AGNICO EAGLE

PARKER LAKE EXPLORATION PROJECT

Conceptual reclamation and closure plan

VER: 1
July, 2017

AGNICO EAGLE

Document Control

Version	Date (YMD)	Revised by	Section	Page	Revision
1	2017/07/06	David Frenette			Document creation

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1. Introduction

This plan describes the concepts for the closure and reclamation of the Parker Lake Exploration Project under water licence 2BE-PKR1621.

Agnico Eagle Mines Limited's Parker Lake Exploration Project is located 125 kilometers southeast of the Baker Lake community and 135 kilometers northwest of the Rankin Inlet community. The intent of the Parker Lake Exploration Project is to explore its mineral claims for potential ore deposits. An exploration camp is planned to be established in 2017 on this mineral property.

2. Closure and Reclamation Principles

The conceptual reclamation and closure plan for the exploration project covered by water licence 2BE-PKR1621 has the objective of mitigating the negative environmental effects of the campsite and exploration activities on the surrounding natural environment. Wherever practicable, progressive reclamation will be employed before final closure and reclamation commences, with the intent of returning negatively impacted areas to productive and lasting use by wildlife and humans as soon as possible.

Agnico Eagle's conceptual closure and reclamation plan for its Exploration Project is guided by the following four principles:

1. *Physical Stability* – Any project component that remains after closure should be constructed or modified at closure to be physically stable, ensuring it does not erode, subside, or move from its intended location under natural extreme events or disruptive forces to which it may be subjected. Closure and reclamation will not be successful in the long-term unless all physical structures are designed such that they do not pose a hazard to humans, wildlife, aquatic life, or environmental health and safety;
2. *Chemical Stability* – Any project component that remains after closure should be chemically stable; chemical constituents released from the project components should not endanger human, wildlife, or environmental health and safety, should not result in the inability to achieve the water quality objectives, and should not adversely affect soil or air quality in the long term.
3. *No Long-Term Active Care* – Agnico Eagle will make all practical efforts to ensure that any project component that remains after closure does not require long-term active care and maintenance. Thus, any post-closure monitoring can only continue for a defined period of time. Physical and chemical stability will help ensure achievement of this principle.
4. *Future Use (including aesthetics and values)* – Wherever practical, closed sites should be compatible with the surrounding lands and water bodies upon completion of the closure activities.

3. Closure and Reclamation Approach

A practical, cost-effective approach will be central to closure and reclamation. The intent is to pursue closure and reclamation based on the four principles noted above such that long-term active care is not required for the camps and drill sites.

The Plan will be updated, and revised as required on a regular basis, and will ultimately result in a final Plan upon closure. Each iteration of the Plan will provide more details and greater certainty regarding the sequence of events to be undertaken for closure and reclamation.

Progressive reclamation will be practiced in reclaiming areas that are no longer needed for exploration by physically and/or chemically stabilizing disturbed land surfaces and promoting re-vegetation. This approach will employ best practices and will ultimately advance the return of reclaimed areas to natural conditions while at the same time reducing the overall cost of final closure and reclamation.

Wastes will be managed on an ongoing basis at the sites and consequently, there will be little to no accumulation of wastes on site. When no longer needed, obsolete equipment, metal waste, surplus chemicals, hazardous waste, and buildings will be removed to Agnico Eagle's port and laydown facilities in Rankin Inlet or Baker Lake for shipment south to a certified waste management company for treatment, recycling and/or disposal in another provincial or territorial jurisdiction[1]. At the Parker Lake site, all domestic and camp waste suitable for incineration will be incinerated in the on-site incinerator with the ash returned to the Meliadine Mine for disposal in their future landfill, if it is suitable for landfilling or will be transported for disposal in an authorized facility.

[1] The RECLAIM model described later in this Conceptual Closure and Reclamation Plan assumes that the Meliadine Mine is not available in the final closure of the Exploration Project. However, ongoing management of wastes during Project operations will use the waste management facilities available at the Meliadine site.

4. Infrastructure, Parker Lake Exploration Project

The camp site is located more than 31 metres from any water body. The following infrastructure will be part of the Parker Lake campsite:

- 20-person tent camp
  - 1- 14'x16' tent
  - 2- 12'x12' tent
  - 1- 20'x24' tent
  - 1- 19'x35' tent
- Generator sets for camp electricity;
- Drummed-storage of up to 41,000 litres (L) of diesel, 41,000 L of aviation fuel, and 2050 L of gasoline;
- Multiple-chamber incinerator;
- Wood tent floors
- A water intake from the lake in front of the camp;
- 1 diamond drill
- 1 pump shack

5. Conceptual Closure and Reclamation of Parker Lake Exploration Project

The following scenario assumes that Agnico Eagle no longer renews any permits, leases, licenses and other authorizations for the Parker Lake Exploration Project, and enters into reclamation and closure. To be conservative in calculating costs for reclamation and closure, it is assumed that the Meliadine Mine will not be available to provide services during closure and reclamation activities.

