

November 12, 2013

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RE: RESPONSE TO WATER USE INSPECTION REPORT – DATED JULY 29th-30th, 2013 – LIC#: 2AM-

MEA0816

Ms. Wilson,

Thank you for your inspection report dated July 29 & 30, 2013 and received September 24th.

Please note the following actions in response to your inspection and the concerns raised in your report.

Outstanding items

- ***Contaminated soil piled against the rear wall of the landfarm containment berm. AEM has committed to pushing the piles back once the rear pile is aerated. This is an ongoing concern from inspections conducted in 2012, specifically with regards to the containment of contaminated water.***

On October 18th the edges of the contaminated soil piles within the Landfarm were moved to allow for accumulation of potential run off water. Please see pictures below. This was preformed around the entire edge not just the pile against the rear wall. As a result any water collected will be diverted to the landfarm floor. As per our Landfarm Management Plan this water is sampled and would be pumped to the Tailings Facility (if necessary at freshet – in 2012 it was not necessary to pump any water out).



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- ***A Remediation Plan for quarries 22 and 5 is to be submitted with the 2013 Annual Report.***

In summer 2013, all the material of quarries 22 and 5 was removed and sent to the landfarm (below industrial guidelines) or waste rock pad (above industrial guidelines). In 2014, we will conduct soil sampling to confirm all the contaminated material has been removed. A complete description of the remediation of quarries 22 and 5 will be included in the 2013 Annual Report.

- ***Removal of a silt curtain in Third Portage Lake. The Licensee informed the Inspector that a dive team has been contracted to complete this task before year end.***

Here is a September 25th excerpt, from a report given by the Dyke General Foreman, who was also one of the divers:

"Just a small report about the silt curtain removal work that was done the past week.

We did our first dives day has inspection and analysis, we founded that the curtain is more than the 800m, depth varies from 15ft up to 50ft. The barrier is divided by section of 20 to 30m long, all attached by tie-rap in the middle and the curtain have either ropes or metal cables that are along each sides attached by metal shackles at the extremity. The curtain who was installed in a V shape had drowned and closed on herself at the bottom so we had a 2 liner thickness to work on. It is actually cover with sediments, has some rock on it at some points and even went through a metal casing that was left from old exploration research. Those are the main points that are making it difficult to lift up the barrier at the surface because it creates a lot of a suction effect.

At our second dives day, we were able to retrieve a 30m piece and bring it on shore, the proper work sequence is to detach the shackles, attach the extremities with a rope on to the boat, lift it up a bit then cut all the tie-raps and finally pull it out with the boat. We fought a lot with the boat to lift up and bring that part at the surface, it finally ripped off and we were able to tow it at the shore.

The bottom of the lake is very muddy and creates a big sediment fog so we had to work blind every time we wanted to attach ropes, cut the curtain and unscrew the shackles.

We could have done more but external factors such as the plane delay for 24hrs and the bad weather we had on Saturday has slowed us down quite a bit. We had some problem with the over board motor of the Alaskan, the propeller wouldn't go reverse and we had to start it by hand every time it stalled.

After debriefing, we came to a conclusion that it would be a job for at least one week with 2 divers. We would repeat the same sequence of work but we could attach longer sections with a long metal cable that we could bring to shore and linked it up to a dozer(for example) that could pull it, the 50 force motor on the boat doesn't have the capacity to lift up a whole section."

Further review and planning for the removal of this curtain will take place throughout the winter. Items to be considered are:

- a) Is there going to be more of an environmental effect removing the barrier now that there is a buildup of TSS on top of the curtain, therefore better off to leave the curtain in place ?
- b) If removal is determined: Logistics of when this will take place, equipment required and contractor (diver) availability.

Water Supply

i) *Update:* Amendment for fresh water consumption: NWB technical meeting and pre-hearing conference completed in Baker Lake on October 16th and 17th, 2013. Final written hearing planned for January 17th, 2014. There were no objections from intervenors or the NWB to the increase in water consumption.

