

The table below summarizes the major changes that AEM feels should be made to the 2013 RECLAIM estimate.

INAC Activity / Material	Quantity	Unit Cost	INAC cost	AEM cost	Reason for Change
Waste Oil Disposal fee	2000	\$1.12	\$2,240	\$0	Waste oil is delivered to a company in Rankin Inlet that uses it for heating.
Haul demolished buildings underground	32 scoops	\$138	\$4,416	\$500	The buildings would be disposed of in the box cut, not underground.
Haul 2007 – 2008 ore underground	13,065 m <sup>3</sup>	INAC \$27.56/m <sup>3</sup> AEM \$4.00/m <sup>3</sup>	\$336,213	\$52,260	AEM proposes to place this ore in the box cut, INAC proposed it be placed underground
Haul 2011 – 2013 ore underground	11,460 m <sup>3</sup>	INAC \$27.56 AEM \$16.07	\$294,911	\$171,960	AEM applied the lower unit cost of \$16.07 for disposing ore underground. This is the same unit cost used for soil moved underground.
Fly in cement	8,000 kg	INAC \$2.00/kg AEM \$0.20/kg	\$16,000	\$1,600	INAC proposes to use a helicopter to fly in the cement; AEM proposes to use the winter road.
<b>Sub Total</b>			<b>\$653,780</b>	<b>\$226,320</b>	
<b>Indirect Costs (Eng.)</b>		<b>5% of total</b>	<b>\$32,689</b>	<b>\$11,316</b>	
<b>Project Management</b>		<b>5% of total</b>	<b>\$32,689</b>	<b>\$11,316</b>	
<b>Contingency</b>		<b>20% of total</b>	<b>\$130,756</b>	<b>\$45,264</b>	
<b>Grand Total</b>			<b>\$849,914</b>	<b>\$294,216</b>	

The difference between the two calculations on major items to be changed is \$555,698. While INAC sees the 2013 security deposit being \$1,333,595, AEM feels a more reasonable bonding would be \$777,897 based on the above.

AEM still maintains that the 2010 security for the Meliadine Gold Project should be \$337,360 as set out in Comaplex's June 8<sup>th</sup> 2010 letter to the Nunavut Water Board. Also, recognizing improvements can be expected to the Meliadine Gold Project over the next three years, the security deposit could be increased annually to the end of 2013, providing the extension of the underground amendment is approved by the Board and the program proceeds as planned.

I remain available to discuss this matter further at your convenience and can be reached at 403 609 1222 or [john.witteman@agnico-eagle.com](mailto:john.witteman@agnico-eagle.com).

Yours sincerely,



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