Appendix I1

Document*: Inspection Reports*

Indian and Northern Affairs Canada | Affaires Indiennes et du Nord Canada

WATER USE INSPECTION REPORT

Date: July 5, 2011	**Licensee Rep.** (Name/Title)**:** Ryan Vanengen & Jeffrey Pratt
Licensee: Agnico Eagle Mines Ltd.	**Licence No.: 2AM-MEA0815**

WATER SUPPLY

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

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

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

Comments: Water for the camp is treated with Chlorine and UV. The pumping and treatment stations appear to be well maintained and log records of treatment and usage are up to date and onsite. Water usage is still a concern and a plan to reduce the amount of waster usage or apply for an increase should be done as soon as possible.

Bay Goose Dike is scheduled to be completed on Aug 1st and at that time Agnico hope to start dewatering that area. Approximately three million cubic meters of water will have to be discharged over a two month period.

WASTE DISPOSAL

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

Natural Water Body: Tear Drop Lake	**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:	**Decant Structure:** A	**Erosion:** A
Discharge Meas. Device:	**Dyke Inspection:**	**Seepages:** A
Dams, Dykes: A	**Freeboard:** A	**Spills:** NA
Construction: NA	**O&M Plan:** A	**A&R Plan:**
Discharge: NA	**Effluent Discharge Rate:** Unknown	

Comments: Sewage is treated through a RBC unit followed by UV treatment. All treated sewage is discharged to Tear Drop Lake (Storm Water Management Pond), and sludge is removed from the RBC unit and transferred to the tailings pond. Water from Tear Drop Lake is reclaimed and used in the processing plant.

On Jun 30th a 92 m3 spill of slurry occurred on the mill floor near the CIP tank. The spill was contained with absorbent booms, peat moss, and earthen berms and then eventually cleaned up and transferred back to the tailings containment facility. The spill was not an issue at the time of the inspection.

Solid Waste:

Owner/Operator: Agnico Eagle Ltd.

Landfill: Completed	**Burn & Landfill:** NA	**Other:**

Comments: All food wastes and organics/paper products are incinerated onsite. All other wastes including wood, metals etc are transferred to the landfill. The incinerator seems to be working properly and all ash from the incinerator is transferred to the tailings storage facility.

FUEL STORAGE:

Waste Oil Storage: Hazardous Waste Transfer Area **Owner/Operator:** Agnico Eagle Ltd.

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

Berms & Liners: A	**Water within Berms:** U	**Evidence of Leaks:** A
Drainage Pipes: A	**Pump Station & Catchments Berm:** A	
Pipeline Condition: A	**Condition of Tanks:** A	

Comments: Agnico has six 10 Million Litre Tanks at the staging area next to Baker Lake. The fuel is transferred to the Meadowbank mine by way of fuel tanker trucks that supply the mine daily. All berms and tanks seem to be in good condition. Water from the berms was being discharged during the inspection. Agnico will try to determine volumes or otherwise install meters for future discharges. There is one 10 Million Tank at the mine site that is filled by fuel

tankers arriving from Baker Lake. There is also water in this secondary containment structure that will be discharged eventually (No date specified). A two million Litre Jet A fuel tank is also being considered at Baker Lake, but at the time of the inspection this has not been constructed.

Hazardous wastes are separated accordingly and all wastes are stored in sealift containers. There are quite a few sealift containers containing hazardous wastes onsite. Agnico has contracted a consultant that will package and determine the quantities of hazardous wastes onsite and these wastes will be shipped out for proper disposal. The exact quantities of hazardous wastes were not available during the inspection.

SURVEILLANCE NETWORK PROGRAM (SNP)

Samples Collected	**Owner /Operator:** Agnico Eagle Ltd.	
	INAC:.Raw Water Intake, TSS dewatering discharge point,	
Signs Posted	**SNP:** Some	**Warning: Posted**
Records & Reporting: Monthly summary reports up to date.		
Geotechnical Inspection: NI		

Comments: Samples were collected in two locations and sent to Taiga Labs for analysis.

Non-Compliance of Act or Licence:

- Agnico Eagle seems to be meeting all of the Water Licence terms and conditions.
- There are signs of minor spills around the mine site and general clean up is needed at the storage area behind the large white canvass storage structures. The green waste oil storage tank behind these structures also had a noticeable spill and should be cleaned up and disposed off properly.
- Spill/absorbent booms are still located at the location of the tanker spill (40000 L) from January 2010. Water is pumped through a treatment system creating a negative pressure to prevent residue fuel from entering the river. There is a slight sheen at different locations around the spill. Monitoring is ongoing and will continue until the site has been remediated fully.
- Agnico should look into their water usage and develop a plan to deal with this issue.

Ian Rumbolt — Sent by E-mail

Inspector's Name — **Inspector's Signature**

P.O. BOX 119
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NUNAVUT IMALIRIYIN KATIMAYINGI
NUNAVUT WATER BOARD
OFFICE DES EAUX DU NUNAVUT

July 17, 2012 **File No: 2AM-MEA0815/TR/A**

Stéphane Robert
Environment Superintendent
Agnico-Eagle Mines Limited – Meadowbank Division
20, Route 395, Cadillac, Quebec, J0Y 1C0
E-mail: stephane.robert@agnico-eagle.com

Subject: Submission of 2011 Water Use Inspection Report – 2AM-MEA0815

Dear Mr. Robert:

The Nunavut Water Board ("NWB") acknowledges receipt of a submission from Aboriginal Affairs and Northern Development Canada on June 29, 2012, dated July 5, 2011, entitled Water Use Inspection Report. This submission has been placed on the NWB public registry and is available from the NWB ftp site, username public, password: registry.

Notice of this report is forwarded to the distribution list for information only. Anyone wishing to provide comments may do so by return email to the Manager of Licensing at licensing@nunavutwaterboard.org.

Please note contact information as follows for the INAC Inspectors:

Active DEWLine Sites and Kivalliq Region – Andrew Keim Andrew.Keim@aandc-aadnc.gc.ca
Qikiqtani Region – Melissa Joy - Melissa.Joy@aandc-aadnc.gc.ca
Kitikmeot Region – Eva Paul - eva.paul@aandc-aadnc.gc.ca

Sincerely,

Original signed by:

Phyllis Beaulieu
Manager of Licensing

cc. Kivalliq Distribution List

WATER USE INSPECTION REPORT FORM

Date: July 27th, 2012	**Licensee Rep.** Martin Theriault -Senior Technician- Kevin Buck -Environmental Superintendent-
Licensee: Agnico-Eagle Mines Ltd. (AEM)	**Licence No: 2AM-MEA0815**

Comments: A compliance inspection was conducted on the 26th and 27th of July 2012, at the Meadowbank Gold Project (67° 0' 75"N, 96° 4' 39" W)

WATER SUPPLY

Source(s): Third Portage Lake	**Quantity used: + 100 000 000 m³ per yr**
Owner:/Operator: Agnico-Eagle Mines Ltd.	

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

Intake Facilities: A	**Storage Structure:** A	**Treatment Systems:** A	**Chemical Storage:** A
Flow Meas. Device: A	**Conveyance Lines:** A	**Pumping Stations:** A	**Screen :** A

Comments:

- Water is pumped from Third Portage Lake to a central holding tank that supplies both the camp facilities and mill
- Potable water is treated with UV, and chlorine
- The chlorine is mixed daily, and all associated safety equipment and training is available to the Water Treatment Plant (WTP) Operators
- Water quality, volume, and WTP standard operating procedures were available for review
- Operator was very knowledgeable
- Facilities were noted to be clean and tidy
- The licensee continues to exceed allowable annual water use

The Inspector requires within 30 days the licensee to submit an amendment to their water license in regards to water use quantity.

SAMPLES:
Collected inside the WTP, at a designated SNP location

WASTE DISPOSAL

Comment:
The waste stream is managed through a network of segregation station throughout the site. The waste is first sorted by the individuals producing the garbage and then is sent to the appropriate handling area which is placed in final segregation.

- Hazardous materials are containerized and shipped off site by a contractor
- Approved domestic waste is burned in the incinerator and the ash is disposed in the onsite landfill
- General bulk waste is placed in the onsite landfill
- A metal recycling program is in place
- Back haul manifest has been request by the Inspector

The Inspector noted concerns as to the disposition of the incinerator ash in the landfill

Contaminated Soils
The Licensee has been experiencing a large volume of spills since 2010. All contaminated soil has been stock piled over the years in various quarries along the Meadowbank road. Previous Inspectors has deemed this location to be unacceptable and to address the issue the Licensee has built a temporary storage site.

During the inspection the Licensee was in the process of moving material to this site. The Inspector requires a timeline as to when all the contaminated soil will be moved to this location and within 30days of this inspection, the licensee shall submit a Plan to the board in regards to remediation and management of all contaminated soils.

The Inspector reminds the Licensee this is an ongoing issue and the Board required action to be taken to manage contaminated soils in 2008 when the license was issued.

Sewage: Sewage Treatment System: BIODISK

Natural Water Body: Yes	**Continuous Discharge** (land or water): **Water**	
Seasonal Discharge: NA	**Wetlands Treatment: NA**	**Trench:** None

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

Discharge Quality: A	**Decant Structure:** A	**Erosion:** A
Discharge Meas. Device: A	**Dyke Inspection:** NA	**Seepages:** NI
Dams, Dykes: NI	**Freeboard:** NA	**Spills:** NI
Construction: A	**O&M Plan:** A	**A&R Plan:** NI

Discharge Quality: A	**Decant Structure:** A	**Erosion:** A
Periods of Discharge: Cont	**Effluent Discharge Rate:** A	

Comments:

- Sewages is collected from the surrounding facilities and brought to the Sewage Treatment Plant (STP), were it is treated and discharged to Teardrop Lake.
- The STP consists of an equalization tank, 3 biodisk tanks, clarifier systems, and UV lamp treatment
- At the time of the inspection two biodisk were online
- Waste water quality, and volume records were available for review
- Plant was clean and well organized

Samples were collected from; STP discharge, the attenuation pond water at the treatment plant during discharge.

