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By Licensing Administrator at 11:18 am, May 06, 2011

Appendix H1

Document: *INAC Inspection Report – July 21-22, 2010*

WATER USE INSPECTION REPORT

Date: January 19 & 20 , 2010	Licensee Rep. (Name/Title): Denis Gourde - General Manager, Stephane Robert – Env. Superintendent
Licensee: Agnico Eagle	Licence No: 2AM-MEA0813 -Construction

Potable Water

Source(s): Third Portage Lake	Quantity used: 2,420 m³ (as of Nov 30, 2009)
Owner:/Operator: Agnico-Eagle Ltd.	

Indicate: A - Acceptable U - Unacceptable NA - Not Applicable NI - Not Inspected

Intake Facilities: U	Storage Structure: A	Treatment Sys: A	Chemical Storage: NA
Flow Meas. Device: NI	Conveyance Lines: NA	Pumping Stations: NA	Screen : NA

Comments: Water for the camp is currently treated using filters and UV. Inspection of the treatment system found to be in good order with records up to date and on site. Inspection of In-take barge found 2 jerry cans of fuel within the building. Fuel should not be stored in the in-take barge nor within the required 31 meter setback from water.

Other: Potable water treatment plant – buckets of chlorine product are stored on metal flooring beside water storage tanks. It is recommended that this product be stored on material or liner of more compatible substance to prevent further corrosion.

WASTE DISPOSAL

Sewage: Sewage Treatment System (Prim./Sec/Ter.): Primary - Discharge to Tear drop Lake

Natural Water Body: Mine site	Continuous Discharge (land or water): Continuous	
Seasonal Discharge: NA	Wetlands Treatment: NA	Trench: NA

Indicate: A - Acceptable U - Unacceptable NA - Not Applicable NI - Not Inspected

Discharge Quality: NA	Decant Structure: NA	Erosion: A
Discharge Meas. Device: NA	Dyke Inspection: NA	Seepages: A
Dams, Dykes: A	Freeboard: A	Spills: A
Construction: NI	O&M Plan: A	A&R Plan: A
Periods of Discharge: NA.	Effluent Discharge Rate: NA – not recorded	

Comments: Sewage wastes treated and discharged to waste water retention area in Tear drop Lake. Sewage/ Grey water main line from camp runs through lift station to equalizer, then either the large Biodisc unit (RBC) or several smaller ones, followed by UV treatment.

Inspection of the treatment system found to be in good order with records up to date (daily) and on site; very low odour.

Samples of the treated effluent were collected and will be analyzed against criteria established under Part D Section 21 of the issued license. The listed criteria were established by the Nunavut Water Board for use during the construction phase of the License and in expectation of transfer of effluent to the Tailings impoundment area.

Other: TSS Dewatering Plant –dewatering of Second Portage Lake, through TSS Plant and into Third Portage Lake. Petroluem products stored near compressor at Plant require secondary containment.

Solid Waste:

Landfill: Constructed	Burn & Landfill: NA	Other: Incinerator & backhaul of Hazardous materials
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Comments: Kitchen and paper wastes are incinerated on site. Inspection of the Incinerator building and hazardous materials areas (seacans) found no issues. The Landfill site was not inspected during this visit due to time restrictions and loss of daylight.

Hazardous materials manifests were provided during the inspection. The manifests provided were incomplete. Only Copy 1 of the Movement Document was provided. The licensee is reminded that the final copy signed by the receiver is to be included in the annual report.

Scrap seacans are stored near the fuel tank farm; awaiting on decision from NWB regarding request for disposal on site (burial) request.

FUEL STORAGE:

Waste Oil Storage: Consolidated in Haz Mat area Owner/Operator: Agnico-Eagle Ltd
Indicate: **A** - Acceptable **U** - Unacceptable **NA** - Not Applicable **NI** - Not Inspected

Berms & Liners: NI	Water within Berms: NA	Evidence of Leaks: NI
Drainage Pipes: NI	Pump Station & Catchments Berm: NI	
Pipeline Condition: NI	Condition of Tanks: A- Unregistered at this time.	

Comments: Inspection of the on-site 5 Million Litre tank and transfer area found no issues.
6 on-site waste oil furnaces were located in temporary park-all units. Waste oil was stored adjacent to these units. Secondary containment was present in the majority of cases however this was not the case in all locations and must be addressed.

Storage of other liquids like glycol and oil in totes were noted around the site both inside and outside of buildings. Storage of these containers outside should require barrier devices and mandatory secondary containment to prevent loss of product due to spills or impacts.

Other: Maintenance garage area –evidence of grease and oil used outside on ground. Drip pans should be utilized and spills cleaned up immediately. Inside garage area: gravel strip beside main floor pad is used for storage of petro-products and other liquids. This area needs to be mitigated and lined properly to prevent migration of liquids to the environment.