Waste Disposal

Tailings and Rock Storage Facilities

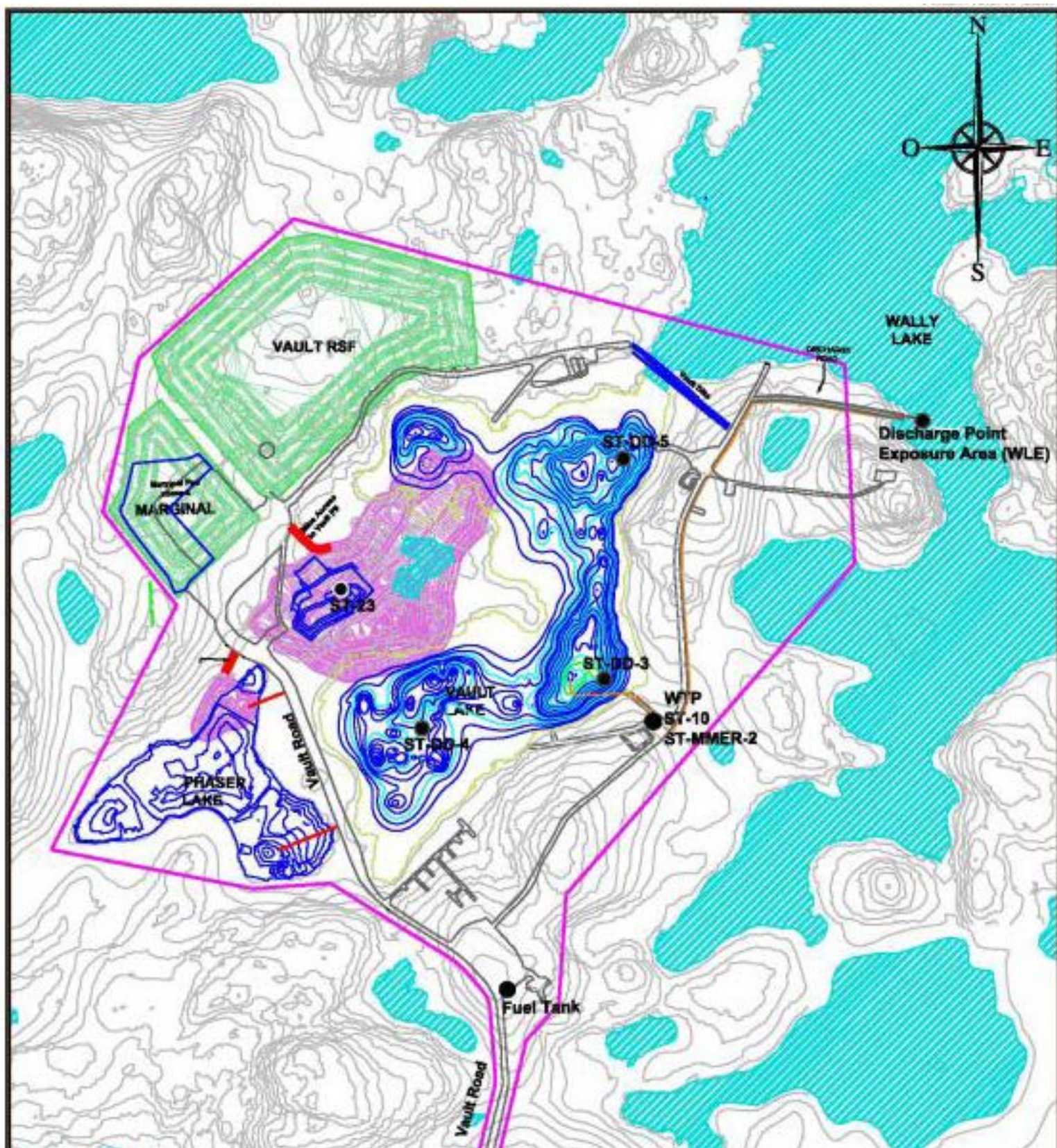
Vault

- *Waste rock is being sorted and deposited at the vault waste rock storage facility. The Inspector requested a map detailing the proposed monitoring locations within the Vault deposit area.*

Please find the following map depicting the monitoring locations within the Vault area.