FUEL STORAGE:
Owner/Operator:

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

Berms & Liners: A	**Water within Berms:** A	**Evidence of Leaks:** NA
Drainage Pipes: NI	**Pump Station & Catchments Berm:** A	
Pipeline Condition: A	**Condition of Tanks: NI**	

Comments:
The fuel onsite is stored in large above ground storage tanks, and all refueling station have been fitted with liners to mitigate spills

- Spill kits and other emergency response equipment were located at these sites

SURVEILLANCE NETWORK PROGRAM (SNP)

Samples Collected	**Owner /Operator:** Agnico-Eagle Mines Ltd.	
4	**AANDC:**Potable, Effluent, Leachate, Treatment (attenuation pond discharge)	
Signs Posted	**SNP:** Some	**Warning: None**
Records & Reporting: Annual Report submitted		
Geotechnical Inspection: 2011 report was submitted		

Comments:

- The sampling requirements are handled by the environmental department for Meadowbank Gold Project
- Numerous sampling sites were lacking signage
- Warning signs were not noted at the Water Treatment Facilities nor the Sewage Discharge locations
- The Licensee works toward meeting all sampling requirements found within their license

Non-Compliance of Act or Licence:

Part E item 3

The total volume of fresh water for all uses shall not exceed 700,000 cubic metres per year

The Inspector requires;

- Water balance report 2011
- Within 30 days of this inspection; a timeline of completion of relocation of contaminated soils from quarries to temporary storage facilities
- Approved ash disposal plan
- Within 30 days of this inspection; a Plan for remediation and management of contaminated soils shall be submitted to the Board
- Monitoring results of split samples take at the time of the inspection
- Confirmation of application to amendment water use quantities
- Back haul manifest

The Licensee is reminded to submit a copy of the construction summary report to the Board on completion of divergent ditches

Christine Wilson
Inspector's Name

Sent by E-mail Original on File
Inspector's Signature

Representative Name, Title

Representative Signature

Andrew Keim- A/Manager Field Operations
Phyllis Beaulieu – Manager Licensing- Nunavut Water Board

Contact Information:
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Resource Management Officer
Aboriginal Affairs and Northern Development Canada
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AGNICO-EAGLE

August 15, 2012

Christine Wilson
Resource Management Officer
Aboriginal Affairs and Northern Development Canada
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RE: Water Use Inspection Report – Meadowbank Mine Site July 27, 2012

Ms. Wilson,

Thank you for your inspection report dated July 27, 2012 (which was given in person to AEM Senior Technician Martin Theriault on that date). Please note the following in response to the inspector requirements in your report;

1) "Water Balance Report 2011" – The 2011 water balance for the Meadowbank project was submitted with our 2011 Annual Report in Appendix B1. This information can be found on the Nunavut Water Board FTP site. ftp://nunavutwaterboard.org/ Username: "public", and the Password: "registry". The water balance will be update again in 2012 and be available in the third quarter.

2) "Within 30 days of this inspection; timeline of completion of relocation of contaminated soils from quarries to temporary storage facility" – All contaminated soil that is stored at quarry 5 will be either transported to our Contaminated Soil Storage/Pilot Bioremediation Site (CSSPB) or directly to our waste rock storage area (uncontaminated course material) before the end of 2012. In addition, we intend to commence sorting/ transporting the material stored at quarry 22 during 2012. The remaining soil at quarry 22 will be removed after freshet 2013. To date we have removed approximately half the material from Quarry 5. Removal of material will occur within the above stated time frames subject to the availability of equipment as well as weather conditions.

3) "Approved Ash Disposal Plan" – Ash samples are collected from the incinerator on in accordance with AEM's '*Incinerator Waste Management Plan'* (AEM, May 2009, v2) approved by the NWB. The purpose of sampling ash is to determine its acceptability for disposal in the landfill, pursuant to the Government of Nunavut (GN) Environmental Guidelines for Industrial Discharge (2002). Results

from this monitoring in 2011 are provided in Table 5.3 of the 2011 Annual Report. This information can be found on the Nunavut Water Board FTP site. ftp://nunavutwaterboard.org/ Username: "public", and the Password: "registry"..

4) "Within 30 days of this inspection; a Plan for remediation and management of contaminated soils shall be submitted to the Board" – AEM will submit a *Contaminated Soil Storage/Pilot Bioremediation Site Plan*. This revised plan will be submitted as a modification and will supersede the current *Landfarm Management Plan (Oct 2008)*. The new plan will be submitted by October 31, 2012.

5) "Monitoring results of spilt samples take at time of inspection" –results will be provided upon reception of the analytical report from our accredited laboratory. AEM would like to request a copy of the results obtained from the AANDC samples taken at the same time.

6) "Confirmation of application to amendment water used quantities" – Currently AEM evaluating the timeline and content for the submission of a Water License amendment for two reasons;

a) Currently AEM has retained a consultant (SNC Lavalin) to complete an updated Water Management Plan (including an updated water balance) which is anticipated to be completed by Oct. 1, 2012. This Plan is a requirement for the amendment process.

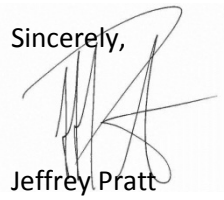
b) AEM Process Plant has received approval to undertake a major reclaim water recycling initiative which is scheduled to be completed by the end of 2012. The project will reuse app. 55 M3/hr of water which will reduce our freshwater consumption below our licensed limit. Should this be the case AEM will likely not proceed with a water use increase amendment. In addition, there are several other amendments that AEM requires and these were listed in my previous correspondence to Mr. Keim of your department (date – response to his Mar 23 inspection and attach). These are the expansion of our waste rock storage area (NPAG storage for reclamation), the pumping back to Third Portage Lake of non-contact dike seepage (East and Bay-Goose Dikes) and the Vault Pit expansion. These amendments are also dependent upon the completion of the updated Water Management Plan referred to above in section (a). The amendments also vary in complexity and AEM is considering whether to apply for one amendment incorporating all or two separate amendments; one for the relatively smaller items (waste rock expansion, dike seepage discharge) and one for the more complex items (Vault expansion, water use).

For the reasons stated above it is difficult to determine an exact date for an amendment submission; however within the next 30 days we will make a decision on our path forward and set a firm timeline for submission of the amendment(s) and will inform the inspector.

7) "Back Haul Manifest" – The 2011 Back Haul Manifest for the Meadowbank project was submitted with our 2011 Annual Report in Appendix D1. This information can be found on the Nunavut Water Board FTP site. I have attached a copy of the Back Haul Manifest for your convenience.

I trust this meets with your requirements. Should you have any questions or concerns please feel free to contact me at jeffrey.pratt@agnico-eagle.com.

Sincerely,



Jeffrey Pratt
Environmental Coordinator
Agnico-Eagle Mines Ltd.
Meadowbank Division
(867) 793-4610 ext. 6728
jeffrey.pratt@agnico-eagle.com

CC: Kevin Buck –AEM
Stephane Robert – AEM
Andrew Keim – AANDC

Indian and Northern Affairs Canada | Affaires indiennes et du Nord Canada

Inspection Report

License #: 2AM-MEA

Inspector: A.Keim

CIDMS # 522409

Client	Agnico-Eagle Mines Ltd.		
Mailing Address	#375-555 Burrard Street Two Bentall Centre Vancouver, BC V7X 1M4		
Inspection site location	Meadowbank Gold Project Mine		
Contact name	Stéphane Robert	Title	Environmental Superintendent
Previous Inspection Dates	July 28, 2008	Aug 9, 2009	January 19&20, 2010
	July 21&22 2010	July 5&6 2011	
Inspection start date	March 23& 24 2012		
Region	Kivalliq Region		

Indian and Northern Affairs Canada
Affaires indiennes et du Nord Canada

Aboriginal Affairs and Northern Development Canada
P.O. Box 100
Building 918
Iqaluit, NU, X0A 0H0

Submitted Via E-Mail
Our File: 2AM-MEA0813
Your File:_____
CIDM # 522409

April 13, 2012

Louise Grondin, VP Environment
Agnico-Eagle Mines Ltd.
#375-555 Burrard Street
Two Bentall Centre
Vancouver, BC V7X 1M4
Email: louise.grondin@agnico-eagle.com

RE: Water License Inspection – Meadowbank Mine Site March 23/24 2012

The Water Resources Officer (WRO) appreciates the assistance and cooperation provided by Stéphane Robert, Environmental Superintendent and Mr. Robin Allard, Senior Environmental Technician who accompanied the Inspector during the inspection of the Water License terms and conditions.

The following report is based on observations made at the time of the inspection;

- Fuel Tank Farm (Meadowbank Mine , Nunavut)
- Meadowbank Mine Site, Including;
  - Main Building / Accommodation Trains
  - Water Treatment Facilities (potable)
  - Goose Bay Dyke and Pit (Activity started this date)
  - Portage Pit
  - North Cell Tailings Pond and Recirculation Intake
  - Hazardous Waste Storage
  - Incinerator and Waste Management Area
  - Spill Reports- sites for clean up confirmation (14)

A review of the terms and conditions of the water license was completed following the individual inspections.

Fuel Tank Farm: (Mine site)

- Site was found free of spills and contamination
- A new truck off-loading system in place and in use by Tanker during the Inspection. The new system was designed to prevent spills.
- A liner has been placed under the transfer area
- A log was available for review within the Pump station
- Currently there are 4.9 million litres of P-50 of P-50 fuel in the mine site tank farm and an additional 30.3 million litres of P-50 at the Baker Lake tank farm.