Fuel spill : On January 17th, 2010 a 40,000 L tanker truck over turned on the access road to site. Preliminary work to contain the spill and remediate the site was undertaken prior to the arrival of Inspectors. While on site, Inspectors visited the spill site and recommended another 2 - 4 inches of the top soil should be excavated to get rid of the contaminated soil and the area affected should be reclaimed. That section of the road should also be widened and steel posts and metal fencing should be built where it curves. This would prevent fuel trucks and heavier vehicles from sliding on the side of the road and give drivers some protection during blizzards. Apparently, there have been other accidents that involved semi trucks that jacked knifed around that curve.

SURVEILLANCE NETWORK PROGRAM (SNP)

Samples Collected	Owner /Operator: Agnico-Eagle Ltd.	
4	INAC: Potable water, Effluent, TSS Dewatering plant and water from Drill used in on-ice drilling procedure.	
Signs Posted	SNP: some	Warning: Present
Records & Reporting: Monthly summary reports to November 2009.		
Geotechnical Inspection: N/A		

Comments: Samples were collected at the 4 sites. Samples were sent to Taiga labs for analysis.

On-Ice Drilling Activity: (under License 2BE-MEA0813) but run and administered by Mine office.
Indicate: **A** - Acceptable **U** - Unacceptable **NA** - Not Applicable **NI** - Not Inspected

Secondary Containment: A	Return Water: U	Sludge : A (samples collected)
Fuel storage : U	Pump Station & Catchments Berm: Modification may be required	
Drill Platform : A	Drill Waste : U	Condition of Tanks: A

Comments: Inspection of the on-ice drilling activities on site found the following;

Drill additives / Flocculent used by Drilling company (Orbit) for Agnico –Eagle are added to the return water carrying sludge/ Drill cuttings. Sludge is collected in settling tanks and water returned to lake. This may be contrary to the existing license (2BE-MEA0813 Part Sections 2 and 5) such that modifications to the system are required to ensure that no waste re-enters the lake (as was found) and/or that the return water is proven to be non-toxic and meet the criteria in the water licence. Test results were not provided on site.

Fuel storage at drills was found to be adequate however fuel transportation and hauling for transfer tanks were found on the ice.

Mill Spill Containment:

Mill Operational: Not commissioned prior to visit.	Spill containment: Foundation of building and individual bermed processing areas.	Sealed concrete: containment berms not sealed.
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Comments: It was brought to the licensee’s attention that the containment areas within the mill would better serve clean ups and not leave contaminated concrete for disposal during decommissioning of the facility if the bermed area were epoxy (or equivalent) lined.

Non-Compliance of Act or Licence:

Construction activities are on-going throughout the site.

The site covers a large footprint. Currently, because of the level of activity and because of the limited time Inspectors have spent on the site it is impossible to determine accurately if instances of significant non-compliance exist.

It is clear that there have been issues of non-compliance with respect to Dyke construction and this remains an open issue for the coming season.

The Licensee is required to provide water quality results with respect to the On-Ice Drilling activities that are being conducted from the site. These results are due within 30 days. Additional proof of modification to the existing process is required to ensure that cuttings and other sludge are not being deposited into the lake.

It is again the recommendation of the Inspectors that an inspection of the site be conducted on a monthly basis to keep up with the rapid and dramatic changes on-going at the site especially during the construction phase.

This may be revisited once the mine is into production.

A.Keim

Inspector's Name

Sent by E-mail

Inspector's Signature



Received January 20, 2011

November 3, 2010

Mr. Stephane Robert, Environment Superintendent
Agnico-Eagle Meadowbank Division
General Delivery
Meadowbank Project
Baker Lake, NU, X0C 0A0

Re: Inspection of Water Licence 2AM-MEA0813

Dear: Mr. S. Robert

On July 21 & 22, 2010 an inspection of the above referenced site was conducted. Attached to this letter are my findings and observations contained in the "Inspection Report". These documents should be kept on site for future reference and provided to the Water Resources Inspector upon request.

Please read the entire inspection report and in particular all comments and non-compliance issues. It is imperative that the company take action as soon as possible to bring any deficiencies into compliance with the "Water Licence" and minimize the impact of their operations on the surrounding environment.

Any work the company takes to correct the deficiencies note in this inspection should be documented and made available to any Inspector upon their request.

The "Water Licence" should be made available to all camp staff and reviewed on an ongoing basis or at a minimum at the opening of your camp each year. This will make everyone familiar with the requirements and any term and conditions.

