AGNICO-EAGLE MEADOWBANK
555 Burrard Street, Suite 375
Box 209, Two Bentall Centre
Vancouver, British Columbia V7X 1M8
Tel. 604.608.2557 Fax. 604.608.2559

agnico-eagle.com

AGNICO-EAGLE MINES LTD.
Meadowbank Division

April 25, 2008

Richard Dwyer
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU
X0B 1J0

Dear Mr. Dwyer,

This letter is in response to the intervener's comments on Agnico-Eagle Mines' application for amendment and renewal of Type B water license 8BC-TEH-0708. Section A responds to the recommendations provided by Indian and Northern Affairs; section B to Environment Canada's comment; and section C to the comments provided by the Government of Nunavut Department of Environment.

Section A: Response to Indian and Northern Affairs' Recommendations

1. Extend the term of the Water License 8BC-TEH0708, held under Cumberland Resources, for one year.

NWB action.

2. Amend the Type B Water License 8BC-TEH0708 in the name of Agnico-Eagle Mines Ltd. with the following conditions:

a. Conditions be added for location of bulk fuel storage and any construction of bulk fuel storage.

NWB action.

b. Require the proponent to provide an abandonment and restoration plan under the NWB Type B Water License 8BC-TEH0708 which will include plans for temporary closings and overlaps with the existing or amended Type B Water License 2BE-MEA0813 within 60 days of licence issuance. The Closure and Reclamation Plan, Meadowbank Exploration Camp, Revision 0, March 6, 2008 does not clearly indicate the interactions with the other project components.

Agnico Eagle Mines (AEM) agrees with this recommendation. A closure and reclamation plan, clearly indicating the overlapping interactions with the other project components, could be completed as a condition of the license. AEM would recommend a 90 day time period to complete this plan. Please note however that if a NWB Type A water license is issued within this time period for the Meadowbank project, then this revised closure and reclamation plan would no longer be required. The Type A water license application contains a closure and reclamation plan that includes all aspects of the project.

Section B: Response to Environment Canada's Comment

Prior to discharge of any contact water to Lake 2 at the proposed water quality limits it should be confirmed that this water body is not fish-bearing, nor frequented by fish seasonally. It is noted that Lake 2 will ultimately be covered by the Portage Rock Storage Facility when all approvals are received and the project proceeds to development, but in the meantime protection may be warranted if it is a fisheries water.

Previous studies conducted at Lake #2 have concluded that this lake is not fish bearing. Attached is a technical memorandum prepared by Azimuth Consulting Group on March 17, 2008 to the Department of Fisheries and Oceans addressing this issue (see Appendix A). Lake 2 is referred to as NP5 is this document.

Section C: Response to the Government of Nunavut Department of Environment's Comments

A. LICENSING

This Tehek Lake Type B water license application is related to the Type A water license application for the Meadowbank mine project, which is currently undergoing review. DOE therefore recommends terms and conditions from this Type B license application if approved, be incorporated into the single enforceable Type A water license if issued that deals with management, mitigation and monitoring of waste and water related issues holistically.

NWB action.

B. WATER QUALITY

The Waste and Water Management Plan for Mine Pre-Development Work indicates that excess water within the two starter pits during rock excavation in the Portage Pit area, may potentially be diverted to the Lake #1 (the Tear Drop Lake), and the Lake #2 (an unknown lake). Prior to this diversion, contact water will be treated to meet Metal Mining Effluent Regulations standards for certain parameters if necessary in attenuation ponds before discharge to the two lakes. Subsequently, the overflow from these two lakes will ultimately enter the Second Portage Lake. Water quality within these two lakes will be monitored for metals, total ammonia, nitrate and sulphate. However, it is unclear what discharge standards will be met prior to discharge from the two lakes to the environment (i.e., the Second Portage Lake).

For Lake #1, as the lake is a fishless lake, and is to be used as a storm water management pond with installation of impervious walls, DOE recommends as a minimum, the overflow or discharge to the Second Portage Lake should comply with MMER at the discharge point. Additionally, the discharge should comply with CCME freshwater aquatic life guidelines within a 30 meter radius from the discharge point.

Prior to the northwest arm of Second Portage Lake dewatering program, any water discharged from Tear Drop Lake into Second Portage Lake will meet MMER standards. AEM is confident that the water quality will meet CCME freshwater aquatic life guidelines within a short distance from the discharge point.