All equipment, structures, camp and drill supplies, fuel drums, fuel pumps, and wastes will be removed from the project areas prior to expiry of the land use permits and commercial lease.

If practicable, solid combustible non-hazardous waste will be incinerated on site with any metals recovered from the ash placed in containers suitable for shipment. Waste materials to be incinerated include wood tent floors and, wood corridors.

For this estimate, it is assumed that the Meliadine Mine will not be available and material and equipment transport must be done up to Rankin Inlet or to Baker Lake. Over a summer, all tents will be disassembled and prepared for transport. All equipment, seacans, drill supplies, fuel drum, fuel tanks, chemicals and wastes that cannot be incinerated will also be prepared for transport. During the winter, a winter access will be used to remove all materials from the site to Rankin Inlet or Baker Lake. Challengers or equivalents pulling sleighs are expected to move all material and equipment over the winter access to Rankin Inlet or to Baker Lake waiting for boat transport.

At the camp site, the only materials and structures remaining after closure and reclamation will be drill cores stored on racks.

5.1 Equipment

Generator, incinerator, drill, drummed fuel, and other equipment are valuable and reusable. These will be moved to Agnico Eagle's port facility at Rankin Inlet or Baker Lake for storage, sale and/or shipment south on the annual sealift. Equipment having no salvage value will be cleaned of hydrocarbons and shipped south for recycling.

5.2 Non-Combustible and Combustible Waste

All non-combustible, non-hazardous and hazardous liquids and solid waste from the Parker Lake Exploration Project will be transported to Rankin Inlet or Baker Lake in proper containers for shipment south to a certified waste management company for treatment, recycling and/or disposal in another provincial or territorial jurisdiction.

6. Camp Site

The camp area will be allowed to re-vegetate naturally once cleared of all tents and other infrastructures. Revegetation is expected to be slower in higher, drier areas than in low-lying, moist areas. Where they exist, irregular surfaces will be left in place as these capture snow over the winter, which in turn provides moisture to plants in the spring. Where applicable, fertilizer may be used to promote re-vegetation.

7. Reclamation of Drill Sites

All drill sites will be reclaimed in an ongoing process. Following completion of a drill hole, and if possible, the casing will be pulled. If it cannot be pulled, the casing will be cut off at or below ground level. Water and drill cuttings will be disposed of at least 31 meters from any water body where direct flow to the water body in not possible.

8. Storage of Drill Core

Upon closure, the core will be evaluated for long-term storage stability. Core stored in unstable conditions will be restacked on more durable pads for long-term storage and access.

9. Cost of Implementing Reclamation and Closure

RECLAIM 7.0 was used in calculating the costs of reclamation and closure. The calculation of costs is conservative. It assumes no reliance on the Meliadine Mine for services during closure. However, a winter access will be used from the camp site to Rankin Inlet or Baker Lake as part of closure and reclamation. A summary of costs is provided in table 1.

Table 1. Summary of RECLAIM costs for Closure and Reclamation of Parker Lake Exploration Project

CAPITAL COSTS	COMPONENT NAME	COST	LAND LIABILITY	WATER LIABILITY
BUILDINGS AND EQUIPMENT	Parker Lake tents	$11 775	$10 795	$980
CHEMICALS AND CONTAMINATED SOIL MANAGEMEN		$3 360	$0	$3 360
	SUBTOTAL: Capital Costs	**$15 135**	**$10 795**	**$4 340**
	PERCENT OF SUBTOTAL		**71%**	**29%**
INDIRECT COSTS		**COST**	**LAND LIABILITY**	**WATER LIABILITY**
MOBILIZATION/DEMOBILIZATION		$31 000	$22 111	$8 889
POST-CLOSURE MONITORING AND MAINTENANCE		$0	$0	$0
ENGINEERING	5%	$757	$540	$217
PROJECT MANAGEMENT	5%	$757	$540	$217
HEALTH AND SAFETY PLANS/MONITORING & QA/QC	1%	$151	$108	$43
BONDING/INSURANCE	1%	$151	$108	$43
CONTINGENCY	20%	$3 027	$2 159	$868
	SUBTOTAL: Indirect Costs	**$35 843**	**$25 565**	**$10 278**
TOTAL COSTS		**$50 978**	**$36 360**	**$14 618**