AGNICO EAGLE



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Portage

- *At the rear of the PRSF an area is filled with potentially contact/tailings water; this water is red in colour, and very cloudy. A road constructed around the PRSF separates this water from a lake referred to as NP-2. This water in NP-2 which borders the PRSF shows signs of seepage from the PRSF contact water sump. Note: the water in NP-2 immediately adjacent to the PRSF contact water sump has white foam floating on top and a red colour of sedimentation on the shore. The vegetation around NP-2 Lake is brown and appears to be dead.*
- *Samples have been collected at the PRSF contact water sump and NP-2 Lake.*
- *Results from these samples confirmed that contact water has seeped into NP-2 Lake.*
- *The Licensee will report to the Nunavut Water Board detailing the entirety of the situation surrounding the seepage water before October 5th, 2013.*
- *All contact water is to be managed as prescribed in the Water Management Plan (WMP) in accordance with Part H item 19.*

AEM provided to the NWB a copy of the "Preliminary AEM Report – Seepage Water From Waste Rock Storage Facility – Sample Location ST-16" on October 5, 2013. A more detailed report will be provided in the next weeks to the inspectors.

Contaminated Soils

- *The Proponent has committed to submitting a Plan with the 2013 Annual report which will consider the measure that must be taken to clean up and monitor quarry 22 and 5.*

A complete description of the remediation of quarries 22 and 5 will be included in the 2013 Annual Report

- *All waste water from the landfarm facilities are to be contained within the landfarm. Any discharge from this facility must meet ST-35 discharge limits for fecal coliforms.*

As described in the Landfarm Design and Management Plan ver 3 (Feb. 2013), under section 4.7.2 AEM will sample for parameters outlined in Part F, Item 16 which refers to discharge to land from a fuel containment area. As described in the plan the water will either be sprayed back on the piles within the Landfarm for moisture or it will be transferred into the Tailings Storage Facility (TSF). No discharge will be sent to the environment. The Landfarm water may have fecal coliforms present from the use of the sewage sludge on the piles for bioremediation, especially in the spring in summer months when there will be open water and the piles can be opened and have the sludge added. Fecal Coliforms within the piles or ice will not survive the winter season due to freezing temperatures. If water is to be removed it will be pumped to the adjacent TSF. The adjacent TSF already accepts water from the Stormwater Management Pond (Tear Drop Lake) as per our approved Operation & Maintenance Manual - Sewage Treatment Plant. The Stormwater Management Pond, which is the former ST-35 location and is related to a former Type B License

when this water was discharged to Third Portage Lake (TPL), is no longer discharged to TPL. In fact ST-35 is no longer a sampling station. Further to this any water in the TSF is not discharged to the environment (TPL) AEM does not believe it necessary to sample for fecal coliforms for these reasons.

Progressive Reclamation

- ***The Proponent is encouraged to continue to progressively reclaim old buildings, unused equipment and material. This will reduce overall reclamation at the end of mine.***

As suggested by the AANDC officers, AEM moved forward with minimizing the amount of seacans stored in Q23. A total of 86 seacans were removed from Q23 and sent south during the sealift season. The contents were sorted for later use or sent south as scrap.

AEM also continues to add our final cover of NPAG material to the edges of the RSF and commenced a 2:1 slope in Q22.

Landfill

- ***Unacceptable material was found in the landfill; aerosol containers, domestic waste, and oily rags.***
- ***The Proponent will police this facility and operate it as detailed in the Landfill Design and Management Plan.***
- ***Failure to properly police the Land fill facility will result in additional monitoring which will require the logging and reporting of all materials entering the facility to ensure compliance with the criteria set out in the current authorization.***

Please find the below Landfill inspection form in which the environmental technicians complete when doing formal inspections of the landfill. I have also attached a completed form for your convenience. Daily visual inspections are completed and any findings are entered into our interdepartmental communication tool. Formal inspections are completed on a weekly basis and the findings are recorded on the inspection form. If any improper items are observed every effort is given to find out who would have disposed of the material in the improper manner. Meetings are held with the offending department/personnel to prevent reoccurrences.