For Lake #2, baseline of the lake is unknown, and it is unclear how the lake will be designed for its intended purpose; for example, will Lake #2 be used a storm water management pond with installation of impervious walls as Lake #1? This should be clarified before one can determine whether it is appropriate to use this lake to store contact and/or treated water. This baseline information along impact assessment will further inform appropriate management, mitigation and monitoring measures.

As stated earlier, previous studies conducted at Lake #2 have concluded that this lake is not fish bearing. Attached is a technical memorandum prepared by Azimuth Consulting Group on March 17, 2008 to the Department of Fisheries and Oceans addressing this issue (see Appendix A). Lake 2 is referred to as NP5 is this document.

Lake #2 will not be used as a storm water management pond; consequently, no impervious walls or other man made structures will be installed or constructed. This pond will be used as a secondary polishing pond for overflow from the attenuation pond, if necessary.

Similar to Tear Drop Lake, prior to the northwest arm of Second Portage Lake dewatering program, any water discharged from Lake #2 into Second Portage Lake will meet MMER standards. AEM is confident that the water quality will meet CCME freshwater aquatic life guidelines within a short distance from the discharge point.

C.SPILL CONTINGENCY PLAN

Based on the DOE's Spill Contingency Planning and Reporting Regulations, and Spill Reporting in Nunavut: a Guide to the New Regulations, the DOE has the following comments to make:

A site map that is intended to illustrate the facilities relationship to other areas that may be affected by the spill. The map should be to scale and be large enough to include the location of your facility, nearby buildings or facilities, roads, culverts, drainage patters, and any nearby bodies of water. The map should be included within the spill plan.

This site map was included in the "Camp and Sewage Treatment Plant Description – Pre-Development" document. This figure will be incorporated into the spill contingency plan. A copy of the figure is attached in Appendix B.

D. ABANDONMENT & RESTORATION

To ensure proper reclamation of the project site after closure, the DOE recommends the following:

It is unclear whether the proponent is committed to restore the Lake #1 and #2 as discussed in Section B above, upon project closure. These two lakes should be restored to ensure their water quality meets appropriate standards, such as the CCME freshwater aquatic life guidelines upon closure.

As stated in the "Pre-Development Closure and Reclamation Plan" included in the water license application, AEM plans to build up the retention capacity in the site storm water management pond (Lake #1, Tear Drop Lake) by building up a series of impervious roads around the pond and by cutting off the natural outlet to the eastern channel between Second and Third Portage Lakes. After the site has been reclaimed this pond will be returned to its pre-development water level by restoring outflow through its original discharge channel. The outflow will not be restored until the water quality can meet standards protective of the environment; these standards would be developed through a risk based assessment.

Lake #2 will ultimately be covered by the Portage Rock Storage Facility, providing all regulatory approvals are received and the project proceeds to development. Consequently, this pond will not be restored upon closure. However, should the project not proceed, this pond will be returned to its pre-development water level and water quality can meet standards protective of the environment; these standards would be developed through a risk based assessment.

For incineration of camp wastes as proposed in the application, it is unclear emission standards from incineration that the proponent intends to meet. During the review of the Type A license, the proponent provided the Incineration Waste Management Plan where they committed to comply with the Canada-Wide Standards. However, it is unclear whether commitments made in the Type A license application will be applied to this Type B license application. This should be clarified.

The two small exploration camp incinerators that are present at the Meadowbank site pre-date the adoption by Nunavut of the Canada Wide CCME guideline for Dioxins and Furans and Mercury in emissions from incinerators. These units are not dual chambered forced air high temperature incinerator units. AEM has committed to adopting these guidelines for incinerator operations for the Meadowbank Mine and thus once the Type A Water License is issued AEM will be purchasing and installing a new incinerator unit designed to meet these guidelines.

It should be noted that:

a) Dioxins, furans and mercury in incinerator emissions are best controlled by keeping the sources of these compounds out of the waste to be incinerated. At Meadowbank these incinerator units are used to burn putrescible organic wastes from the kitchen and combustible packaging materials that have been in contact with food material so that the risk of disposing or storing garbage that could otherwise give off odours that would attract wildlife is minimized. Typically these types of materials are not significant sources of dioxins, furans and mercury; and
b) The water license does not mandate that older incinerator units be replaced to meet these new guidelines.

Should you have any questions or comments with the above responses, please feel free to contact me. I look forward to hearing from you shortly regarding NWB approval of the amendment and renewal of Type B water license 8BC-TEH-0708.

Regards,
Agnico-Eagle Mines Ltd.

RL Gould

Rachel Lee Gould, M.Sc.
Project Manager: Environmental Permitting & Compliance Monitoring