



September 26, 2019

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

Attention: Karén Kharatyan, Director of Technical Services

Planned Amaruq/Whale Tail Construction Activities Q4-2019 - 2020

We are writing further to our ongoing discussions regarding planned construction at Amaruq/Whale Tail starting in winter 2019/2020 and to confirm the path forward.

Pre-development Construction Activities (Whale Tail Expansion)

For additional background, during the June 11-13, 2019 Nunavut Impact Review Board (**NIRB**) technical meeting in Baker Lake on the Whale Tail Expansion Project, Agnico Eagle Mines Limited (**Agnico Eagle**) presented a detailed presentation which summarized construction plans for certain facilities that at that time were identified as required for the Whale Tail Pit Expansion Project, should an amended Project Certificate No. 8 be issued by the NIRB. These items included camp, energy and underground infrastructure as follows:

Installation by May 2020

1. installation of infrastructure required for increased sewage and freshwater treatment plant capacity;
2. installation of pads for the four additional wings to the permanent camp;
3. expansion of dry module and associated civil works;
4. expansion of approved kitchen and associated civil works; and,
5. pads for fuel storage tanks and gensets for the Whale Tail Cement Rockfill Plant;

Installation Later in 2020/2021

6. installation of Whale Tail Cement Rockfill Plant;
7. installation of additional gensets;
8. installation of fuel storage tanks and associated civil works; and
9. construction of access road to Reverse Osmosis Treatment Plant Facility, pad, dome.

Agnico Eagle had an additional conversation with Nunavut Water Board (**NWB**) staff on July 8, 2019 and further follow-up discussions with the NWB during August 2019. Agnico Eagle also spoke to these items at the NIRB public hearing in Baker Lake on the Whale Tail Expansion Project, which completed on Aug. 29, 2019. Last week we met with Kivalliq Inuit Association (**KivIA**) to discuss this topic.

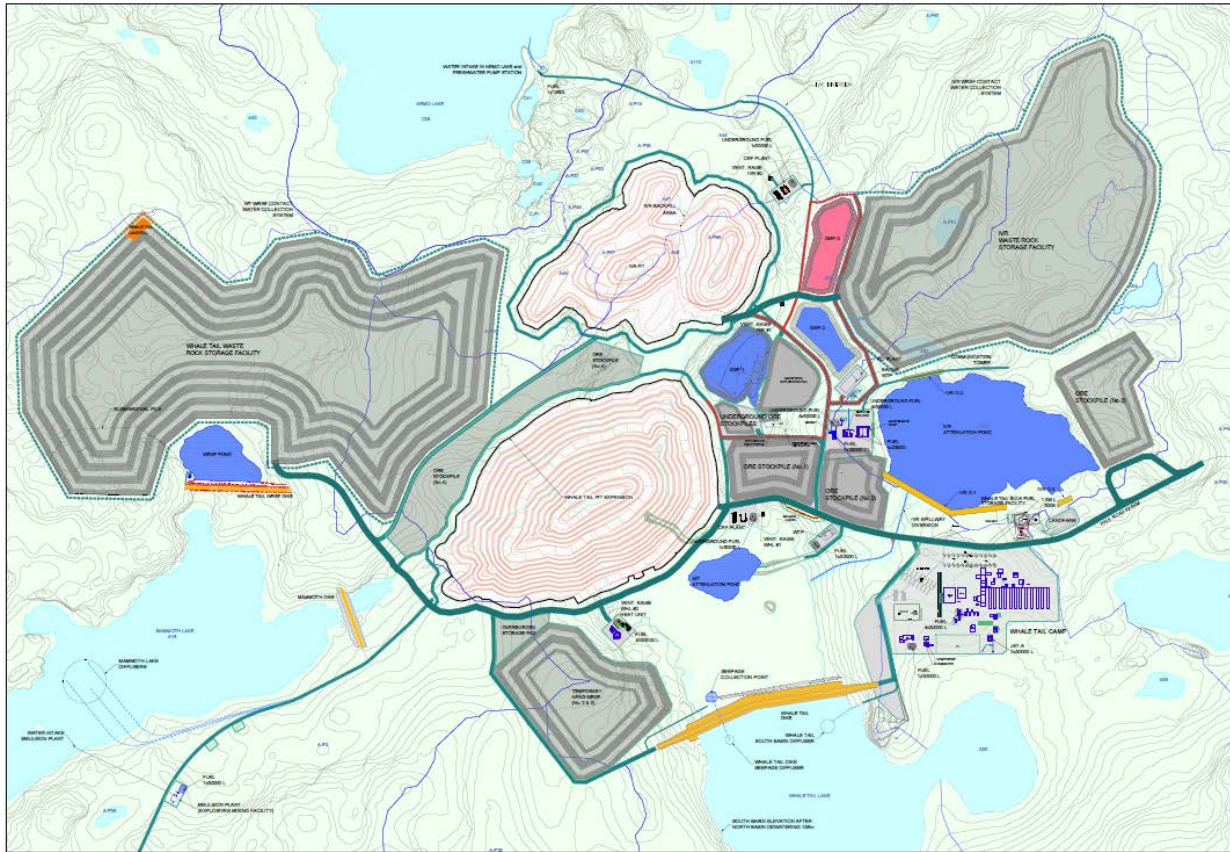
Agnico Eagle currently plans to commence construction of the items listed above by May 2020. The specific construction schedule for these items is highly dependent on the short amount of time available for construction in the Arctic as well as the constraints related to barge seasons and procurement processes.