The environment department has also continued to attend intradepartmental tool box meetings to discuss various environmental programs around the mine site. One of the programs specifically pertains to the proper waste management.

Agnico-Eagle Mines: Meadowbank Division
Environment Department

Landfill Environmental Inspection report

Date: _____ Inspected By: _____
Location: _____ Responsible department: _____

Subject	Conform	Non-conform	N/A	Picture(s) #
Visual sign of leachate				
Visual sign of runoff or seepage. If so, record and report the observation and the flow (PART I Item 10 and 15 of the NWR)				
Visual sign of windblown debris				
Presence of a rockfall berm to act as a wind shield				
Ash testing done (once per year) and Ashes colder than 40°				
Geotechnical inspection conducted (once per year) NWR PART I Item 12				
Volume of waste sent to the landfill compiled (month end data)				
Presence of salvagable material				
Presence of hazardous material				
Latest sub-landfill covered by a minimum of 9.3 to 1 meter of waste rock				
Sign or presence of wildlife				

Note: Refer to the Landfill Design and Management Plan sections 3.2 and 3.3 for Acceptable and Unacceptable waste at the landfill

Comments: _____

Agnico-Eagle Mines: Meadowbank Division
Environment Department

Recommendations: _____

Picture 1: Description

SURVEILLANCE NETWORK PROGRAM (SNP)

- Sampling locations are lacking signage. This is ongoing from previous years. All sampling location will be fitted with signage before the November 1st, 2013. These locations will be photographed and logged for sampling consistency purposes and submitted to the Inspector before June 15, 2014.***

As discussed with the inspector all signs had been erected in the fall of 2012 and the particular location in which the inspector had not seen a sign was due to the increase in water of the area during the freshet.

All monitoring stations do have appropriate signage. Please find the attached pictures.

Example of the signage in place:



MW-08-02

The following are our locations with the signage:



ST-5



ST-6



ST-9

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ST-10



ST-14



ST-16



ST-18



ST-19



ST-20



ST-21



ST-23



ST-40



MW-08-03



ST-S-1



ST-S-2

General Comments:

- *Quarry 23 is being used as a storage area for old or unused materials and equipment.*
- *This area is found to be in an unacceptable state; pieces of broken/burnt equipment are located throughout the quarry.*
- *All maintenance is to be completed in a designated area; many pieces of equipment have hydrocarbon staining beneath them and/or the batteries were found to still be attached. The Proponent will conduct these activities in accordance with Part H item 8.*

Quarry 23 is being used as a temporary storage area for equipment that is not currently being used, but may be used in the future. It also contains some drill cores, which AEM is required to keep, steel and pipe product and electrical products. The broken and/or burnt equipment in this area continue to be stripped for the parts on the equipment. There is no maintenance being performed at this site

AEM is working on a plan to remove the unusable derelict equipment during the upcoming 2014 sealift. .

The minor hydrocarbon staining that was noted has been cleaned up. Inspections are completed regularly in quarry 23 by the environment department.

- *During the inspection it was noted that dust control measures needed to be deployed. The Proponent has provided to the Inspector with an account of the measures taken to suppress dust onsite. The results of the on-going dust monitoring program will be submitted to the Inspector before the date of the next inspection.*

Please find below the up to date results from the dust monitoring study. No standards for dustfall are available for Nunavut. Results of the dustfall analysis will be compared to the Alberta Environment Department recreational area guideline of 0.53mg/cm²/30d, to provide context. This table depicts the average monthly results at the Meadowbank project.

