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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI
OFFICE DES EAUX DU NUNAVUT

File: 2BB-MEL0914/Amend

January 6, 2011

John Witteman, Consultant
~~Comaplex Minerals Corp~~
~~Suite 901, 1015 4th Street SW~~
~~Calgary, AB T2R 1J4~~

Agnico-Eagle Mines Ltd.
601 – 2 Street
Canmore, AB T1W 2K2

Email: jwitteman@agnico-eagle.com

RE: 2BB-MEL0914 Type “B” – Amendment No.3: Extension of underground bulk sampling program.

Dear Mr. Witteman:

Please find attached, Amendment No.3 to Licence No. 2BB-MEL0914 Type “B” issued to Comaplex Minerals Corp (Comaplex or Licensee) by the Nunavut Water Board (NWB) (**Motion 2010-23-L09**) pursuant to its authority under Article 13 of the *Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in Right of Canada* and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*. The terms and conditions of the original Licence related to water use and waste disposal remain an integral part of this approval.

The NWB recommends that the Licensee consult the comments received by interested persons¹. This information is attached for your consideration.

Sincerely,

Thomas Kabloona
Nunavut Water Board
Chair

TK/tla

Enclosure: Licence No. **2BB-MEL0914 - Amendment No.3**
Comments – EC, INAC, GN-CLEY

Cc: Distribution – Kivalliq
Mark Balog, Comaplex
John Witteman, Agnico Eagle

¹ Environment Canada dated July 18 and October 20, 2010; Indian and Northern Affairs Canada dated October 22, 2010; Government of Nunavut Department of Culture, Language, Elders and Youth dated September 27, 2010.

LICENCE AMENDMENT No. 3

Licensee:	COMAPLEX MINERALS CORP
Licence No:	2BB-MEL0914 Type "B"
Licence Issued:	July 31, 2009
Amendment No.1 Issued	June 28, 2010
Amendment No.2 Issued	July 19, 2010
Amendment No.3 Issued:	January 6, 2011
Licence Expiry:	July 31, 2014

Pursuant to its authority under Article 13 of the *Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in Right of Canada* and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*, with respect to an application for amendment dated February 25, 2010, made by Comaplex Minerals Corp (Comaplex or Licensee; a subsidiary of Agnico-Eagle Mines Ltd (AEM)), the Nunavut Water Board (NWB) hereby grants the following Licence amendment.

Overview

The Licence issued July 31, 2009 with an expiry date of June 31, 2014 shall be amended to include the following terms and conditions, with respect to the use of water and deposit of waste, to allow for the extension of the present exploration decline in order to facilitate underground drilling and bulk sampling. The extension of the underground program is an extension of the previous 2007-2008 program, and is required in order to confirm surface drill results in a structurally complex part of the Tiriganiaq gold deposit.

The extension of the program will utilize the existing portal access, areas of containment, and infrastructure. Although no additional water use is required, the NWB views the extension program as representing a considerable increase in development activity at the Meliadine site compared with the previously approved underground bulk sample.

Work on the underground extension will run from 2011 to 2013 inclusive, with the maximum depth of the decline extending to approximately 400 metres. An additional 22,000 tonnes of mineralized rock and 213,000 tonnes of waste rock will be brought to surface for storage. The ore will be extracted through the blasting of 120 tonne samples. Each blast sample will be extracted, dry-crushed and run through a sample tower to produce a representative sample of less than 60 kg. Each of the 60 kg representative samples will be sent south for assaying and metallurgical work. Remaining ore and waste rock will be stored at the site.

Procedural History

Following receipt of the amendment application on March 1, 2010 the NWB requested that Comaplex submit updated management plans to reflect the advanced stage of the project. The following updated management plans were submitted to the NWB on September 2, 2010:

- Fuel Management and Spill Contingency Plan, August 2010;
- Interim Abandonment and Restoration Plan, August 2010;
- Waste Management Plan, August 2010;
- Water Management Plan, August 2010; and
- Waste Rock and Ore Management Plan, August 2010.

On June 8, 2010, in a separate submission, Comaplex requested a reduction in reclamation security from the currently license required amount of \$639,000. The revised security estimate of \$337,360 provided by Comaplex was based on the remediation of fuel contaminated soil and the results of static testing of the waste rock and ore. Based on the static testing results, Comaplex concluded that there was no need to move any waste rock underground, stating that it does not pose an Acid Rock Drainage (ARD) risk. However, the ore stored on surface does require isolation from the environment and Comaplex proposed the use of a disposal approach using the box-cut in the portal entrance area.

The NWB initially received submissions from Environment Canada (EC) and Indian and Northern Affairs Canada (INAC) concerning the request to reduce security on or before August 13, 2010. EC had no comments; however INAC found substantial disagreement with the reasons presented in the request to reduce security and submitted its own estimate, concluding that security for the project should be \$1,333,595. The use of the box-cut approach to dispose of ore was the major source of disagreement between the estimates.

In response to INAC's comments on security, Comaplex submitted additional information to the NWB on September 7, 2010 and held that the box-cut approach was viable. The additional information on security was distributed to parties by the NWB for review and comment along with the amendment request to expand the underground exploration program on September 20, 2010.