The proposed structures would not be permanent and would all have alternative uses for the Amaruq and Whale Tail Projects in the event the Whale Tail Expansion Project is not approved. Agnico Eagle intends to limit its activity to construction only at this time and will not use these facilities until after the amendment of Project Certificate 08. There will be no use of waters or deposit of waste associated with any of these construction activities. The areas being used will all be within the previously assessed and now developed footprint of the Amaruq and Whale Tail Projects. Accordingly, Agnico Eagle has not identified any federal or territorial approvals that would be required to proceed with construction of any of these items.

Groundwater Storage Pond 2 and 3 (Current Amaruq/Whale Tail Water Management)

Agnico Eagle would also like to provide an update with respect to Groundwater Storage Pond 2, which was originally identified during the June 2019 NIRB technical meetings as a Whale Tail Expansion facility. As the NWB is likely well aware, our region experienced higher than average precipitation this past summer. Based on our recent discussions with KivIA, Agnico Eagle has now identified that as part of adaptive management we should proceed with construction of Groundwater Storage Pond 2 and 3 to manage water on site now, to ensure we initiate a practical adaptive water management mitigation for additional storage of water. Since these facilities are now required to support current activities at site, Groundwater Storage Pond 2 is no longer considered a Whale Tail Expansion facility.

For the NWB's reference, the diagram below shows Groundwater Storage Pond 3 in red, and Groundwater Storage Pond 2 is shown just below in blue:



Agnico Eagle's view is that Groundwater Storage Pond 2 and 3 are within the scope of and consistent with Water Licence No. 2BB-MEA1828, which already provides NWB authorization for Agnico Eagle to operate a stormwater management pond. Groundwater Pond 2 and 3 are consistent with the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*. Groundwater Storage Ponds 2 and 3 are also consistent with previous NIRB screenings. Agnico Eagle's interpretation is that an amendment of Water Licence No. 2BB-MEA 1828 would not be required to proceed with construction of Groundwater Storage Ponds 2 and 3, and our understanding, with support of the KivIA, that this modification can be approved through the NWB modification process or via an updated management plan (specifically, the Water Management Plan under Water Licence No. 2BB-MEA1828).

As Agnico Eagle would like to proceed with construction of Groundwater Storage Ponds 2 and 3 as soon as possible, we ask that the NWB confirm our understanding that construction could commence upon the filing of an updated Water Management Plan which describes site water management including Groundwater Storage Ponds 2 and 3. Alternatively, if the NWB determines that the modification process included under Part G "Conditions Applying to Modifications" is applicable, Agnico is requesting written approval from the NWB at its earliest convenience under Part G, Item 2 to proceed with construction of Groundwater Storage Ponds 2 and 3 prior to the 60 day notice period referenced at Part G, Item (a):

For the NWB's reference, Part G of Water Licence No. 2BB-MEA1828 is set out below:

"1. The Licensee may, without written consent from the Board, carry out Modifications to the Water Supply Facilities and Waste Disposal Facilities 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 Decision;
- d. the Board has not, during the 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.

2. Modifications for which all of the conditions referred to in Part G, Item 1 have not been met can be carried out only with written approval from the Board.

3. The Licensee shall provide as-built plans and drawings of the Modifications referred to in this Licence within ninety (90) days of completion of the Modification. These plans and drawings shall be stamped by an Engineer."

As all of the planned construction described in this letter is located on Inuit Owned Lands, Agnico Eagle has discussed this planned construction directly with the KivIA, who have indicated that Agnico Eagle should include all of these items in their 2019/2020 work plan. We will also engage with KivIA further on the topic of reclamation security to be posted under our lease.

Please let me know if you have any questions about this approach.

Sincerely,



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Regional Manager - Permitting and Regulatory Affairs