	Exposure	Total dustfall	Total dustfall 30 days	Total fixed dustfall	Total fixed dustfall (30 days)
Units	days	mg	mg/cm ² /30 days	mg	mg/cm ² /30 days
Alberta Environment Department Recreational Area Guideline		NA	NA	NA	0.53
DF-1 (Emulsion)	28.2	47.9	0.6148	44.2	0.5702
DF-2 (TCG)	28.2	33.8	0.4344	27.9	0.3644
DF-3 (TPE)	28.2	37	0.4636	32.9	0.4212
DF-4 (Vault Road)	28.2	17.1111	0.2087	13.8889	0.1668

AEM has a dust control program and will continue to monitor for dust and follow our program. All the results from 2013 will be submitted in the annual report.

Dust Suppression Plan

- 1) Mine roads are water continuously using water truck. As needed.
 - 2) Site roads have liquid calcium chloride applied, including from Meadowbank Gatehouse to Exploration Camp
 - 3) Air strip has water applied 30 minutes or less prior to the arrival of aircraft. And again 15 minutes before take-off of the aircraft. We are currently researching a more permanent dust suppressant method for the air strip; this is subject to Airline approval.
 - 4) Calcium Chloride Flakes have been order for Dust suppression 2014. These will be arriving during the 2013 barge season.
- **Material used during the construction of the airstrip extension is noted along the shore of Third Portage Lake. This material if not to be utilized during construction must be removed before winter as this is considered waste.**

Removal of this material will take place prior to November 30, 2013. AEM decided to wait until the tundra froze to remove this material to avoid rutting and creating an even worse environmental impact. Photos of the removal from this location will be sent to the inspector as soon as this project is completed.

Non-Compliance of Act or Licence:

Part H item (8): Failure to implement spill control measures

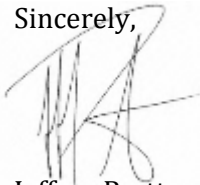
The area in Q23 in which the minor spill was noted has been cleaned up. Departments involved were also made aware that spill control measures must be put in place to prevent spillage and to immediately clean up any spillage if it occurs.

Part H item (19): Failure to carry out plans to their full extent

There is no Part H Item (19) in Licence No: 2AM-MEA0815. AEM ask the inspector for clarification on this prior to commenting.

I trust this meets with your requirements. Should you have any questions or concerns please feel free to contact me at (867) 793-4610 ext. 6728 or by email at jeffrey.pratt@agnicoeagle.com.

Sincerely,



Jeffrey Pratt
Environmental Coordinator
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Meadowbank Division
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CC: Kevin Buck –AEM
Stephane Robert – AEM
Erik Allain – AANDC
Phyllis Beaulieu – Nunavut Water Board

Agnico-Eagle Mines: Meadowbank Division

Environment Department



Landfill Environmental Inspection report

Date: 2013-10-14

Location: Landfill

Inspected By: Martin Theriault

Responsible department: Site services/Mine

Subject	Conform	Non-conform	N/A	Picture(s) #
Visual sign of leachate			X	
Visual sign of runoff or seepage. If so, record and report the observation and the flow (PART I Item 10 and 15 of the NWB)			X	
Visual sign of windblown debris	X see comments			
Presence of a rockfill berm to act as a wind shield	X			
Ash testing done (once per year) and Ashes colder than 60°	X July 2013			
Geotechnical Inspection conducted (once per year) NWB PART I Item 12	X			
Volume of waste send to the landfill compiled (month end data)		X Missing September data		
Presence of salvageable material	X			
Presence of hazardous material	X			
Latest sub-landfill covered by a minimum of 0.3 to 1 meter of waste rock	X			
Sign or presence of wildlife	X		X	

Note: Refer to the Landfill Design and Management Plan section 3.2 and 3.3 for Acceptable and Unacceptable waste at the landfill

Comments: Very windy the day of the inspection, some debris were flying but not going out of the landfill as the rockfill berm were about 10 meters high.
We need the amount of waste transfer to the landfill for the month of September

Recommendations: Make sure to keep track of every load going in the landfill and to send the month end report to the environment department



Picture 1: Landfill