

July 30, 2009

Via Email

Mr. Brian Aglukark
Director, Regional Planner
Nunavut Planning Commission
PO Box 419
Arviat, NU X0C 0E0
Phone: (867) 857-2242

Dear Mr. Aglukark,

Re: Meadowbank Gold Project - Request for Conformity Review

Please find attached a project proposal for the expansion of the fuel tank farm at the Baker Lake Marshalling Facility in the Hamlet of Baker Lake. The expansion will increase the fuel storage capacity of the fuel tank farm from 40 ML to 60 ML and will allow for storage of 2 ML of Jet A fuel.

Agnico-Eagle Mines Limited – Meadowbank Division is submitting the attached project proposal to the Nunavut Planning Commission for a conformity review with the Keewatin Regional Land Use Plan. The proposed construction schedule for the expansion is over the 2009 and 2010 summer / fall seasons. An amendment request to include the additional land area into the lease boundary located on Commissioner's Land has recently been submitted to the Government of Nunavut. This will allow for ground preparation work to begin in the late summer or fall of 2009. Construction of the additional tanks is proposed for 2010 following any required review or amendment by the Nunavut Impact Review Board, Nunavut Water Board and Nunavut Planning Commission.

Should you have any questions or require any further information on the project proposal, please contact me directly at stephane.robert@agnico-eagle.com.

Regards,
Agnico-Eagle Mines Limited – Meadowbank Division



Stéphane Robert
Environment Superintendent

Encl (1)

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cc : Stephanie Autut, NIRB
Richard Dwyer, NWB



MEADOWBANK GOLD PROJECT

Project Proposal: Baker Lake Marshalling Facility Fuel Tank Farm Expansion

July 2009

The Meadowbank Gold Project (Meadowbank), operated by Agnico-Eagle Mines Limited – Meadowbank Division (AEM), is located approximately 70 km north of the Hamlet of Baker Lake, Nunavut. Meadowbank is an open pit gold mine that is currently in the construction phase with production expected to start in the first quarter of 2010. The Meadowbank Project components include the mine site, a 110 km All Weather Private Access Road between Baker Lake and the Meadowbank mine site and a barge offloading, marshalling and fuel storage facility near the Hamlet of Baker Lake. Meadowbank and all of the project components operate under the following authorizations:

- Nunavut Impact Review Board (NIRB) Project Certificate No.004;
- Nunavut Water Board (NWB) Type A License 2AM-MEA0815; and
- Multiple agreements with the Kivalliq Inuit Association (KIA), Indian and Northern Affairs Canada (INAC) and the Government of Nunavut (GN) to secure surface access to Inuit Owned, Crown and Commissioner's Lands.

As the operational mining phase approaches in 2010, AEM has been refining its estimates of annual operating supplies required, including 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 requirements for the Project were underestimated as were the power requirements for the planned 8,500 TPD mill. Current estimates of diesel fuel vary year to year based on the mining plan but the peak is now estimated at 65 million litres. Consequently the combined fuel storage capacity of 45.6 million litres of diesel fuel is going to be inadequate to meet this peak.

To meet this shortfall in required diesel fuel storage capacity, AEM proposes to expand the fuel tank farm at the Baker Lake marshalling facility from 40 million to 60 million litres (ML) of diesel fuel by the addition of two more tanks (each of 10 million litre capacity). The proposed expansion will not change the project scope as currently permitted since the increased fuel supply will support only the level of activity permitted under current authorizations and the operational systems and procedures for the fuel tank farm are already established. In other words, this increase in fuel storage capacity is not intended to support any increase in production rate at Meadowbank. It is required to store sufficient fuel to generate the required electrical power to allow Meadowbank to process the ore production rate already permitted (nominal 8,500 TPD). It will not result in any increased waste rock or tailings generation.

Current Fuel Tank Farm Design

The marshalling facility near Baker Lake includes a barge unloading facility with adjacent storage and marshalling area, a storage compound for explosives, a fuel tank farm and interconnecting roads. The fuel tank farm is located adjacent to the laydown area, approximately 300 m from the shore of Baker Lake. The fuel tank farm consists of four field-erected 10 ML storage tanks within a lined and bermed containment area for a

maximum storage capacity of 40 ML of diesel fuel. Figure 1: *Baker Lake Site Facilities Overall Site Plan* shows the general layout of the marshalling facility and figure 2: *Baker Lake Area 740 General Layout* shows a detail of the existing fuel storage tanks. The fuel tank farm, in its current design, is scheduled for completion in the summer of 2009 with the installation of the piping and berms for the last two fuel tanks (#3 and #4).