The NWB received comments from INAC, EC and the Government of Nunavut Department of Culture, Language, Elders and Youth. There were no major issues identified with respect to the request to expand the underground exploration program. The focus of comments submitted by INAC remained to be concerned with security and the additional information submitted. INAC did not change its position following the review of additional information:

The NWB provided Comaplex with a final opportunity to address the comments. Comaplex's final submission again disagreed with INAC's view. Following the receipt of final comments, the NWB sought clarification from both Comaplex and INAC, with respect to their revised reclamation estimates and to confirm that the estimates provided considered the extension of the underground as proposed through to 2013. INAC did confirm that its estimate was for the project through to 2013². To clarify its estimate, Comaplex pointed out the following from its September 7, 2010 submission:

The difference between the two calculations [AEM's and INAC's] 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.(AEM pg.4)

² Communication with Tanya Trenholm of Indian and Northern Affairs Canada and Stephen Lines, consultant for the NWB.

Decision - Security

The NWB is currently of the view that a number of items with respect to security remain to be discussed between parties. The NWB is also aware that the Licensee intends to submit a fourth amendment application early in 2011 for the construction of an all-weather road between Rankin Inlet and the Meliadine site, and that the Licensee is currently in the process of revisiting the security estimate through 2013 based on the all-weather road proposal.

Given that the Kivalliq Inuit Association currently holds security in the amount of \$950,000, and that the current NWB security amount has been posted as required with the Minister, the NWB feels that there is sufficient security held at this time, to allow for parties to refine and further consult each other on their respective estimates for expanding the project and possible inclusion of the forthcoming all-weather road proposal. Therefore, the Licensee is asked to update the security estimate at the time of submitting the fourth amendment application. The NWB will then make its determination based on the revised security amount, following review of the forthcoming update by parties. In the event the amendment is not received, the NWB will, in accordance with Part B Item 4, revisit the amount of security prior to the commencement of the underground extension program.

Decision – Underground Exploration Extension

In order to specifically address the amendment request of expanding underground exploration and the bulk sample program, the NWB has reviewed the plans and the comments provided by EC. There were no major issues with the amendment request; however EC provided important recommendations regarding the updated plans that were submitted. These recommendations should be incorporated into future revisions in accordance with Part B, Item 14 of the Licence.

With respect to the Water Management Plan, the NWB notes that the Licence does not include or recommend regulated Effluent discharge quality criteria for the primary containment area. Although the Licensee has committed to meet the Metal Mining Effluent Regulations (MMER), EC noted that several parameters may exceed MMER and Canadian Council of Ministers of the Environment (CCME) limits. As a result, and considering the advanced stage of the project, the Licensee is required to submit proposed Effluent discharge quality criteria for approval at least sixty (60) days prior to discharge of Effluent from the primary containment area and/or portal sump.

The NWB finds that the Fuel Management and Spill Contingency Plan, Water Management Plan, Waste Management Plan and Waste Rock Management Plan are generally acceptable. In accordance with Part B, Items 12 and 13 of the Licence, the commitments made in those plans become part of the Licence. However, with respect to the Waste Rock Management Plan, which refers to the use of waste rock as construction material for the proposed all-weather road, this use has not been approved and will be subject to further review upon receipt of the fourth amendment request for construction of the road. With respect to the Waste Management Plan, the NWB notes that there is no approved solid waste disposal facility on-site and therefore section 3.5 of the plan referring to “Used Tire Recycle and Disposal”, does not apply. Further the NWB requests that an addendum be provided to address sewage sludge testing and management to ensure proper disposal methods are implemented, as well as procedures for the management of incinerator ash produced at the site. The addendum is to be provided with the 2010 annual report.

Given that the Interim Abandonment and Restoration (A&R) Plan incorporates the highly debated box-cut disposal approach for the ore currently stored on surface, the Plan will be subject to further review by the Board in conjunction with the outstanding issues concerning security.

Finally, the NWB has noted that the decline will extend to approximately 400m below surface, and although it is expected that permafrost will extend through to that depth, there is some uncertainty. Should the underground exploration encounter areas below the lower permafrost boundary, the Licensee is required to notify the NWB and INAC Inspector within 48 hours.

Having considered the amendment application, supporting information and comments received, Licence 2BB-MEL0914 shall be amended as follows to permit the extension of the underground exploration and bulk sample program and associated activities:

PART A: SCOPE, DEFINITIONS AND ENFORCEMENT

Section 2. Definitions

Amend

“**Spill Contingency Plan**” means the Plan entitled “Meliadine Gold Project, Fuel Management and Spill Contingency Plan, Agnico-Eagle Mines Limited.” dated August 2010, developed to deal with unforeseen petroleum and hazardous materials events that may occur during the operations conducted under the Licence;

PART B GENERAL CONDITIONS

As indicated in the preceding decision to this amendment, the Licensee shall provide the required addendums to the plans as specified, in accordance with Part B, Item 7(g).

PART D: CONDITIONS APPLYING TO WASTE DISPOSAL

Insert Item 21

The Licensee shall submit to the Board for approval, at least sixty (60) days prior to the discharge of Effluent from the primary containment area and/or portal sump, proposed Effluent quality discharge criteria taking into consideration the comments made by Environment Canada during the review of the Amendment application to expand underground bulk sampling.

Insert Item 22

The Licensee shall submit to the Board and Inspector, within (90) days of the amendment issuance, a work plan along with a timeframe for repairing the failure in the liner of the operations pad primary containment sump.

PART E: CONDITIONS FOR CAMPS, ACCESS INFRASTRUCTURE AND OPERATIONS

Insert item 8

The Licensee shall notify the Inspector and the NWB, within 48 hours of underground exploration activity extending beyond the lower permafrost boundary.

All remaining terms and conditions of the Licence 2BB-MEL0914 Type 'B' dated July 31, 2009, subsequently amended on June 28, 2010 and July 19, 2010 still apply.

This Licence Amendment No.3 issued and recorded at Gjoa Haven, NU on January 6, 2011.

Approved by,



Thomas Kabloona
Nunavut Water Board
Chair