



AGNICO-EAGLE MINES LTD.
Meadowbank Division

March 4, 2008

Mr. Richard Dwyer, Licensing Administrator,
Nunavut Water Board
P.O. Box 119,
Gjoa Haven, Nunavut
X0B 1J0
Canada

Email: licensingadmin@nunavutwaterboard.org

Dear Mr. Dwyer,

Reference: 2BE-MEA0813 - Meadowbank Project
Application for Amendment of the Meadowbank Exploration Project
Type B Water License

I am writing in follow up to the NWB letter of March 03rd raising questions of clarification in relation to the above noted amendment application (dated January 09, 2008). Please be advised that following our discussions both at the Technical Meetings held in Baker Lake on March 26th and 27th and by phone on March 04th, AEM believes that the best way forward is as follows:

1. Withdraw the amendment application dated January 09th, 2008 for 2BE-MEA0507 and replace it with an application requesting that the Meadowbank Exploration Project Type "B" Water License 2BE-MEA0813 be amended as follows:

Part C Conditions Applying to Water Use - Item 1 be amended as follows:

The Licensee shall obtain water for domestic camp use from third Portage Lake up to a maximum of 19 m³/day. Drill water shall be obtained from local water source(s), proximal to the drilling targets as outlined in the application to a maximum of 50 m³/day per drill to a maximum of 250 m³/day. The total volume of water for the purposes of this License shall not exceed 269 m³/day.

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Under this amended license, AEM would establish a new exploration camp at Km 100 with a maximum capacity of 85 persons (85 x 225 l/person/day) with an associated domestic water use of 19 cubic meters per day. AEM would also increase its exploration drilling capacity to average five drills operating at any given time for a daily water consumption of 250 cubic metres per day.

This amended license would then continue to be in force after the Type A Water License for the Meadowbank Mine came into force (assuming that a positive decision is given by the NWB and INAC Minister).

2. AEM would apply for a renewal of the Tehek Access Road Type B water License 8BC-TEH (expiry date of February 08, 2008) requesting that the license be renewed and amended to allow for the following additional activities prior to the issue of the Type A Water License for the Meadowbank Mine (assuming that a positive decision is given by the NWB and INAC Minister):
 - Operation of a camp with a maximum capacity of 200 persons with an associated domestic water use of 45 m³/day (200 x 225 l/person/day);
 - Operation of a sewage treatment plant (rotary biological contactor and equalization tank) for a maximum flow rate of 45 m³/day with the discharge going to Tear Drop Lake (a non fish bearing water);
 - Operation of Tear Drop Lake as a storm water management pond with an allowable discharge standard for water overflowing this pond;
 - Operation of a batch concrete plant with a maximum water use of 15 m³/day;
 - Pre-Development stripping and stockpiling of ~2.8 M tonnes of overburden from the preparation of the north and south portage starter pit; and
 - Initial rock drilling and blasting of rock in the north and south Portage starter pits to provide an in-situ stockpile of construction rock to build the East Dike starting in July of 2008.

With the understanding that this license would be incorporated into the Type A Water License if and when issued, AEM acknowledges that it bears full responsibility for the reclamation of all of this disturbance in the event that the Meadowbank Project cannot proceed due to AEM's inability to obtain the required authorizations and to this end a reclamation plan with associated reclamation cost estimate has been prepared for this proposed disturbance and will be provided to the NWB and all other parties for scrutiny.

With this approach there is no component of the Type A Water License application that is currently being considered by the Board that is contained within the proposed amended Meadowbank Exploration Project License.

AEM has made this unusual request to prevent the larger Meadowbank Project from inadvertently losing forward progress and potentially having to be mothballed for one year due to timing of approvals in relation to the short summer construction season in the North. AEM knows that this timing of approvals is often outside of the NWB mandate. AEM makes an appeal to all parties to try and work together to prevent this potential hiatus. We acknowledge that the land owner the KIA have indicated their support for the project staying on schedule as have the Hamlet of Baker Lake and the local businesses who have geared up to take best advantage of this summer's opportunities. The problem in schedule is best described as follows:

- Construction of the first dewatering dike (the East Dike) can not start until the Type A Water License is issued, the DFO HADD Authorizations are issued, the Transport Canada approvals under the Navigable Waters Protection Act are issued and the KIA approve a production lease. These are currently all trending to meet an early July 2008 date;
- Dewatering of the northwest arm of Second Portage Lake cannot start until the East dike is completed. With a July 01st start and with an available stockpile of suitable broken rock the East Dike is expected to be complete in September 2008;
- Partial dewatering of the northwest arm (lowering of the water level by approximately 4 m) is required to allow the Stormwater dike to be constructed in the winter of 2008/2009.

If the East Dike cannot be completed before the onset of winter in late 2008 then dewatering cannot start until after the dike is completed in the summer of 2009 as the dike cannot be completed once the lake surface freezes. This then would result in a project hiatus between end of summer 2008 and start of summer 2009 and would delay construction of the Stormwater dike until the winter of 2009/2010 hence the one year delay.

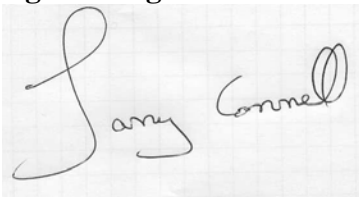
This would result in serious damage to AEM and would have adverse impacts on those businesses and employees counting on the project moving forward on the predicted schedule. AEM proposes this initial pre-development of the two portage starter pits as away of providing a quick start to dike construction in July if and when these authorizations are in place. AEM accepts the risk involved if these authorizations do not come in time and is prepared to fully reclaim the site if for some unexpected reason it becomes impossible for the project to proceed due to a permitting road block.

AEM proposes that it submit under separate cover the two amendment applications referenced at the beginning of this letter ASAP to allow the process to move forward with more clarity.

Should you have any questions on this information or on any other matter concerning this application, please do not hesitate to contact me.

Regards,

Agnico-Eagle Mines Ltd.

A handwritten signature in dark ink on a light-colored, textured background. The signature is written in a cursive style and appears to read "Larry Connell".

Larry Connell, P. Eng.

Regional Manager of Environment, Social & Government Affairs

cc: S Hartman – KIA
J. Rogers – INAC
A. Hanson – NIRB
A. Liu – DFO
Anne Wilson – EC
Helen Yeh – GN DoE