Proposed Fuel Tank Farm Expansion

The proposed expansion of the fuel tank farm will accommodate two additional 10 ML capacity diesel fuel tanks (tanks #5 and #6) plus one 2 ML tank for bulk storage of Jet A fuel as shown on figure 3: *Baker Lake Area 740 General Layout Phase 3 (2009)*. The expansion will increase diesel fuel storage capacity from 40 to 60 ML and will allow for storage of 2 ML of Jet A fuel.

To accommodate the hillside topography in the area, 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. 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; an additional 5 ha of Commissioner's land has been requested for inclusion in the GN land lease (proposed Lot 7 on figure 3). Operational and emergency response procedures will be revised accordingly to account for the additional tanks and the increased amount of stored fuel.

Proposed Timeline

Stavibel Engineering Services of Val d'Or, Quebec has completed the preliminary engineering design and assessment of the tank farm expansion and recommends construction of the additional three tanks over two seasons. Pending GN approval of the amended land lease area, AEM proposes to commence ground preparation work during the late summer or fall of 2009. Tank construction would follow in 2010 once any required amendments to the NIRB Project Certificate and NWB Water License have been completed.

Environmental Impact

The proposed tank farm expansion will result in the following additional environmental impacts (additional to those already presented during the NIRB environmental assessment process and during the NWB Class A Water Licensing process):

1. An increase of approximately 5 hectares in the footprint impacted by the development of the Meadowbank Project. This additional impact will be on Commissioner's Land within the Hamlet of Baker Lake in an area immediately adjacent to the existing Meadowbank fuel storage facility;
2. The increased fuel consumption will result in a corresponding increase in greenhouse gas emissions (GHG) from the Meadowbank power plant. State off

the art generation equipment is being installed to minimize the overall greenhouse gas emissions from the Project (i.e., high efficiency diesel generators from Toromont Arctic Cat); however there will be an increase in total GHG emissions associated with this increased fuel usage. Heat recovery systems are being installed in the Meadowbank power plant to allow the mill, service building and power plant to be heated using this recovered heat thereby offsetting GHG emissions associated with supplying this heat from another fuel source (diesel fired furnaces); and

3. An increase in the number of fuel truck loads traveling between the Baker Lake fuel storage tank farm and the Meadowbank mine to transport the additional fuel to the Project.

AEM does not believe that there will be any additional impacts to water resulting from this increase in fuel storage capacity (nor the increased in fuel consumption for power generation). There will be no associated increase in water consumption or waste water generation.