All Weather Road / Quarry Sites:

- The All-Weather roadway and quarries were not inspected during this Inspection
- The Licensee carried out soil characterization testing of hydrocarbon contaminated soils in Quarry 6 in 2010. From this it was identified that 1700 Cubic meters of contaminated soils could be moved into the waste dump area located within the waste rock pile and an additional 500 Cubic meters could be moved to Quarry 22 for remediation.
- Contaminated soils at Quarry 5 are to be tested in 2012

- The spill that occurred at KM 22 has been cleaned but monitoring and any required – on-going remediation activities will continue for the remainder of 2012.
- The current Quantity of contaminated soils in Quarry 22 is to be determined and provided to the Inspector.

Meadowbank Mine Site:

- During period of Inspection it was noted that grey and black water from the mine site continue to be deposited in Teardrop lake (sump 4). Sampling will be conducted at the next Inspection.
- The Licensee started blasting and removal of overburden on the Goose Pit during the period of Inspection. The removal of overburden was on-going during the site visit.
- Potage pit was found active. (4 benches completed) and 17 rock trucks on the road.
- Tailings being deposited in North cell during the Inspection.
- Tailings disposition continues at a rate of approximately 10,000 tonnes per day.
- Noted that since Nov of 2011 There has been no discharge to the environment from any regular mine activity.
- Contractor pad was inspected and found to be in good order with no spills
- Seepage under the East Dyke continues to flow into the Portage Pit. It is unclear if this can be stopped as the level of the flow is below the water line in the lake. Water is currently pumped to attenuation pond at a rate of 1,000 cubic meters per day. The Licensee would like to diverted the water directly back to the lake and an amendment will be submitted to this effect.
- In 2011 the Licensee used 1 million cubic meters of water, The License allows for the use of 700,000. An application for amendment is to be submitted without delay.
- The Mine mill is reclaiming 66% of mine water for recirculation.

Hazardous Waste and Waste Management:

- Hazardous waste shipping records were not available for review.
- It was noted that 91 sea cans of Hazardous wastes were shipped off site
- 25 sea can of hazardous wastes originated within the Municipality of Baker Lake.
  - 880 Drums of waste oils and unidentified substances
  - 20 tonnes of batteries
- A clean up of the old dump in Baker lake was also undertaken by the Licensee
  - 354 tonnes of steel scrap and;
  - 94 tonnes of tires were shipped off site
- The Incinerator area was found to be in good working order.
- Four other single stage incinerators were also noted adjacent to the Incinerator building. These are only to be used if or when a failure occurs with the main incinerator.
- Sea-can and shipping containers for hazardous wastes were found to be properly labelled and in good order.

Spills:

During the period of inspection the following spill reports were inspected and closed;

1.	2010-016	200 L Hydraulic oil	North Portage Pit
2.	2010-120	210 L Engine Oil	South Portage Pit
3.	2010-139	210 L Engine Oil	South Portage Pit
4.	2010-166	100 L Engine Oil	Cleaned from Sea can
5.	2010-215	150 L Fuel –P-50	Cleaned from surface and placed in Q 22
6.	2010-342	125 L Engine Oil	South Portage Pit
7.	2010-433	300 L Hydraulic Oil	South Portage Pit
8.	2010- 466	200 L Fuel –P-50	South Portage Pit
9.	2011-283	280 L Fuel /H Oil Mix	TCG Laydown – Cont soil placed in Q 22
10.	2011-353	150 L Used Oil	Soil shipped off site in haz mat shipment 2011

11.	2011-403	250 L Hydraulic Oil	Site cleaned and soil taken to Q 22
12.	2011-421	200 L Fuel P-50	Site cleaned and soil taken to Q 22
13.	2011-436	625 L Used Oil	Soil shipped off site in haz mat shipment 201
14.	2011-463	350 L Hydraulic Oil	Site cleaned and soil taken to Q 22

The above noted spill sites were inspected and the Inspector found the spills have been cleaned up to accepted environmental/regulatory standards and the spilled products and contaminated materials have been appropriately disposed of.

An e-mail to the Spill Line recommending closure of the above noted spill reports will be submitted under separate cover.

Non-Compliance: Issues identified during the inspection and/or review of relevant material

Issues where there is a known or suspected violation of a requirement of the Water License or Act;

- Quarry sites used as lay containment areas for contaminated soils without the use of secondary containment is not recommended for long term storage and remediation of contaminated soils. In the long term the use of treatment technologies and /or shipment off site of hydrocarbon contaminated soils is required for continued compliance with the legislation.
- The total allowable volume of water as authorized under the current license has been exceeded and must be addressed by the licensee either though an amendment application or reduction in the consumption rate. A plan to address this issue is to be developed prior to the period of the next Inspection.

The licensee continues to work diligently on compliance with the issued license and has undertaken a number of successful proactive remediation and clean-up projects on site and in the community of Baker Lake.

Andrew Keim
Inspector's Name

Inspector's Signature

Cc:
Phyllis Beaulieu – Manager licensing – Nunavut Water Board

Indian and Northern Affairs Canada | Affaires indiennes et du Nord Canada

Submitted Via E-Mail
Our File: 2AM-MEA0813
Your File:_____
CIDM # 522409

April 17, 2012

Louise Grondin, VP Environment
Agnico-Eagle Mines Ltd.
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Vancouver, BC V7X 1M4
Email: louise.grondin@agnico-eagle.com

RE: Water License Inspection – Meadowbank Mine Site March 23 and 24th, 2012

Ms. Grondin,

Please find attached a report on the Water License Inspection conducted March 23rd and 24th , 2012. Included at the end of the report is a record of observations made during the inspection with respect to issues of Non-compliance or Non-conformity with the issued Water License or the Nunavut Water and Nunavut Surface Rights tribunals Act.

The role of Aboriginal Affairs and Northern Development Canada (AANDC) in issues related to the use of water or deposit of waste in Nunavut is one of compliance monitoring and enforcement.

Our preferred option in all instances is to work with clients by identifying instances of non-compliance, risks to the environment and/ or people, bringing them to the client's attention and ensuring the operator is better able to address these issues and ensure continued compliance with the authorizations and the Act before undertaking more formal enforcement actions.

Should you require more information or clarification please contact the undersigned at the coordinates listed below.

I look forward to working with you and your staff. If you have any questions please do not hesitate to contact our offices here in Iqaluit.

Sincerely,

Andrew Keim
A/Manager Field Operations
Aboriginal Affairs and Northern Development Canada
Box 100 Building 918
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Ph: 1-867-975-4289
Fx: 1-867-979-6445
Andrew.Keim@aandc-aadnc.gc.ca

June 2, 2012

Andrew Keim
A/Manager Field Operations
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Andrew.Keim@aandc-aadnc.gc.ca

RE: Water License Inspection – Meadowbank Mine Site March 23/24 2012 – NWB Lic # 2AM-MEA0813

Mr. Keim,

Thank you for your inspection report dated April 13, 2012 (received electronically April 30, 2012).

Please note the following Action Plan in response to the concerns raised in your report,

1) **East Dike Seepage –** An amendment request will be submitted to the Nunavut Water Board (NWB) to pump this seepage back to Second Portage Lake prior to contact with the Portage Pit. We are currently preparing the application to amend and anticipate submitting it by the end of July 2012. In the interim we will continue to manage this in the Portage Attenuation Pond.
2) **Hazmat Shipping Information Availability** – It is my understanding that AEM provided you with this documentation as well as information about a CIP spill in the mill in an email from Stephane Robert dated March 24, 2012. In the future this information will be readily available.
3) **Total Allowable Water Use Exceedence** – AEM first reported the increased water usage in our 2010 Annual Report which was submitted to the NWB in March, 2011. We are currently preparing an application to amend and anticipate submitting it by July 1, 2012
4) **Quarry sites 5 and 22 Used as Storage Areas for Hydrocarbon Contaminated Soils without Secondary Containment –** AEM agrees with your assessment that these areas should not be used as long term storage and remediation of contaminated soils. There is app 4,375 M3 of material at Quarry 22 and 1355 M3 of material at Quarry 5. Within these totals there is a considerable volume of course material that does not appear to be contaminated (no staining or odour). Therefore AEM is implementing the following,

    - Initiation of a sampling program at both sites. Samples will be analyzed for F1 to F4 (C10 – C60) petroleum hydrocarbon fractions. Results will be compared with the CCME criteria outlined in the Government of Nunavut's "Environmental Guideline for Contaminated Site Remediation, rev. March, 2009. It is anticipated that app 30% of the material in Quarry 22 and in excess of 70% of the material in Quarry 5 is course grained and uncontaminated.
    - Any material that meets Tier 1 criteria from the Guideline will be reused as NPAG cover material in our Waste Rock Storage Facility or Landfill. Any material that exceeds the criteria will be brought back to Meadowbank and temporarily stored at the Waste Rock Storage Facility. All run off from this site is directed to the Tailings Storage Facility which is not discharged to the environment. In addition to our regular sampling of run off from this location we will add BTEX and Total Oil and Grease to monitor if any of these compounds are discharging to the tailings pond.

Two Phased Approach

- **Phase One**, which will take place in 2012, will involve sampling, screening and categorizing the contaminated soils. Course material and material that meets Tier 1 criteria will be removed from both quarry sites and reused at the Meadowbank site in the manner previously stated.
- A revised Landfarm Management Plan (Part F, Item 12) will be prepared and submitted to the NWB for approval. When the Plan is approved by the NWB AEM will use the site as a permanent remediation /storage facility.
- **Phase Two** of the program will involve removal of the remainder of the contaminated soil to a permanent storage/remediation (landfarm) site at Meadowbank. Engineering and location are in the planning stage therefore this phase will be completed in 2013.
- Both sites are being monitored for offsite migration of contaminants via run off water. To date none has been observed. Should the potential for offsite migration be observed immediate containment procedures will be implemented (absorbent booms/pads or an earthen berm).
- After the contaminated material has been removed from these quarries sampling of the substrate will be conducted. Any subsequent contaminated soils will be excavated and taken to the Landfarm. The goal will be to remediate contaminated soils to a level that allows for reuse at the site within the Waste Rock Storage Facility.
- Also, no further contaminated soil will be taken to Quarry 5 and 22 in the future. It will be temporarily stored or reused (if it meets criteria) at the Waste Rock Storage Facility. Final reclamation plans for the Waste Rock Storage Facility include permafrost encapsulation.