If you have any concerns with respect to the inspection report or conditions of your "Water Licence" please feel free to call me at 867-975-4295 or Bryan Rayner at 867-975-4288 and we will do my best to clarify any questions you may have.

Yours truly,

Peter Kusugak
Field Operations
Nunavut Regional Office

Canada

WATER USE INSPECTION REPORT

Date: July 21 & 22, 2010	Licensee Rep. (Name/Title): Stephane Robert – Env. Superintendent,
Licensee: Agnico Eagle	Licence No: 2AM-MEA0813

WATER SUPPLY

Source(s): Third Portage Lake	Quantity Permitted: 700,000 cubic meters (M3)
Owner:/Operator: Agnico-Eagle Ltd.	

Indicate: **A** - Acceptable **U** - Unacceptable **NA** - Not Applicable **NI** - Not Inspected

Intake Facilities: NI	Storage Structure: A	Treatment Sys: A	Chemical Storage: NA
Flow Meas. Device: NA	Conveyance Lines: NA	Pumping Stations: A	Screen : NA

Comments: Water for the camp is currently treated using filters and UV. Inspection of the treatment system found to be in good order with records up to date on and on site. The intake barge was inspected and found to be clean and orderly. Logs of water taking and quality checks were available and appeared complete and up to date.

The following information was provided by Agnico-Eagle Ltd., the company is aware they will exceed their permitted water taking and is taking action to have the necessary amendments to their "water Licence". As of June 2010 Meadowbank had used 612,659 M3 of water and will definitely exceed the 700,000 M3 they are permitted through their Water Licence.

WASTE DISPOSAL

Sewage: Sewage Treatment System (Prim./Sec/Ter.): **Primary - Discharge to Tear drop Lake**

Natural Water Body: Mine site	Continuous Discharge (land or water): Continuous	
Seasonal Discharge: NA	Wetlands Treatment: NA	Trench: NA

Indicate: **A** - Acceptable **U** - Unacceptable **NA** - Not Applicable **NI** - Not Inspected

Discharge Quality: NA	Decant Structure: NA	Erosion: A
Discharge Meas. Device: NA	Dyke Inspection: NA	Seepages: A
Dams, Dykes: A	Freeboard: A	Spills: A
Construction: NI	O&M Plan: A	A&R Plan: A
Periods of Discharge: NA.	Effluent Discharge Rate: NA – not recorded	

Comments: All treated sewage is discharged to Tear Drop Lake. Water from Tear Drop Lake is discharged to the tailings ponds and this water is used in the processing plant.

Solid Waste:

Landfill: Constructed	Burn & Landfill: NA	Other: Incinerator & backhaul of Hazardous materials
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Comments: Kitchen and paper wastes are incinerated on site. The incinerator was not operating at the time of this inspection. Charts and logs were available and appeared to be complete and up to date. Hazardous and liquid wastes were stored in an orderly and environmentally safe manner and labelled for easy identification.

FUEL STORAGE:

Waste Oil Storage: Consolidated in Haz Mat area **Owner/Operator:** Agnico-Eagle Ltd

Indicate: **A** - Acceptable **U** - Unacceptable **NA** - Not Applicable **NI** - Not Inspected

Berms & Liners: NI	Water within Berms: NA	Evidence of Leaks: NI
Drainage Pipes: NI	Pump Station & Catchments Berm: NI	
Pipeline Condition: NI	Condition of Tanks: A- Unregistered at this time.	

Comments: Inspection of the on-site 5 Million Litre Tank and transfer area found no issues. There were two (2), ten million litres (10,000,000 l) permitted fuel tanks under construction in Baker Lake at the time of this inspection. The permit also allows for the construction of a two million litre (2,000,000 l) "JET A" tank, that will be built when it is deemed necessary.

Samples Collected		Owner /Operator: Agnico-Eagle Ltd.	
0		INAC:	
Signs Posted	SNP: some	Warning: Present	
Records & Reporting: Provided as required and available on site.			
Geotechnical Inspection: N/A			

Comments: Constant monitoring is performed by the company during the construction of the Bay Goose Dike to ensure Suspended Solids (SS) environmental impact is kept to a minimum. Silt curtains were in-place at the time of the inspection and appeared to be doing an adequate job of preventing uncontrolled SS dispersion into the surrounding water.

Non-Compliance of Act or Licence:

The Meadowbank Mine site appears to be meeting all but one condition of their Water Licence. At the time of the inspection they had not exceeded the quantity of water permitted in their Water Licence, but it would be exceeded in the near future. Agnico-Eagle Ltd. must take all necessary actions to either bring their water use into compliance with their existing Water Licence or have the Water Licence amended to reflect their actual usage as soon as possible.

Bryan Rayner

Inspector's Name


Inspector's Signature