



Water Resources Division
Nunavut Regional Office
Iqaluit, NU X0A 0H0

July 8, 2011

Phyllis Beaulieu
Manager of Licensing
Nunavut Water Board
PO Box 119
Gjoa Haven, NU X0A 1J0

Re: 2BB-MEL0914 – Meliadine West Gold Project – Agnico-Eagle Mines Limited – Reclamation Liability Estimate, Including All-Weather Road

Please be advised that Aboriginal Affairs and Northern Development Canada (AANDC) has completed a reclamation liability estimate, related to the Meliadine West Gold Project.

Please feel free to contact me should you have any questions or comments. I can be reached at (867) 975-4566 or by email at tanya.trenholm@inac.gc.ca.

Sincerely,

Original signed by

Tanya Trenholm
A/ Manager, Water Resources, Aboriginal Affairs and Northern Development
Canada



Technical Review Memorandum

To: Phyllis Beaulieu, Manager of Licensing - Nunavut Water Board

From: Tanya Trenholm, A/Manager, Water Resources Division - Aboriginal Affairs and Northern Development Canada

Re: 2BB-MEL0914 – Meliadine West Gold Project – Agnico-Eagle Mines Limited – Reclamation Liability Estimate, Including All-weather Road

Background Information:

On January 6, 2011, the Nunavut Water Board distributed Amendment #3, which allowed for, with respect to use of water and deposit of waste, the extension of the present exploration decline in order to facilitate underground drilling and bulk sampling.

By way of the January 6, 2011 letter, the Nunavut Water Board instructed parties to discuss and resolve security issues. The NWB also indicated, at the time, that the NWB was aware that the Licensee intended to submit a fourth amendment application for the construction of an all-weather road between Rankin Inlet and Meliadine Site.

Recommendations / Comments

Security:

AANDC would like to recognize that the box-cut approach has been used in calculating the following reclamation estimate. Additionally, two estimates are reflected one which does not include remediation of a winter road, and one which does include reclamation of a winter road. Should Agnico plan to use a winter road this upcoming season, AANDC recommends that the NWB consider the appropriate estimate.

Project Description

The project description includes the current site disturbance and proposed site activities by the company to 2012. The project can be described as follows:

- A camp site which includes approximately 40 insulated tent structures of various sizes, up to about 6 x 20 m, most of which are connected by covered wooden walk-ways, diesel or stove oil heaters are common,
- Additional 100 person self contained trailer camp
- About 2.5 km of roads,



- 3 bulk fuel storage areas, all using AST double walled tanks or fuel bladders lying within a lined containment area
- An explosives storage huts,
- Assorted laydown areas with waste debris and/or equipment inventory
- A portal ramp leading to approximately 3720 m of decline, drifts and raises.
- A 245 metre long, vertical, 3.0-metre diameter ventilation raise between the decline and surface, with fan house and exhaust fan at surface
- A surface waste rock storage pad that contains 8 710 m³ ore and 35 692 m³ waste rock. Ore processing (crushing) machinery is situated on the pad. A lined area for fuel-contaminated soil is located on the west side of the pad.
- An additional 8 000 m³ of material is processed in 2011 which is assumed to be ore.
- Additional 30 km all weather road from Rankin Inlet to Meliadine site

The deposit is described as a “shear off of the Pyke Fault”. In a figure on the company’s web site, the ore zone is shown as series of co-planar layers that are bounded by splays off of the Lower Fault. No information is provided concerning the determination of the expected volumes of ore and waste from the bulk sampling project.