I trust this course of action meets with your approval. Should you have any questions or concerns please feel free to contact me at jeffrey.pratt@agnico-eagle.com.

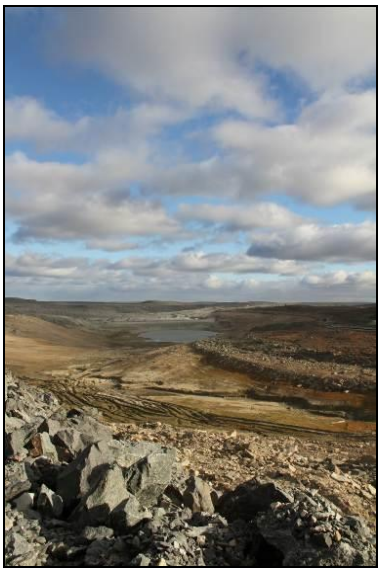
Sincerely,

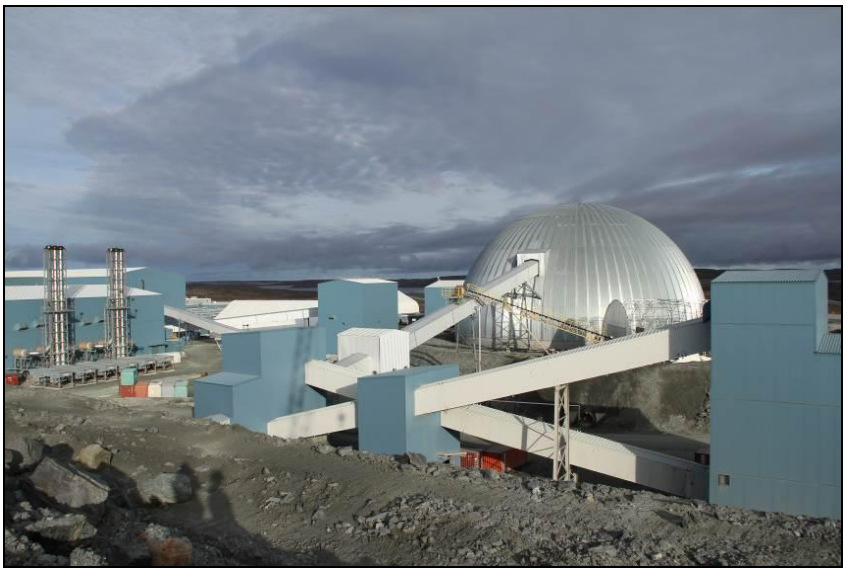
Jeffrey Pratt
Environmental Coordinator
Agnico-Eagle Mines Ltd.
Meadowbank Division
(867) 793-4610 ext. 6728
jeffrey.pratt@agnico-eagle.com

CC: J. Kevin Buck

2012 Site Visit Report

for the NIRB's Monitoring of
Agnico-Eagle Mines Ltd.'s Meadowbank Gold Project





Nunavut Impact Review Board

November 2012

Full Report Title:	2012 Site Visit Report for the Nunavut Impact Review Board's Monitoring of Agnico-Eagle Mines Ltd.'s Meadowbank Gold Project (NIRB File No. 03MN107)
Project:	Meadowbank Gold Project
Project Location:	Kivalliq Region, Nunavut
Project Owner:	Agnico-Eagle Meadowbank PO Box 540 Baker Lake, NU X0C 0A0
Proponent Contact:	Kevin Buck, Environment Superintendent
Telephone:	(819) 759-3555, ext. 6838
Visit conducted by:	Sophia Granchinho, Technical Advisor and Monitoring Officer
Telephone:	(866) 233-3033
Site visit dates:	September 12-13, 2012
Last site visit:	September 12-13, 2011
Report prepared by:	Sophia Granchinho, Monitoring Officer
Photos by:	Sophia Granchinho
Cover photos:	1) View of attenuation pond and central dike from stormwater dike 2) Processing plant

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1 INTRODUCTION

The Nunavut Impact Review Board (NIRB or Board) was established through Article 12 of the Nunavut Land Claims Agreement (NLCA) and is responsible for post environmental assessment monitoring of a Project in accordance with Part 7 of Article 12 of the NLCA.

This report provides the findings that resulted from the site visit of the Meadowbank Gold Project that took place on September 12 and September 13, 2012 as part of the NIRB's monitoring program.

1.1 Objectives & Purpose of Site Visit

In December 2006, pursuant to Section 12.5.12 of the NLCA, the NIRB issued Project Certificate No. 004 for the Meadowbank Gold Project (the Project), allowing the Project to proceed in accordance with the Terms and Conditions issued therein. In November 2009, the NIRB formally amended the Project Certificate [No. 004] to include an amendment to Condition 32 pursuant to NLCA 12.8.2 and an approval to change the name of the holder of the Project Certificate [No. 004] from Cumberland Resources Ltd. to Agnico-Eagle Mines Ltd. (NIRB, 2009).

The Board is responsible for the monitoring of this Project as per Sections 12.7.1 and 12.7.2 of the NLCA. The objective of the NIRB's site visit was to determine whether, and to what extent, the land or resource use in question is being carried out within the predetermined terms and conditions of the NIRB's Meadowbank Gold Project Certificate [004] (Section 12.7.2(b) of the NLCA).

The observations resulting from this site visit shall, wherever possible, be incorporated into the measurement of the relevant effects of the project (Section 12.7.2(a), provide the information necessary for agencies to enforce terms and conditions of land or resource use approvals (Section 12.7.2(c)), and will further be used to assess the accuracy of the predictions contained in the project impact statements (Section 12.7.2(d)).

1.2 Introduction of the Meadowbank Project

The Project involves the construction and operation of an open pit gold mine located in the Kivalliq Region of Nunavut, approximately 70 kilometres (km) north of the hamlet of Baker Lake on Inuit-owned surface lands. The original Project proponent and owner, Cumberland Resources Inc., estimated in 2006 that the Meadowbank project comprised of a total proven and probable gold reserves of 2.7 million ounces, and that total construction and operating expenditures would run at $304 million and $100 million per year, respectively (NIRB, 2006). The current Project owner, Agnico Eagle Mines Limited (AEM or Proponent), indicated in its December 2011 Reserves and Resources report that Meadowbank has proven and probable gold reserves of 2.2 million ounces; lower than the initial value predicted (AEM, 2011). In February 2012, AEM issued a press release announcing that it was taking a write-down of $644.9 million on the Meadowbank mine; due in part to a challenging operating year in 2011 including extreme weather conditions, a fire at the Meadowbank site in March 2011 and the discovery of lower gold grades than predicted (AEM, 2012). AEM has announced that its Meadowbank ore

reserves have been reduced as a result of it being unable to economically mine the lower grade ore which has also reduced the life of the mine by approximately 3 years (AEM, 2012). AEM provided a revised mine plan to the Kivalliq Inuit Association and has predicted that its Meadowbank operations are now scheduled to be completed by 2017 instead of 2020 (AEM, 2012).

In addition to the mining infrastructure and activities, ancillary Project infrastructure is located approximately 2 km east of the hamlet of Baker Lake and consists of barge unloading facilities, a laydown storage and marshalling area, a 60 million litre (ML) fuel tank farm, associated interconnecting roads and a 110 km all-weather private access road (access road) from the hamlet of Baker Lake to the Meadowbank mine site. Supplies are shipped from other locations within Canada via sealift to Baker Lake where they are offloaded at AEM's marshalling area and transported to the Meadowbank site via truck haul along the 110 km access road.

1.3 Preparations for the Site Visit

The Monitoring Officer reviewed the following items to prepare for the site visit: Meadowbank Project Certificate [No. 004], 2011 Site Visit Report, AEM's 2011 Annual Report and follow-up correspondence from the NIRB's 2011 site visit.

2 SITE VISIT

The 2012 site visit was conducted on September 12 and 13, 2012 by Sophia Granchinho, NIRB Monitoring Officer. On Wednesday, September 12, 2012, the Monitoring Officer took the bus from the AEM office in Baker Lake to the Meadowbank mine site. Once at the site, the Monitoring Officer was met by Kevin Buck to discuss outstanding issues related to the Project Certificate conditions and related to the 2011 site visit. In the afternoon, Mr. Buck and Charlene Boutin-Racicot led a short tour of the site, which included the water treatment facility, pilot remediation site, tailings storage facility and waste rock piles.

In the morning of September 13, 2012, the Monitoring Officer visited the waste and hazardous materials storage area; incinerator; and the fuel storage area. Afterwards, the Monitoring Officer accompanied AEM employees, Robin Allard and Ms. Boutin-Racicot to one of the noise monitoring stations located near the Meadowbank exploration camp. Mid-morning, Ms. Boutin-Racicot gave the Monitoring officer a tour of the following facilities: camp; water intake (freshwater barge); air monitoring station; active mine areas including Portage pits and Bay-Goose basin. At the conclusion of the site visit, the Monitoring Officer met with Mr. Buck to discuss the site visit and further issues related to environmental compliance. Afterwards, Ms. Boutin-Racicot drove the Monitoring Officer back to the hamlet of Baker Lake via the access road and visited the following facilities: quarry 22, quarry 5, bridge at kilometre 22, the gatehouse and with the visit ending with a tour of the Baker Lake bulk fuel storage facility/marshalling area.