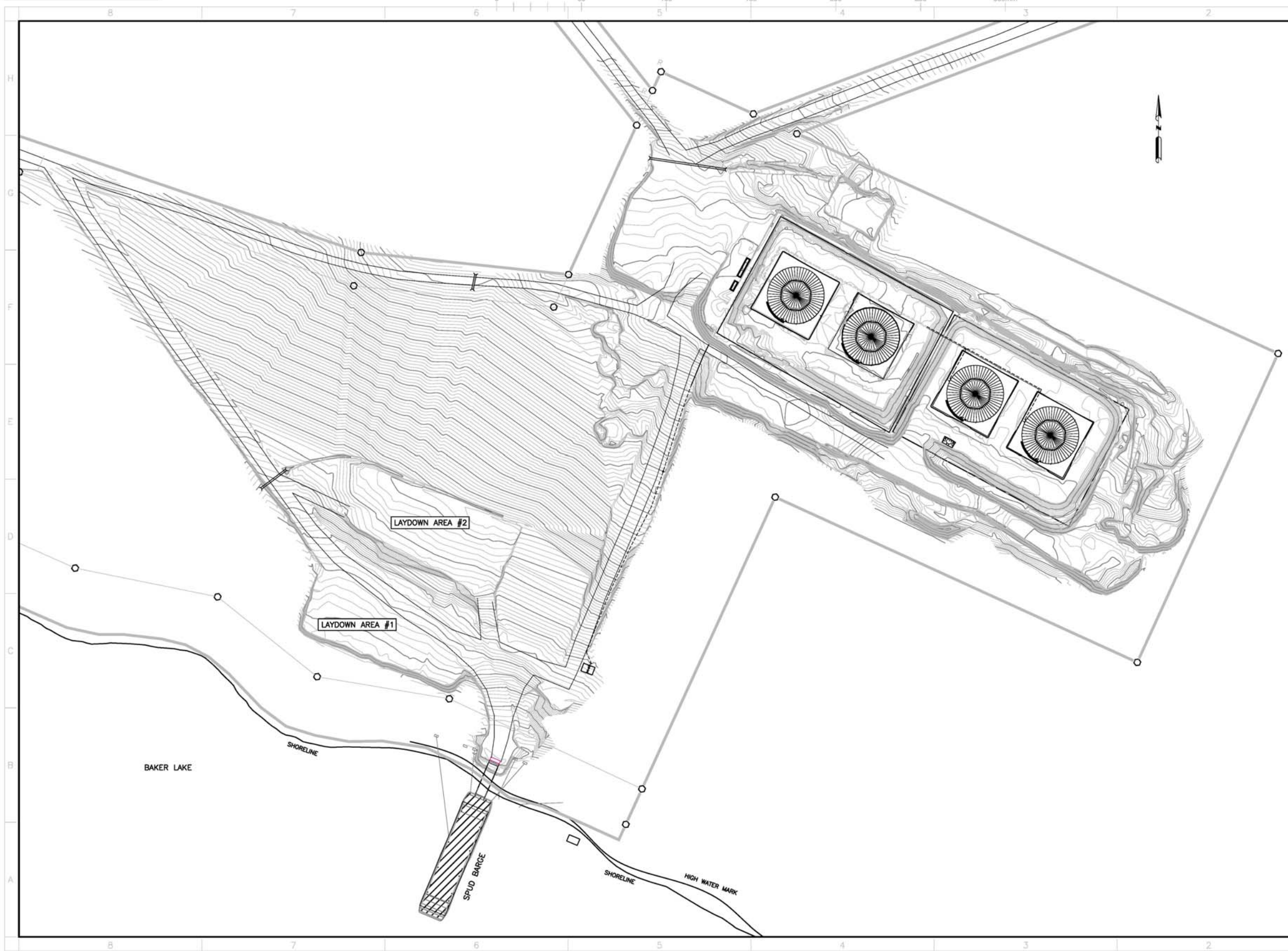
AEM does not believe there will be any additional impact to wildlife resulting from this increase in fuel storage capacity (nor the increased in fuel consumption for power generation).

AEM believes that emergency response procedures that are already in place will be adequate to address all potential accidents and/or malfunctions associated with this proposed increase in tank farm capacity. Emergency response and spill plans will need to be updated to reflect the new facility layout but the response procedures already in place will remain the same.

AEM believes that the current monitoring requirements as laid out in the land use leases from the KIA, GN and INAC; in the Type A Water License from the NWB and in the NIRB Project Certificate are adequate to ensure that all potential environmental impacts associated with this proposed change are going to be captured and reported to the land owners and regulatory agencies in a manner accessible to the public.

It is AEM's opinion that while the proposed increase in fuel storage capacity at the Meadowbank Baker Lake facility represents a change from the Project as reviewed during the NIRB environmental assessment process and the NWB Type A Water License process, this change is not significant and will not change the environmental impact of the Meadowbank Project in any significant manner.

DRAWING NO.



