

November 20, 2013

Christine Wilson
Water Resource Officer- Kivalliq Region
Field Operations Unit
Aboriginal Affairs and Northern Development Canada
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RE: INSPECTORS DIRECTION – IQALUIT # 752612

Ms. Wilson,

Through this, letter Agnico Eagle Mines Ltd. (AEM) acknowledges receipt of **Inspector's Direction #752612**, dated November 08, 2013, issued under the Nunavut Waters and Nunavut Surface Rights Tribunal Act, relating to your observed release of possibly contaminated water into Lake NP-2 at our Meadowbank Mine. I want to assure you that AEM takes this issue very seriously and immediately following your site inspection visit of July 29th and 30th; AEM had initiated our own investigation into the observed occurrence. An interim report on these investigations was provided by AEM to AANDC and the NWB in September of 2013.

The following is a brief summary of the immediate actions taken by AEM:

- By August 04th, AEM had pumped down the containment sump at Sample Point ST-16. This immediately controlled the seepage to Lake NP2 and it also allowed AEM to confirm that Rock Storage Facility (RSF) seepage was ongoing at this location. Pondered RSF seepage water at this location was subsequently redirected to the Tailing Storage Facility (TSF) North Cell by Pumper Truck;
- AEM constructed a till plug on the upstream slope of the RSF periphery road to restrict seepage reporting to Lake NP2;
- AEM changed its tailings deposition to promote the development of a tailings beach against RF1 to restrict hydraulic flow at this location.

In addition to the above AEM did contact an independent engineering firm with appropriate expertise and understanding of the design and operation of the tailings and waste rock storage facilities at the Meadowbank Mine. AEM has subsequently retained the services of Golder Associates to assist in our investigation and to conduct their own analysis and to provide appropriate remedial recommendations.

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Based on our initial investigations, with the assistance of Golder Associates, we believe that given the evolution of water quality at ST-16 and the hydraulic gradient that exists between the TSF North Cell and the NP Lake, it is likely that seepage water at ST-16 contains tailings process water from the TSF. This interpretation led to the initiation of the immediate action plan described above.

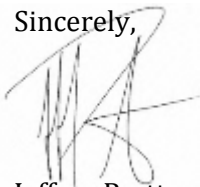
Engineering personnel from Golder Associates have subsequently travelled to Meadowbank to conduct their own investigations of this issue. They are now preparing a formal engineering report that will include their findings and provide recommended actions for AEM to take to resolve this issue on a permanent basis. We expect that this report will be delivered to you, the NWB and other parties by December 20, 2013. In the interim the immediate actions that were taken by AEM have in our opinion halted any further release of contaminants at this point. Also with the onset of winter conditions there appears to be no further release of seepage.

AEM is committed to implementing the necessary actions to ensure that no seepage is released into Lake NP2 with the 2014 spring freshet.

As an aside, I wish to bring to your attention a significant variance between your field sampling results and those taken by AEM during its field investigations; specifically in your directive (under *Reasonable Grounds for Belief* -item #9) you indicate that the AANDC field sampling returned a total Cyanide concentration of 31.0 mg/L. During our subsequent field investigations AEM sampled at the same location as sampled by AANDC on Aug 27 and our measured CN Total concentration (NP-South) was 0.007mg/L. In addition throughout our field investigation and monitoring program conducted throughout Aug/Sept /Oct of 2013 we never received any Total Cyanide concentration of the magnitude in NP 2 reported by AANDC. See attached our table of results.

We offer this letter in response to the specific directions that you have ordered under the "Measures to be Taken" section of your Inspector's Direction. We continue to work with our consulting engineer to complete the "Plan" to address the "long term corrective measures to be taken to secure waste at this location in the future" and to address the "counteraction and/or remediation of the adverse impacts of the prior releases". 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
Agnico Eagle Mines Ltd.
Meadowbank Division
(867) 793-4610 ext. 6728

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CC: Kevin Buck – AEM
Stephane Robert – AEM
Erik Allain – AANDC
Phyllis Beaulieu – NWB
Jeff Tulugak – KIA
Luis Manzo – KIA