The site visit provided the Monitoring Officer with a tour of all major project components and further, provided an opportunity for the Monitoring Officer and AEM staff to discuss relevant issues related to the project.

2.1 General Observations

The following are general observations made during the site visit and do not pertain specifically to any particular terms or conditions of the Project Certificate:

a. While travelling along the access road to and from the Meadowbank site and the hamlet of Baker Lake, the Monitoring Officer noted some wildlife, including muskoxen, Ptarmigan, Sandhill cranes, Snow geese (and blue geese) and Northern Pintail. Very little wildlife was observed at site; Willow Ptarmigan was observed near the air monitoring station and a pair of loons flew over the Bay-Goose Dike (Photo 1).

Photo 1: Willow Ptarmigan observed around the Meadowbank site

b. During the bus ride from the hamlet of Baker Lake to the Meadowbank site on September 12, 2012, an all-terrain vehicle (ATV) travelling northbound was observed near kilometre 28, and another ATV was observed on the land near kilometre 76. When returning to the hamlet of Baker Lake from the Meadowbank site on September 13, 2012, one ATV travelling southbound was observed near kilometre 50. All public users of the access road had the required buggy whip installed on their ATV's and were observed to be wearing the safety vests loaned out by AEM (see Photo 2).

c. Mr. Buck mentioned that while AEM may not develop a landfarm, it was considering the development of a contaminated soil storage/pilot remediation site. The plan as explained would be to use on-site nutrients to initiate bioremediation in the hydrocarbon contaminates soils. The current site being used to conduct the initial study for the contaminated soil storage/pilot remediation program is located on the south side of the stormwater dike, upstream of the future south cell of the tailings storage facility (TSF). This location was selected to allow capture of any contaminated water that might leach out of the contaminated soils into the TSF (see Photo 3).

Photo 2: Public user of the access road using safety vest and buggy whip installed – near kilometre 50

Photo 3: Contaminated soil storage/pilot remediation site

d. The Monitoring Officer was informed that the contaminated soil previously stored in Quarry 5 had been moved to the contaminated soil storage/pilot remediation site. Photo 4 shows the conditions of Quarry 5 during the Monitoring Officer's 2011 site visit while Photo 5 shows the conditions of the Quarry 5 during the Monitoring Officer's 2012 site visit.

e. Mr. Buck indicated during site visit discussions that all contaminated soil from Quarry 6 had been removed by September 2010 and that no further contaminated soil would be stored at this quarry site.

Photo 4: Quarry 5 in 2011 containing contaminated soil from fuel spill at kilometre 22 along the access road

Photo 5: Quarry 5 in 2012

f. Quarry 22 remains in service as a temporary land farm and storage area for contaminated soils. AEM indicated that it plans to remove the contaminated soil to the pilot remediation site in the near future. Currently, Quarry 22 is not being used to store other material as had been the case in the past (see Photo 6).

Photo 6: Quarry 22 serving as storage for contaminated soil

g. The Monitoring Officer noted that the environmental emergency sea-cans containing booms, shovels, absorbent pads, and other miscellaneous spill response equipment were located at every bridge crossing. Further, two additional environmental emergency sea-cans, one containing spill response equipment and another containing a boat with motor were located at the Baker Lake laydown facility (see Photo 7 and Photo 8).

h. Active blasting and drilling were ongoing at the North, Central and South Portage pits, with daily geotechnical inspections being undertaken to ensure the safety of all employees and contractors working in the active mine area (see Photo 9).

i. Development of the Bay-Goose Dike and causeway was completed in 2010 with the instrumentation on the Bay-Goose Dike and the jet grouting program completed in 2011. Mining of the Bay-Goose basin started in May 2012. During the 2012 site visit, it was noted that the Bay-Goose basin was still being dewatered (Photo 10). Water from the Bay-Goose basin has been treated at the water treatment facility on an on-going basis prior to discharge into the environment (Photo 11).

Photo 7: Environmental emergency sea-can near kilometre 22

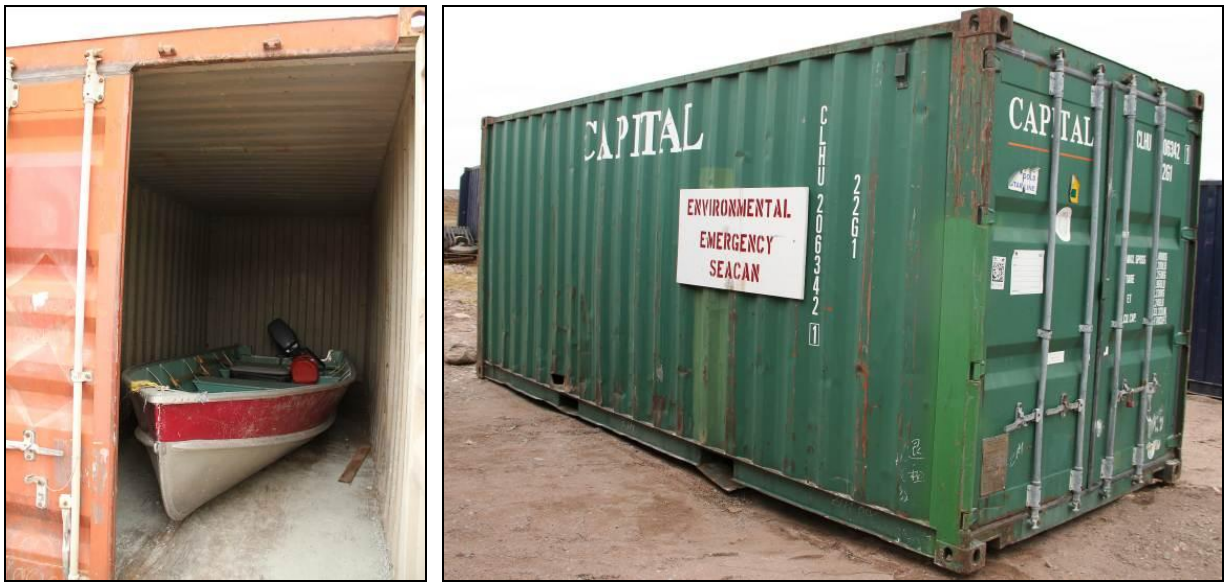


Photo 8: Environmental emergency sea-cans at the Baker Lake laydown facility

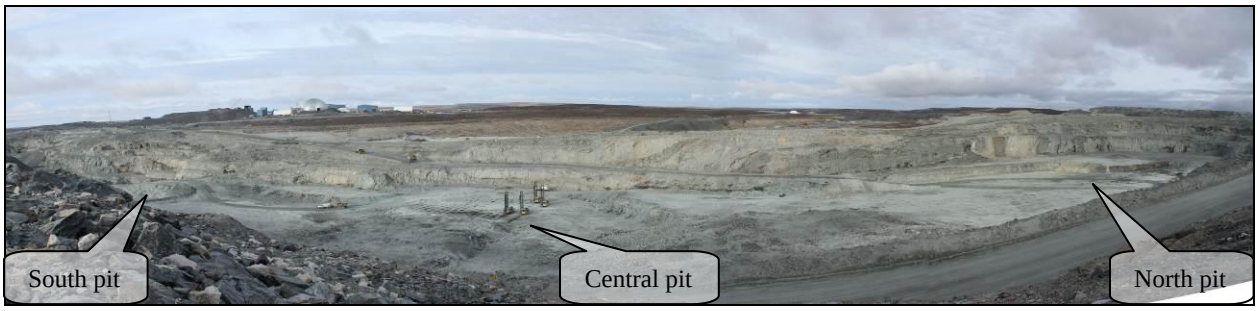


Photo 9: Portage Pit

Photo 10: Bay-Goose basin

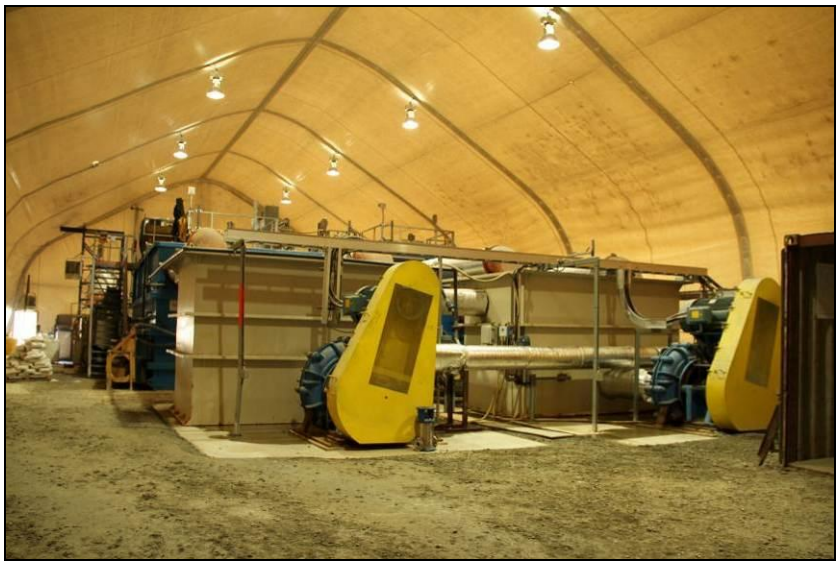


Photo 11: Water treatment facility

j. By the end of 2011, approximately 4.07 million tonnes of tailings had been placed in the TSF (Photo 12) since the start of the project. A structure known as the 'reclaim barge' is used to re-circulate water from the TSF back to the mill for reuse within the processing cycle (Photo 12). It was noted during the 2012 site visit that the TSF did not contain as much water as was observed during the 2011 site visit. The diversion ditch north of the TSF had been completed in the fall of 2011, preventing water from entering the TSF during the freshet season, a situation that had occurred in 2011 prior to the completion of the diversion ditch. As mentioned in the 2011 Site Visit Report, AEM noted that tailings with a dryer consistency to the tailings deposited within the TSF provide something of a "beach" in the TSF which helps to protect the dikes and to prevent ice formation (see Photo 13). There did not appear to be any apparent rips to the liners that were exposed within Saddle Dam #1 and Saddle Dam #2 (Photo 13).