Description of Proposed Reclamation Measures

Reclamation measures for the project are assumed to include the following:

- All hazardous materials (fuel, explosives, oil, batteries, etc) will be removed for off-site disposal,
- Fuel tanks will be shipped off-site
- Demolition and consolidation of buildings and inert industrial waste for disposal in the underground workings
- Relocation of PAG ore into the box cut (currently 8710 m³*10% = 9600 m³ or 10% more than in the AME plans to allow for removal of upper layer of the non-PAG pad below the stockpile + additional 8000 m³ bulk sample assumed to be PAG). Additional 4 m of cover material to ensure freezing
- Contouring of waste rock areas
- Backfilling of the portal area to prevent access. The overburden slopes around the portal box cut are flattened to be stable when a pond ultimately forms at this location
- Loosening of compacted surfaces and flattening of side slopes on all elevated pads and roads
- Reclamation of 30 km all weather road
- Removal of all culverts
- Restore drainage patterns by creating cross-drainage as necessary.
- Seeding of disturbed areas



- Removal of multiplate portal cover
- Concrete cap over vent raise (5 m x 5 m x 1 m as per Ontario Closure Regulations) - \$42200
 - 4 days (10 hrs per day) labour of 4 people - \$8000
 - 8000 kg cement - \$11200
 - Concrete flown to site (8000 kg cement) – 14 trips by helicopter total time 8 hours at \$2000.00/hr - \$16000
 - Aggregate sourced from waste rock (approximately 75 m3) and put through grizzly two times to remove coarse and fine fractions - \$2000
 - Small concrete mixer - \$5000

In addition to the above descriptions of the reclamation measures, the following assumptions have been incorporated into the estimate for decommissioning of the Meliadine project:

- Minor hydrocarbon contaminated soil will be present around the fuel dispensing station, the portal operations areas and within the camp area. This will be cleaned up and disposed in the underground workings with the PAG rock.
- All of the work will be conducted by a local (Rankin Inlet) contractor
- Testing of contaminated soil and ARD residue on the waste rock pad will be conducted by an environmental consultant.

Estimated Reclamation Cost

Reclamation security presently furnished under water licence 2BB-MEL0914 with the Minister of AANDC totals \$639,000.00.

The previous AANDC estimate for this property was completed in July 2010 and totalled \$1,333,595.00.

Presently, the estimated cost for reclaiming the site, including the all-weather road, but not considering the winter road is approximately \$824,483.00.

The estimated cost for reclaiming the site, including the all-weather road, and the winter road is approximately \$905,231.00 (Figures attached as Appendix A).

AANDC trusts that this estimate satisfies the NWB and Agnico's requirements.

Please feel free to contact me at your convenience should you wish to further discuss any part of this submission to the Board. I can be reached at 867-975-4566 or via email, tanya.trenholm@inac.gc.ca.

Cc. Ian Rumbolt, Water Resources Officer, Field Operations Directorate –
Aboriginal Affairs and Northern Development Canada



