

February 5, 2010

Via Email and Xpresspost

Mr. Richard Dwyer
Licensing Administrator
Nunavut Water Board
PO Box 119
Gjoa Haven, NU X0B 1J0
Phone: (867) 360-6338

Dear Mr. Dwyer,

Re: Meadowbank Water License 2AM-MEA0815 Amendment Application – Proposed Tank Farm Expansion, Baker Lake Marshalling Facility

Agnico-Eagle Mines Limited – Meadowbank Division (AEM) received correspondence from the Nunavut Water Board (NWB) dated October 13, 2009 advising receipt of the project proposal for the fuel tank farm expansion at the Baker Lake Marshalling Facility and requesting submission of an amendment application to Water License 2AM-MEA0815.

Please consider this letter and the enclosed documents as application to amend Water License 2AM-MEA0815 to include the proposed fuel tank farm expansion at the Baker Lake Marshalling Facility – two additional 10 Million Litre (ML) diesel fuel tanks and one 2 ML tank for bulk storage of Jet A Fuel. This proposed expansion of the Marshalling Area Bulk fuel Storage Facility will increase the current diesel fuel storage capacity from 40 ML to 60 ML and will allow for storage of 2 ML of jet fuel.

Rationale

As outlined in the project proposal for the expansion submitted to the NWB on July 30, 2009, AEM has refined its estimate of annual operating supplies required, including the amount of diesel fuel required to provide power for the mine site. In completing this review, AEM has determined that Cumberland Resources Ltd's initial estimates of annual diesel fuel and power requirements for the planned 8,500 tonne per day (TPD) mill were underestimated. Estimates of diesel fuel requirements vary annually based on the mine plan, but the peak is now estimated to be 65 ML. Consequently the combined diesel fuel storage capacity of 45.6 ML between the Meadowbank mine site and Baker Lake tank farms is going to be inadequate to meet this peak. The addition of two 10 ML diesel fuel tanks in 2010, pending amendment of Water License 2AM-MEA0815, will allow AEM to meet this shortfall in diesel storage capacity.

Under separate cover to the NWB and other regulators, AEM has proposed an expansion of the Meadowbank airstrip in order to accommodate a Boeing 737 jet at the mine site. This requires construction of a 2 ML tank so AEM has the capacity for bulk storage of Jet A fuel. Currently, AEM operates four charter flights per week that originate in Montreal and travel to Meadowbank via Val D'Or. These flights typically have to stop in Churchill to re-fuel both coming and going in order to ensure adequate extra flying capacity to reach safe alternate landing sites should weather prevent landing at Meadowbank. A Boeing 737 jet will have the capacity to go directly to Val D'Or after re-fueling at Meadowbank. The existing private storage tank capacity for jet fuel located adjacent to the Baker Lake Airport only has sufficient capacity to handle the current needs for the airport. There is not adequate capacity at this private facility to supply the Meadowbank airstrip requirements without adversely affecting the ongoing supply required for the Baker Lake Airport.

Construction Specifications

To accommodate the hillside topography in the area, diesel fuel tanks #5 and #6 will be sited to the north of the four existing tanks on a bench constructed at a higher elevation and further from the lake than tanks #3 and #4 as shown in drawing no. *VD-2259-BKL 100 General Layout*. The Jet A fuel tank will be sited north of existing tank #1. The proposed expansion will have minimal impact outside of the current tank farm footprint.

AEM will comply with the Canadian Council of Ministers of the Environment's Environmental Code of Practice for Aboveground and Underground Storage Tank Systems Containing Petroleum and Allied Petroleum Products or other protocols relating to fuel storage tank systems. Pending the amendment of Water License 2AM-MEA0815, AEM will revise the *Baker Lake Bulk Fuel Storage Facility: Environmental Performance Monitoring Plan, V1* (Dec 2009) and the *Emergency Response Plan, V3* (Dec 2009) to reflect the expansion of the Baker Lake Fuel Storage Facility.

The NWB also requested the following information be included with the amendment application:

Design stamped and signed for Construction drawings showing details of the facility expansion overall site plans, grading details, pad and backfill details, profiles and cross-sections and details; and

Design specifications including information on construction material that meets the requirements of Part D, Item 8, geotechnical concerns, liner specifications or other secondary containment requirements suitable for the bulk storage of fuel products.

These details have been addressed in the supporting documents *Drawings VD2259-BKL 100 through 106* and *Expansion of Fuel Storage Facilities Technical Specs Document*.

The following documents are enclosed:

- Application Form;
- A cheque in the amount of \$30 to cover the amendment application fee;
- Non-Technical Summary in English and Inuktitut;
- Supporting Document: Construction drawings *VD2259-BKL 100 through 106*; and
- Supporting Document: *Expansion of Fuel Storage Facilities Technical Specs Document*.

Should you have any questions or require any additional information, please contact me at stephane.robert@agnico-eagle.com or at 819-763-0229.

Regards,

Agnico-Eagle Mines Limited – Meadowbank Division



Stéphane Robert
Environment Superintendent

Encl (5)

cc: Lou-Ann Cornacchio, INAC
David Abernethy, INAC