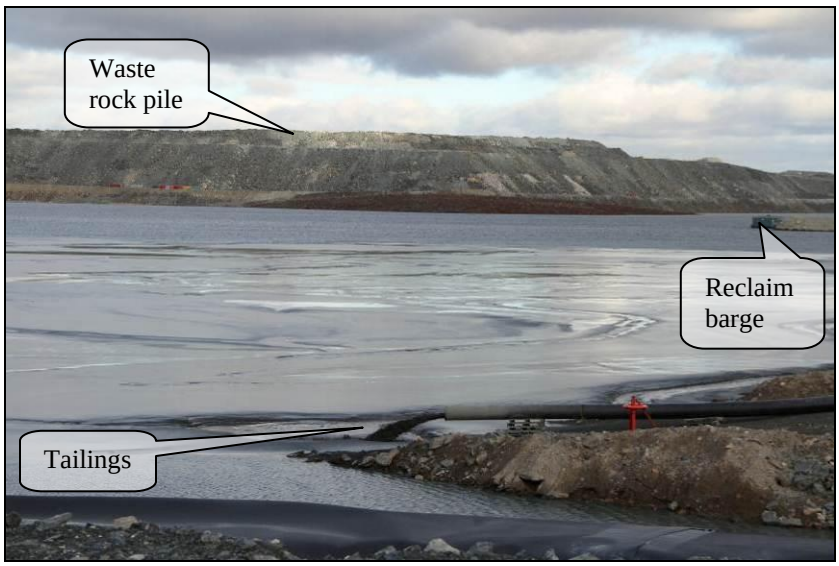


Photo 12: Tailings storage facility – north cell

Photo 13: "Beach" tailings with Saddle Dam #1 in the background

k. In March 2011, a fire at the Meadowbank mine destroyed the kitchen and dining facilities, certain camp offices and the security office. By the end of 2011 the construction of the new kitchen was completed, with the new facility becoming operational on December 17, 2011 (see Photo 14).

Photo 14: New kitchen facility

l. AEM purchased a heavy equipment training simulator in 2011 which is used to train site employees in the operation of a variety of heavy equipment (see Photo 15).

Photo 15: Heavy equipment training simulator on site

Sections 2.2 through 2.8 relate to those sections of the Meadowbank Project Certificate as indicated, with specific terms and conditions providing a basis for the noted observations.

2.2 Water Quality and Waste Management

Condition 8

> *"…At the time samples are taken Cumberland shall also assess the condition of existing groundwater monitoring wells and replace any defective wells. Cumberland shall continue to undertake semi-annual groundwater samples and re-evaluate the groundwater quality after each sample collection…"*

At the time of the site visit, only one groundwater monitoring well appeared to be operational. AEM noted that the last operational groundwater monitoring well of those installed in 2003 became damaged from frost action in 2010. Three of the four defective wells were replaced in 2006 but were again damage by frost action. Two of the wells were again replaced in 2008 with a more robust design. In 2011, two monitoring wells were installed, one on Goose Island to replace one of the 2003 wells and one at the tailings storage facility to replace one of the 2007 wells. Only one of the wells replaced in 2008 was sampled in 2011 as the second well showed blockage and no samples could be taken. Mr. Buck indicated that during the 2012 sampling program, one well was damaged during movement of equipment on Goose Island and another was damaged during sampling, leaving only one functional well. AEM indicated that it plans to re-evaluate the groundwater monitoring program to determine how best to improve the effectiveness of the wells and the collection of groundwater samples. Photo 16 provides an example of development of a groundwater well near the Bay-Goose basin.

Photo 16: Drilling of groundwater well, near Bay-Goose basin (photo taken September 2011)

Condition 15

> *"Cumberland shall within two (2) years of commencing operations re-evaluate the characterization of mine waste materials, including the Vault area, for acid generating potential, metal leaching and non metal constituents to confirm FEIS predictions, and re-evaluate rock disposal practices by conducting systematic sampling of the waste rock and tailings in order to incorporate preventive and control measures in to the Waste Management Plan to enhance tailing management during operations and closure. The results of the re-evaluations shall be provided to the NWB and NIRB's Monitoring Officer."*

Mr. Buck indicated that AEM sampled every fourth blast hole and conducted an on-site analysis of the percentages of sulphur and carbon present in these samples. These results would then be used to differentiate between non-potentially acid generating (NPAG) and potentially acid generating (PAG) materials and to differentiate both of these from ore material. This information would then be used by mine surveyors and geologists to delineate the dig limits within the blasted rock and to guide the shovel and loader operators in directing where the rock is to be taken from. Most of the NPAG material has been used to construct the dikes, dams, roads, and pads at site, while the PAG rock is used at the TSF, stormwater dike, and rockfill road. Any remaining PAG rock material is sent to the Portage waste rock facility (Photo 17).

Condition 25

> *"Cumberland shall manage and control waste in a manner that reduces or eliminates the attraction to carnivores and/or raptors. Cumberland shall employ legal deterrents to carnivores and/or raptors at all landfill and waste storage areas…incorporated into the final Waste Management Plan."*

During the 2012 site visit, it was noted that AEM is segregating and storing all domestic, hazardous, and combustible wastes in marked sea-cans prior to these materials being incinerated or shipped to appropriate and approved off-site disposal facilities (Photo 18). Sea-cans filled

with waste are backhauled via truck haul to Baker Lake and are then moved via the annual sea lift to southern Canada.

Photo 17: Waste Rock Facility

Photo 18: Sea-cans used for waste segregation and storage area

The Meadowbank site dual chamber forced air incinerator remains in service for the combustion of all non-hazardous, combustible materials at the site (Photo 19). Approximately 1.7 tonnes of domestic garbage is incinerated per day; however, Mr. Buck indicated that there are plans in place to improve waste management by reducing the amount of domestic garbage produced at site. Some examples provided include replacing paper coffee cups with plastic coffee cups, using plastic lunch boxes and trays instead of paper bags, recycling wood products by finding a second use for it at site or taking it to Baker Lake where it could be used by community members. It was also noted during the site visit that open burning was being conducted of some of the non-hazardous wastes on site (Photo 20).

Photo 19: Dual chamber forced air incinerator at the Meadowbank site

Photo 20: Open burning of non-hazardous wastes

Mr. Buck indicated that fewer wildlife sightings had been observed around the site in 2012 since the installation of deterrent by AEM. However, Mr. Buck indicated that six active falcon nests had been observed within various quarry sites this year along the access road and one nest had been observed within the Portage pit. Efforts to deter the falcons from returning to the nest in the pit did not appear to work over the summer and AEM's environment department monitored the nest until the falcons left. Further, Mr. Buck indicated that a raven nest found at the Baker Lake bulk fuel storage facility was removed by the Conservation Officer from Bake Lake. Mr. Buck indicated that by the end of the summer season, it appeared that the adult falcon pair

nesting at the Portage pit had fledged one chick. Similarly, at the other nests within the quarry sites, it appeared that the adult pairs had fledged successfully.

Condition 26

> *"Cumberland shall ensure that spills, if any, are cleaned up immediately and that the site is kept clean of debris, including wind-blown debris."*

During the 2012 visit to the Meadowbank site, the Monitoring Officer noted that all areas were kept in an impressively clean state, with no obvious spills. There were a few instances of wind-blown material observed around the Meadowbank site.

Mr. Buck indicated that cleanup of the spill that occurred near kilometre 22 of the access road in October 2010 was still ongoing in the summer of 2012 (Photo 21). The booms deployed in the watercourse nearby continue to be monitored weekly in the summer of 2012 to confirm that contaminated water have not entered the waterbody downstream of the booms. In addition, Mr. Buck indicated that approximately 550 litres of water was treated in the summer of 2012 and the site will continue to be monitored for the next 2 years to ensure that any contaminated water is cleaned up.

The Monitoring Officer noted no fuel contamination, staining of the water or hydrocarbon odours at the spill site (see Photo 22).

Photo 21: Bridge near kilometre 22

Photo 22: Booms and screens in place at bridge near kilometre 22

Condition 27

> *"Cumberland shall ensure that the areas used to store fuel or hazardous materials are contained using safe, environmentally protective methods based on practical, best engineering practices."*

During the 2012 site visit, the Monitoring Officer observed that all of AEM's fuel and hazardous materials associated with the Meadowbank project appeared to be stored in a safe and environmentally protective manner (i.e. secondary containment at fuel storage areas and secure containment of hazardous materials; see Photo 23 and Photo 24).

Photo 23: Meadowbank on-site fuel tank farm

Photo 24: Baker Lake bulk fuel storage facility

The fuel transfer station on site and at the Baker Lake bulk fuel storage facility appeared to be well contained and properly set up for the re-fuelling of vehicles (Photo 25). No hydrocarbon odours were noted at either the Meadowbank fuel tank farm or the Baker Lake bulk fuel storage facility. No sheen was observed on the water within the Meadowbank fuel tank farm or the Baker Lake bulk fuel storage facility; however, some fuel staining was observed at the Meadowbank fuel tank farm (Photo 26).