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Date	NP2 South				NP2 East			NP2 West		
	CN WAD	CN Total	CN Free	Ammonia Nitrogen NH3-NH4	CN Total	CN Free	Ammonia Nitrogen NH3-NH4	CN Total	CN Free	Ammonia Nitrogen NH3-NH4
8/21/2013		0.069								
8/27/2013		0.007			0.012					
8/28/2013										
8/29/2013	0.2930									
8/30/2013	0.0810				0.018			0.010		
8/31/2013	0.0694									
9/1/2013	0.0247									
9/2/2013	0.0671									
9/3/2013	0.0120									
9/4/2013	0.5440									
9/5/2013	0.0204									
9/7/2013	0.0289									
9/10/2013	0.3320	0.013	1	3.4	0.011	1	3.2	0.017	3	3.1
9/13/2013	0.0247									
9/15/2013	0.0289									
9/17/2013	0.0723									
9/19/2013	<0.01									
9/21/2013	0.0600									
9/23/2013	<0.01	0.014	1	3.6	0.014	<1	3.8	0.015	<1	3.6
9/25/2013	0.0162									
9/27/2013	<0.01									
9/29/2013	0.0332									

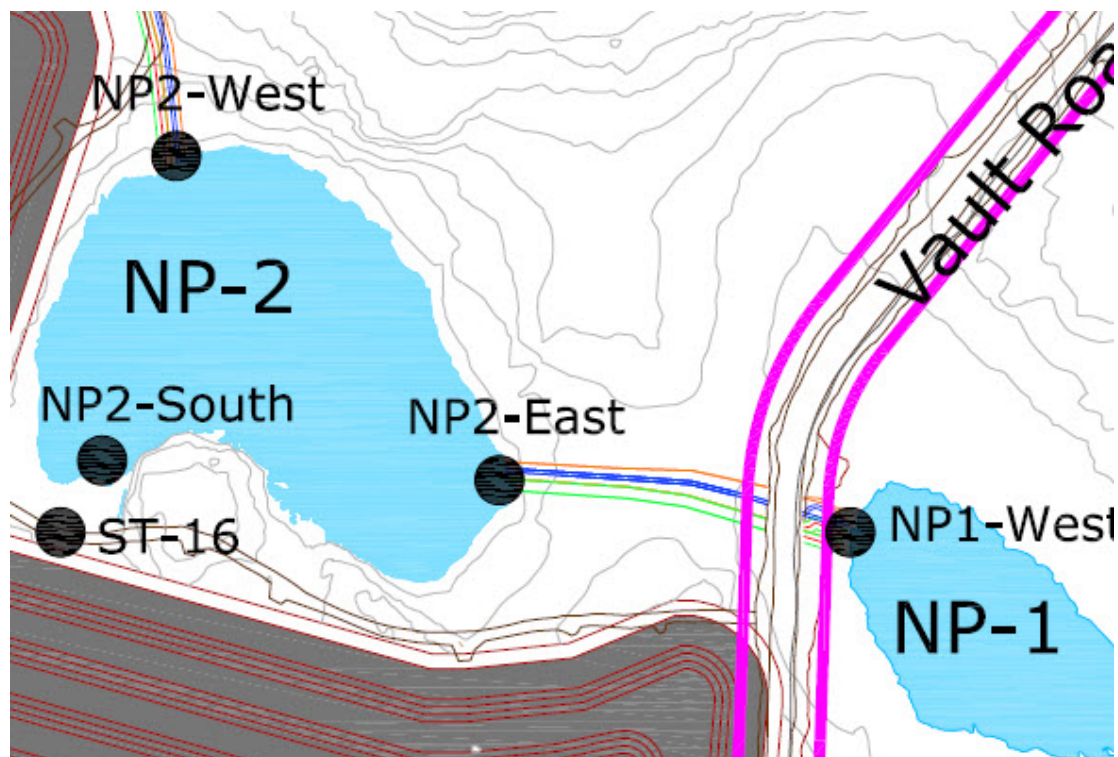
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10/1/2013	0.0341									
10/2/2013	0.0772	0.030	1	3.9	0.014	1	3.9	0.017	1	3.8
10/8/2013	0.0482									
10/11/2013	0.0553									



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