sales and Excise Taxes (\$M) | Total Revenue (\$M) |
|-----------------------------|-------------------|----------------------------|------------------------------------------------|-----------------------------------------------------|------------------------------|---------------------|
| Construction ^(b) | 4.0 | 0.4 | 1.2 | 0.0 | 0.7 | 6.3 |
| Operations ^(c) | 4.4 | 3.7 | 2.1 | 46.5 | 3.3 | 60.0 |

Note: Payroll Tax values presented here are direct only, and are based on updated information from Agnico Eagle regarding workforce planning for the Project not available at the time at which the FEIS was written. Thus, total construction and average annual operations fiscal figures presented here vary slightly from figures presented in the FEIS and the preliminary response to the Technical Comment GN_04.

- (a) Total Royalties less amount to NTI
- (b) Cumulative Construction
- (c) Average Annual Operations

Table 2: Projected Total Direct Project-Generated Fuel Tax and Payroll Tax Accruing Specifically to the Government of Nunavut

| Phase | Fuel Tax | Payroll Tax |
|-----------------------------|----------|-------------|
| Construction ^(a) | 1.9 | 4.0 |
| Operations ^(b) | 22.0 | 4.4 |

- (a) Cumulative Construction
- (b) Average Annual Operations