Photo 25: Baker Lake fuel transfer station

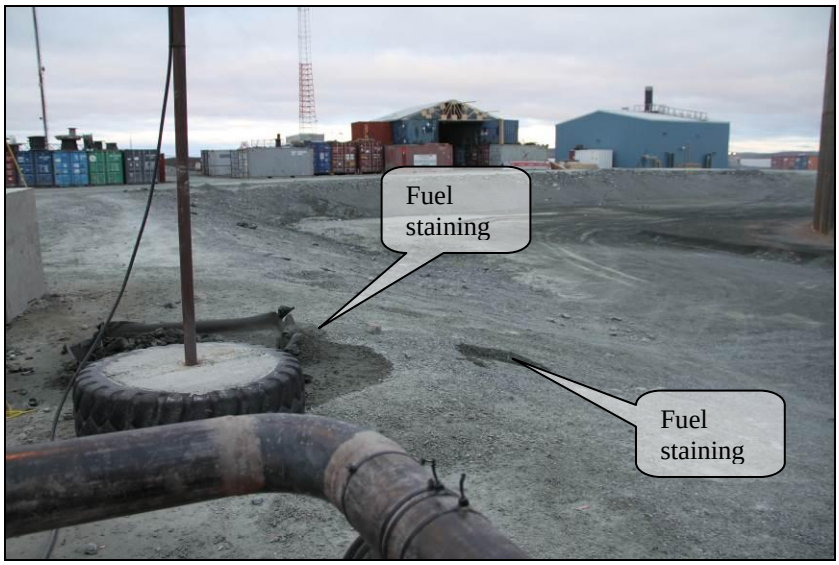


Photo 26: Staining observed at the Meadowbank on-site fuel tank farm

2.3 All-Weather Private Access Road (AWPAR)

Amended **Condition 32**

"AEM shall operate the all-weather road as a private access road, and implement all such measures necessary to limit non-mine use of the road to authorized, safe and controlled use by all-terrain vehicles for the purpose of carrying out traditional Inuit activities. The measures AEM shall undertake include, but are not limited to:

a. Maintaining a gate and manned gatehouse at kilometre 5 of the Private Access Road;

b. In consultation with the Hamlet of Baker Lake, the local HTO, and the KivIA, update the All-Weather Private Access Road Management Plan to set out the criteria and processes to authorize and ensure safe and controlled non-mine use of the road by all-terrain vehicles for the purpose of carrying out traditional Inuit activities, and measure to limit all other non-mine use of the road. The updated Plan is to be submitted to the GN, INAC, and KivIA for approval no later than one (1) month after the approval of revised Condition 32;

c. The posting of signs in English and Inuktitut at the gate, each major bridge crossing, and each 10 kilometres of road, stating that unauthorized public use of the road is prohibited;

d. The posting of signs in English and Inuktitut along the road route to identify when entering or leaving crown land;

e. Prior to opening of the road, and annually thereafter, advertise and hold at least one community meeting in the Hamlet of Baker Lake to explain to the community that the road is a private road with non-mine use of the road limited to approved, safe and controlled use by all-terrain vehicle for the purpose of carrying out traditional Inuit activities;

f. Place notices at least quarterly on the radio and television to explain to the community that the road is a private road with non-mine use of the road limited to authorized, safe and controlled use by all-terrain vehicles for the purpose of carrying out traditional Inuit activities;

g. Record all authorized non-mine use of the road, and require all mine personnel using the road to monitor and report unauthorized non-mine use of the road, and collect and report this data to NIRB one (1) year after the road is opened and annually thereafter; and

h. Report all accidents or other safety incidents on the road, to the GN, KivIA, and the Hamlet immediately and to NIRB annually."

AEM maintains one gatehouse at kilometre 5 of the access road, and another gatehouse close to the entrance to the mine site and camp at Meadowbank. Both gatehouses are manned by guards who monitor the safety and security of all personnel using the road. All traffic is required to check in (via radio or in person) with the employee at the gatehouse prior to proceeding past either gatehouse along the road (see Photo 27). The AEM employee manning the kilometre 5 gatehouse maintains a daily logbook of all persons travelling the access road for non-mine use. Members of the public travelling along the road are required to sign AEM's *All Weather Private Access Road Safety Rules & Procedures for Road Access* prior to being granted access to the road.

The Monitoring Officer reviewed the sign-in sheet at the gatehouse and noted that approximately 215 community members had signed in to use the road between September 1st and September 13th. The employee at the gatehouse also indicated that the road is most commonly used by community members on Saturdays.

Photo 27: Gatehouse at kilometre 5, near Baker Lake

As per Condition 32(b), AEM submitted a copy of its updated Transportation Management Plan to the NIRB on May 13, 2010. One of the features of the access road as described within the plan is the placement of refuge stations every 10 kilometres. The Monitoring Officer noted that these refuge stations (emergency sea-cans) were not located on the road and was informed by Mr. Buck that the sea-cans were removed because items within the stations were being stolen and that the refuge stations were not serving the original and intended purpose. The signs as required per Condition 32(c) were posted in both English and Inuktitut at the gatehouse (Photo 28) and at each major bridge crossing (on the side of the environmental emergency sea-cans).

However the signs were not located at 10 kilometre intervals along the road as these signs had been originally placed on the sides of the emergency sea-cans along the road. AEM indicated that the signs would be replaced as soon as possible.

Photo 28: Signs posted at gatehouse at kilometre 5

In regards to Condition 32(e), Mr. Buck indicated that AEM held meetings with the Community Liaison Committee quarterly and that these discussions include the public's authorized use of the road. However, Mr. Buck indicated that no community meeting was held in 2012 in the hamlet of Baker Lake to discuss the use of the access road. Further, AEM could not confirm whether any notices had been placed around town to explain the road use as per Condition 32(f).

2.4 Wildlife and Terrestrial

Condition 56

> *"Cumberland shall plan, construct, and operate the mine in such a way that caribou migration paths through the Project, including the narrows west of Helicopter Island are protected. Maps of caribou migration corridors shall be developed in consultation with Elders and local HTOs, including Chesterfield Inlet and placed in site offices and upgraded as new information on corridors becomes available. Information on caribou migration corridors shall be reported to the GN, KivIA and NIRB's Monitoring Officer annually."*

Condition 59

> *"Cumberland shall, in consultation with Elders and the HTOs, design and implement means of deterring caribou from the tailing ponds, such as temporary ribbon placement or Inukshuks, with such designs not to include the use of fencing."*

The Monitoring Officer noted that the updated maps from March 2011 outlining caribou migration corridors were posted in high traffic areas such as the bulletin board outside the check-in office. All employees must report to the check-in office upon arrival to site at the commencement of their two-week shift and again upon departure from site.

As indicated earlier in the report, the only wildlife observed around site during the 2012 site visit were Willow Ptarmigan near the air monitoring station. Mr. Buck noted that deterrents appear to keep birds away from the TSF with the exception of the falcons that had been nesting in the Portage pit during the summer of 2012.

2.5 Noise

Condition 62

"Cumberland shall develop and implement a noise abatement plan…will be developed in consultation with Elders, GN, HC, and EC and include:

a. The use of sound meters to monitor sound levels in and around the mine site, including workers' on-site living/sleeping quarters and any summer camps adjacent to the site, and in the local study area, with the locations and design of the sound meters selected in consultation with HC and EC. Sound meters are to be set up immediately upon issuance of the Project Certificate for the purpose of obtaining baseline data, and monitoring during and after operations;

b. …

c. Restrictions on blasting and drilling when migrating caribou, or sensitive local carnivores or birds may be affected;

d. …

e. …"

Five locations were monitored for noise during the 2011 and 2012 summer periods. Mine activities such as helicopter and other air traffic, the use of construction and operation heavy equipment and blasting were found to be the dominant mine noise sources (Photo 29).

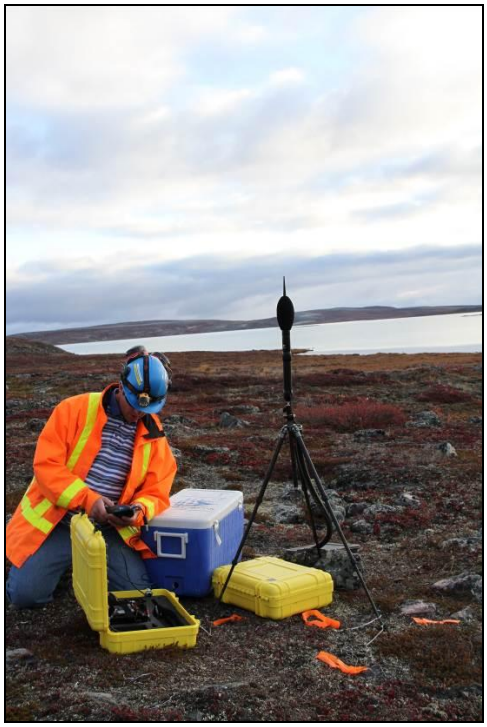


Photo 29: Noise monitoring station #5

2.6 Human Health

Condition 68

"Cumberland shall, in consultation with Elders, local HTOs and the Meadowbank Gold Mine SEMC, demonstrate that they are working toward incorporating Inuit societal values into mine operation policies."

The Monitoring Officer was informed that several programs are in place to incorporate Inuit societal values at the mine site. A country food kitchen that is available to prepare traditional foods has been provided, the kitchen serves traditional foods, and a soapstone carving area has been provided at site. Suggestions that are brought forward during the Community Liaison Committee meetings have also been incorporated. Further, AEM has hired an Inuit human resource person to be on site and has one in each community who is available to listen to any concerns related to working at the mine site.

2.7 Air Quality

Condition 71

"Cumberland shall, in consultation with EC, install and fund an atmospheric monitoring station to focus on particulates of concern generated at the mine site. The results of air-quality monitoring are to be reported annually to NIRB."

The air monitoring stations were installed by the end of October 2011 and monitoring started in November 2011 (see Photo 30). Partisol sampling station required heated shelter and electricity, they are planned to be installed in 2012.

Photo 30: Air monitoring stations

Condition 74

"Cumberland shall employ environmentally protective techniques to suppress any surface dust."