KEY PLAN

GENERAL NOTES

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REVISIONS

REFERENCE DRAWINGS

REVISIONS

AGNICO-EAGLE
MEADOWBANK DIVISION

TITLE
AGNICO-EAGLE -- MEADOWBANK DIVISION
BAKER LAKE AREA 740
GENERAL LAYOUT

DRAWN BY: FRANCIS ROSE, TECH DATE: 2008-03-27

CHECKED BY: PATRICK GARD, P.ENG

APPROVED BY: PATRICK GARD, P.ENG

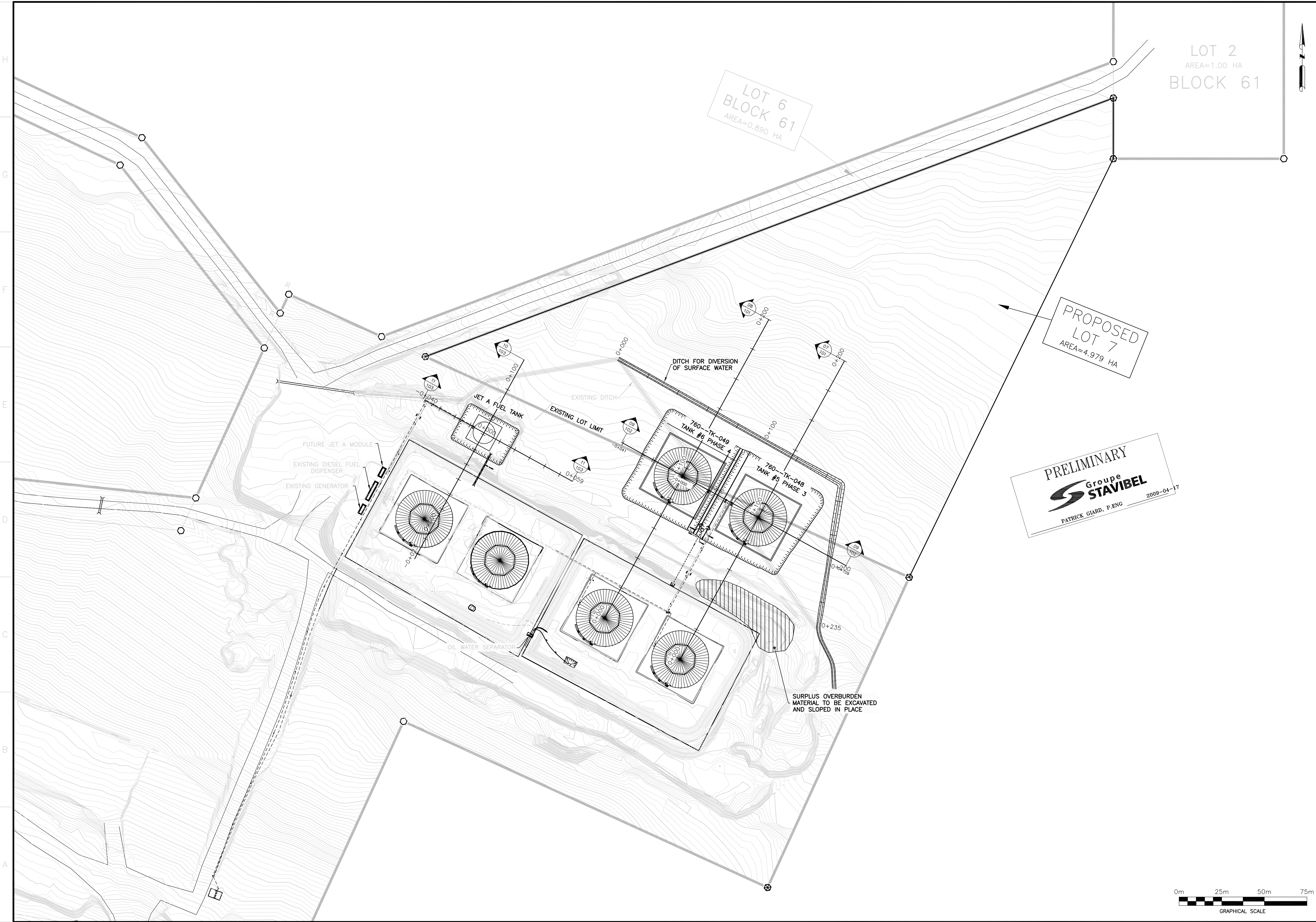
SCALE: 1:1000 DATE: 2008-03-27

DRAWING NO.: VD2259-BKL-001

PROJECT NO.: VD2259-2 REVISION: 1 SHEET: 1 / 12

DRAWING NO.

FORMAT ARCHD-LANDSCAPE



PRELIMINARY
Groupe
STAVIBEL
PATRICK GIARD, P.ENG 2009-04-17

KEY PLAN

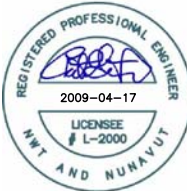
GENERAL NOTES

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TITLE	#	DWG

REFERENCE DRAWINGS



REV.	DATE	DESCRIPTION	BY	APP.	CLIENT
2	09-04-17	FOR ENVIRONMENTAL REVIEW	F.R.	P.G.	
1	09-04-03	FOR COMMENT	F.R.	P.G.	

REVISIONS



TITLE
AGNICO-EAGLE - MEADOWBANK DIVISION
BAKER LAKE AREA 740
GENERAL LAYOUT
PHASE 3 (2009)

DRAWN BY	FRANCIS ROSE, TECH	DATE	2009-04-17
CHECKED BY	PATRICK GIARD, P.ENG	DATE	2009-04-17
APPROVED BY	BERTHO CARON, ENG		
SCALE	1:1000	DATE	2009-04-17
DRAWING NO.	VD2259-BKL-100		
PROJECT NO.	VD2259-2	REVISION	2
		SHEET	1 / 7