



Our reference
File #9545-2-2AM.MEAA
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July 9, 2010

Richard Dwyer
Licensing Administrator
Nunavut Water Board
Gjoa Haven, Nunavut
X0E 1J0

Your reference
2AM-MEA/TR/B5

Sent Via Email

Dear Richard,

**Subject Water License #2AM-MEA0815/TR/B5, Agnico-Eagle Mines
Ltd., Meadowbank Gold Project, Kivalliq Region, 2009 Annual
Report**

Please be advised that on behalf of Indian and Northern Affairs Canada, I have completed a review of the above referenced Agnico-Eagle Mines Ltd. submission to the Nunavut Water Board.

A Technical Review Memorandum (attached) is provided to the Board for consideration.

Should you have any questions regarding this submission, feel free to contact me at 867 975-4555 or david.abernethy@inac-ainc.gc.ca.

Regards,

David W. Abernethy
Water Resources Regional Coordinator
Operations Directorate, Nunavut Regional Office
Indian and Northern Affairs Canada
Iqaluit, Nunavut
X0A 0H0

Attached.

Cc: Lou-Ann Cornacchio, INAC Water Resources Manager
Peter Kusugak, INAC Field Operations Manager
Bryan Rayner, INAC Water Resource Officer

TECHNICAL REVIEW MEMORANDUM

Date: July 9/10

To: Richard Dwyer, Nunavut Water Board

From: David Abernethy, Indian and Northern Affairs Canada

Re: **Water License #2AM-MEA0815/TR/B5, Agnico-Eagle Mines Ltd., Meadowbank Gold Project, Kivalliq Region, 2009 Annual Report**

A. PROJECT DESCRIPTION

On June 10/10 the Nunavut Water Board (NWB or Board) distributed Agnico-Eagle Mines Ltd.'s (AEML) 2009 Annual Report to interested parties for review. Representations were requested by July 10/10. This submission was made pursuant to Part – General Conditions, Item #5 of License #2AM-MEA0815.

B. RESULTS OF REVIEW

On behalf of Indian and Northern Affairs Canada (INAC), I am providing the following comments / recommendations for the Board's consideration,

1. General

In general, AEML's 2009 Annual Report appears to meet the license terms and conditions specified in Part B, Item #5, and more specifically, the information requirements listed in Schedule B of the License. Due to the project's development status in 2009, certain reporting requirements were not applicable.

2. Monitoring Program Stations Referenced on Maps

The 2009 Annual Report does not include any maps that reference applicable monitoring program stations listed in Schedule I, Table #2 of the License. To facilitate interpretation of data and information, it is recommended that they be included in future annual report submissions.

3. Waste Rock Characterization

A. Acid Generation and Metal Leachate Potential Decision Criteria

Section 4 – Waste Rock Management Activities, of the submitted 2009 Annual Report does not specify the criteria used to determine the acid generation and metal leachate potential of excavated waste rock. This information should be provided in future submissions.

Seventy-five (75) production samples were sent to an external accredited lab for acid base accounting analysis as a quality assurance / quality control purposes. A comparison of AEML's and the external lab results are presented in Table 4.1 of the 2009 Annual Report. Due to the difference in parameters presented, it is difficult to compare the results from each lab. The acid generation decision criteria included in the August 2008 Operational ARD/ML Sampling and Testing Plan, discussed below, should be clearly specified. Currently, the Neutralization Potential Ratio (NPR) is used to determine the acid generation potential of waste rock. The AEML lab results provide NPR values but the external lab results do not.

AEML should provide clarification on the procedures that they follow to determine the metal leachate potential of waste rock and how this information is used for the management of this material. This information should also be communicated in a revision to their August 2008 Operational ARD/ML Sampling and Testing Plan and future annual report submissions. Shake flask leach results were conducted on seventy-five (75) samples. Arsenic, Copper, Nickel, and Zinc concentrations in mg/L are provided in the annual report but there is no comparison with external accredited lab results for quality assurance / quality control purposes. It appears that AEML is not actively determining the metal leachate potential of waste rock from blast holes at the same frequency as what is done for determining acid generation potential.

B. Revision of August 2008 Operational ARD/ML Sampling and Testing Plan Recommended

The above-referenced plan was submitted by AEML pursuant to Part I – Conditions Applying to General and Aquatic Effects Monitoring, Item #4. It was reviewed to confirm the decision criteria, analysis procedures, and quality assurance / quality (QA/QC) procedures carried out by AEML to determine the acid generation and metal leachate potential of waste rock. This plan should be revised to reflect AEML's current waste rock characterization practices. As a minimum, AEML should address their use of a correlation between Total Sulphur and Neutralization Potential Ratios for characterizing acid generation, the application of specific metals analysis to characterize metal leachate potential (development of partial surrogates for shake flask extraction and humidity cell

test procedures), the frequency of sample analyses (along with reasons for), current QA/QC procedures, and reporting methods.

4. Summary

Indian and Northern Affairs Canada is satisfied with the 2009 Annual Report submitted by AEML pursuant to their Type A Water License but would like to see in future reports, particularly given the project's shift from construction to production mode, the following:

- maps specific to monitoring program stations; and,
- clarification of waste rock characterization practices.

Indian and Northern Affairs Canada also recommends that AEML be required to submit a revised Operational ARD/ML Sampling and Testing Plan that reflects the procedures applied at their on-site lab and their quality assurance / quality control procedures.

Prepared by David Abernethy

Cc: Lou-Ann Cornacchio, INAC Water Resources Manager
Peter Kusugak, INAC Field Operations Manager
Bryan Rayner, INAC Water Resource Officer