Appendix A

MELIADINE GOLD PROJECT

Jun-11

ACTIVITY/MATERIAL	Units	Quantity	Cost Code	Unit Cost	Cost	% Land	Land Cost	Water Cost
consolidate & ship waste oil	l	2000	ORH	\$4.00	\$8,000	50%	\$4,000	\$4,000
waste oil disposal fee	l	2000	ORH	\$1.15	\$2,300	50%	\$1,150	\$1,150
consolidate & remove other haz mat'ls	each	1		\$2,500.00	\$2,500	50%	\$1,250	\$1,250
remove barrel inventory	each	1		\$2,500.00	\$2,500	50%	\$1,250	\$1,250
Camp buildings & infrastructure								
decommission piping & power dist'n	m-HRs	90	avelabl	\$60.00	\$5,400	100%	\$5,400	\$0
demolish camp buildings & load	hrs	40	C325h	\$250.00	\$10,000	100%	\$10,000	\$0
haul to portal	hrs	25	dumpl	\$80.00	\$2,000	100%	\$2,000	\$0
dispose underground	hrs	45	scoop	\$138.00	\$6,210	100%	\$6,210	\$0
contour/scarfiy camp area	hrs	15	dozerl	\$173.40	\$2,601	0%	\$0	\$2,601
labour support	hrs	120	lab-ss	\$60.00	\$7,200	100%	\$7,200	\$0
vegetate	ha	10	vhfl	\$1,627.00	\$16,270	0%	\$0	\$16,270
Portal buildings & infrastructure								
decommission piping & power dist'n	m-HRs	60	avelabl	\$60.00	\$3,600	100%	\$3,600	\$0
demolish buildings & load	hrs	60	C325s	\$250.00	\$15,000	100%	\$15,000	\$0
haul to portal	hrs	32	dumpl	\$80.00	\$2,560	0%	\$0	\$2,560
dispose underground	hrs	32	scoop	\$138	\$4,416	0%	\$0	\$4,416
contour/scarfiy portal area	hrs	8	dozerl	\$205.00	\$1,640	0%	\$0	\$1,640
labour support	hrs	140	avelabl	\$60.00	\$8,400	100%	\$8,400	\$0
vegetate	ha	4	vhfl	\$1,627	\$6,508	0%	\$0	\$6,508
Waste Rock & Portal								
inspect/upgrade portal/UG ground support & ventilation, operate ventilation	allow	1		\$25,000	\$25,000	50%	\$12,500	\$12,500
haul PAG rock to boxcut	hrs	70	dumpl	\$80.00	\$5,600	0%	\$0	\$5,600
concrete cap vent raise	each	1		\$42,200.00	\$42,200	50%	\$21,100	\$21,100
ARD/hydrocarbon sampling & reporting	allow	1		\$15,000	\$15,000	0%	\$0	\$15,000
doze till & rock into box cut, contour area	hrs	24	dozerl	\$205.00	\$4,920	0%	\$0	\$4,920
doze portal pond & waste rock pad	hrs	16	dozerl	\$205.00	\$3,280	0%	\$0	\$3,280
scarify road - camp to portal	hrs	8	dozerl	\$205.00	\$1,640	100%	\$1,640	\$0
vegetate road	ha	2.5	vhfl	\$1,627	\$4,067	100%	\$4,067	\$0
removal of multiplate portal cover	each	1		\$5,000	\$5,000	100%	\$5,000	\$0
Fuel Facilities								
decommission piping for 39 tanks	h-hrs	39	avelabl	\$60.00	\$2,340	50%	\$1,170	\$1,170
consolidate fuel and load 39 tanks	each	39		\$1,000	\$39,000	50%	\$19,500	\$19,500



haul 39 tanks on road	each	1		\$39,000	\$39,000	50%	\$19,500	\$19,500
excavate contam soil, haul box cut	hrs	10	dump	\$80.00	\$800	50%	\$400	\$400
soil testing	allow	1		\$10,000	\$10,000	100%	\$10,000	\$0
All Weather Road								
scarify road	km	30		\$3,250	\$97,500	50%	\$48,750	\$48,750
remove 10 water crossings	each	10		\$4,000	\$40,000	0%	\$0	\$40,000
block road with 100 m3 rock	m3	100		\$15	\$1,500	100%	\$1,500	\$0
reclaim road borrow sources (325+dozer)	hrs	132		\$455	\$60,060	0%	\$0	\$60,060
camp support and supplies	m-days	300		\$250.00	\$75,000	50%	\$37,500	\$37,500
Mobilization (dozer, hiab, dump, 2 scoops)	allow	1		\$25,000	\$25,000	50%	\$12,500	\$12,500
Demobilization (dozer, hiab, dump, 2 scoops)	allow	1		\$25,000	\$25,000	50%	\$12,500	\$12,500
Winter Road								
const. twice, equipment in, equipment out	km	50	WRL	\$1,346	\$67,320	50%	\$33,660	\$33,660
SUB-TOTAL					\$696,332		\$306,747	\$389,585
PERCENTAGES							44%	56%
INDIRECT COSTS								
Eng.				5%	\$34,817		\$15,337	\$19,479
Proj. Mgmt				5%	\$34,817		\$15,337	\$19,479
Contingency				20%	\$139,266		\$61,349	\$77,917

GRAND TOTALS					\$905,231	44%	\$398,771	\$506,460
						Percent Land	Total Land	Total Water