Calcium chloride and water are administered on the roads to suppress dust around the Meadowbank site and from the Baker Lake dock facility to the gatehouse. AEM is currently testing the use of a vegetable oil derivative on the airstrip as a dust control suppressant and plans to evaluate the feasibility of using it as an alternative or in addition to calcium chloride. The Monitoring Officer noted that no dust suppression was employed along the access road (Photo 31(a) and (b)).

Photo 31(a): Vehicles on Meadowbank All-Weather Private Access Road

Photo 31(b): Vehicles on Meadowbank All-Weather Private Access Road

Mr. Buck indicated that AEM plans to conduct dust monitoring along the access road in order to determine if there have been any impacts to vegetation from the dust. AEM indicated that currently, the use of dust suppressants is not planned along the access road.

2.8 Other

Condition 81

"Beginning with mobilization, and for the life of the Project, Cumberland shall provide full 24 hour security, including surveillance cameras and a security office at the Baker Lake storage facility/marshalling area, and take all necessary steps to ensure the safe and secure storage of any hazardous or explosive components within the Hamlet of Baker Lake boundaries."

During the visit to the Baker Lake bulk fuel storage facility/marshalling area, the Monitoring Officer noted that a security office was located at the shore with AEM employees on site. The Monitoring Officer also noted that a security officer was present after hours during the sealift period.

Further, the Monitoring Officer did note that these areas were kept impressively clean with sea-cans well organized during the 2012 site visit (see Photo 32 and Photo 33).

Photo 32: Bake Lake dock and laydown facility

Photo 33: Empty sea-cans awaiting transportation to the south via sealift

3 FINDINGS AND SUMMARY

Based on the observations made during this site visit, all facilities which are in operation and all sites currently under construction appear to be well managed and maintained with adequate environmental protection measures and procedures in place.

As with years past, the Proponent appears to be in compliance with a majority of the terms and conditions contained within the Meadowbank Project Certificate as applicable to the NIRB's 2012 Site Visit. However, there may be certain situations in which the Proponent has not yet fully met the requirements of the Meadowbank Project Certificate which may require further consideration and attention.

The Monitoring Officer notes that the development of the contaminated soil storage/pilot remediation site is ongoing and that a revised landfarm management plan may be required.

Regarding Condition 8, only one groundwater well appeared to have been operational during the 2012 site visit. The Monitoring Officer acknowledges that further re-evaluation of the groundwater well monitoring program is to be conducted by AEM.

Condition 25 requires that the Proponent employ legal deterrents to deter carnivores and/or raptors from the Meadowbank site. In 2012, AEM noted that six pairs of falcons had nested at different quarry sites, one pair of falcons had nested at Portage pit and one pair of ravens had nested at the Baker Lake bulk fuel storage facility, which may serve as an indication that the deterrents are not working at these sites.

Condition 26 requires that spills be cleaned up immediately and that the site be kept clean of debris. The Monitoring Officer was informed during the 2012 site visit that the spill at kilometre 22 was still undergoing treatment for hydrocarbons. AEM indicated that ongoing monitoring of this site would continue for an additional 2 years to ensure that no contaminated materials remain at the site. Furthermore, some instances of wind-blown debris scattered around the site were noted, possibly requiring management of waste piles or the development of additional on-site waste management practices.

Condition 27 requires that the Proponent use safe, environmentally protective methods for areas used to store fuel or hazardous materials. The Monitoring Officer noted that some staining was observed at the edge of the berm of the fuel tank farm containment facility.

AEM appeared to be following the requirements of amended Condition 32 as were able to be observed at the site, with the exception of not having the English and Inuktitut signs placed at every 10 km intervals along the access road as required by item (c).

The Proponent did not appear to have fully met the requirements of Condition 74, as dust suppression techniques, while applied at the Meadowbank site, had not been applied to the access road. However, AEM indicated that plans are in place to conduct future dust monitoring studies along the access road to determine the best options to deal with the dust created on the access road.

Prepared by: Sophia Granchinho
Title: Technical Advisor/Monitoring Officer
Date: November 14, 2012

Signature: 

Reviewed by: Amanda Hanson
Title: Director, Technical Services
Date: November 13, 2012

Signature: 

REFERENCES

AEM. 2011. *Agnico-Eagle Mines Limited Detailed Mineral Reserves and Resources Data*. December 2011. Available at: http://agnico-eagle.com/English/Our-Business/Operating-Mines/Meadowbank/Reserves-and-Resources/default.aspx. Accessed November 14, 2012.

AEM. 2012. *Meadowbank Employee Bulletin*. Released February 16, 2012.

NIRB. 2006. *Final Hearing Report for the Meadowbank Gold Project*. Prepared by the Nunavut Impact Review Board for the Meadowbank Gold Mine Application, Cumberland Resources Inc. August 2006.

NIRB. 2009. *In the matter of an Application by Agnico-Eagle Mines Limited for the Mine development of the Meadowbank Gold Mine Project Proposal in the Kivalliq Region of Nunavut, Project Certificate NIRB [No. 004]*. Prepared by the Nunavut Impact Review Board for the Meadowbank Gold Mine Project. Original issued December 2006. Amendment issued November 2009.

Environment Canada Environnement Canada

ENFORCEMENT BRANCH
Environmental Enforcement

DIRECTION GÉNÉRALE DE L'APPLICATION DE LA LOI
Application de la loi en environnement

ENVIRONMENTAL PROTECTION COMPLIANCE ORDER AUTHORITY

This Environmental Protection Compliance Order is issued under section 235 of the *Canadian Environmental Protection Act, 1999 (CEPA,1999)*.

NEMISIS FILE NUMBER: 4408-2012-07-31-002

NAME OF PERSONS TO WHOM ORDER IS DIRECTED

This Order is directed to the following persons:

Agnico-Eagle Mines Ltd.
Meadowbank Division
93, Rue Arseneault, Bureau 202,
Val-d'or, Quebec, JP90E9
Tel: 819 759-3555

Kevin Buck
Environment Superintendant
Agnico-Eagle Mines Ltd.
Meadowbank Division
PO Box 540
Baker Lake NU X0C 0A0
819-759-3555 x6838
kevin.buck@agnico-eagle.com

Stephane Robert
Manager Regulatory Affairs Nunavut
Agnico-Eagle Mines Ltd.
93, Rue Arsenault, Bureau 202
Val-d'or, Quebec, JP90E9
stephane.robert@agnico-eagle.com

The persons listed above are referred to as "you" in this document.

PROVISION OF ACT OR REGULATIONS THAT IS ALLEGED TO HAVE BEEN OR WILL BE CONTRAVENED

I have reasonable grounds to believe that the following provisions of *CEPA, 1999 and* the *Storage Tank Systems for Petroleum Products and Allied Petroleum Products Regulations* have been contravened and are continuing to be contravened:

Storage Tanks Systems for the Storage of Petroleum Products and Allied Petroleum Products Regulations

10. (1) Subject to subsection (2), the owner or operator of a storage tank system that has single-walled underground piping, other than one described in subsection 3(3), that is installed before the coming into force of these Regulations must, within four years after the day on which these Regulations come into force,

> (a) temporarily withdraw that system from service in accordance with section 43, permanently withdraw that piping from service in accordance with section 44, remove it in accordance with section 45 and replace it in accordance with section 14; or
>
> (b) permanently withdraw that system from service in accordance with section 44, and
>
> > (ii) in the case of a storage tank system that has field-erected aboveground tanks or vertically-oriented underground tanks, remove all piping and other components that are outside the tanks in accordance with section 45.

(2) The owner or operator is not required to comply with subsection (1) if, on the day on which these Regulations come into force, that piping has

> (a) in the case of steel piping, cathodic protection and leak detection, groundwater monitoring wells, vapour monitoring wells, single vertical check valves or mechanical line leak detection devices; and
>
> (b) in the case of non-metallic or copper piping, leak detection, groundwater monitoring wells, vapour monitoring wells, single vertical check valves or mechanical line leak detection devices.

14. (1) The owner or operator of a storage tank system that installs the system or any component of the system on or after the day on which these Regulations come into force must ensure that the system or the component conforms to the applicable requirements set out in the following provisions of the CCME Code of Practice:

(*a*) Part 3, subject to the following:

> (i) excluding Section 3.2, Clause 3.3.1(1)(c), Article 3.3.2, Clause 3.4.1(1)(c), Article 3.4.3, Clauses 3.5.1(1)(a) and 3.6.1(1)(l), Section 3.7, Clause 3.9.2(2)(a), Articles 3.9.4 and 3.10.1, and
>
> (ii) in Subclause 3.9.2(1)(a)(ii), the reference to "Aboveground Secondary Containment Tanks" must be read as a reference to "Secondary Containments for Aboveground Flammable and Combustible Liquid Storage Tanks";

Part 3, Section 3.3.1, Field-erected Storage Tank Systems, of the CCME Code of Practice provides the following applicable requirements:

3.3.1(1) A field-erected *storage tank system* shall:

(a) have *corrosion protection* in conformance with Section 3.8;

(b) have a *secondary containment* system in conformance with Section 3.9

~~(c) have *leak detection* in conformance with Part 6~~ **[clause 3.3.1(1)(c) is excluded]**

(d) have *containment sumps*, as applicable;

(e) be provided with overfill protection;

(i) for pipeline delivery, in the form of an alarm system that will automatically alert pipeline or terminal personnel so that action can be taken to prevent the *storage tank* from being overfilled;

(ii) for truck, rail, ship or barge deliver, in the form of a visual and audible alarm system for detecting a high level that will activate and alert personnel in enough time to terminate the flow of the product to the storage tank and prevent an overfill (see Appendix B, note B.3.3.1(1)(e)(ii));

or

(iii) in conformance with API RP 2350-96, "Overfill Protection for Storage Tanks in Petroleum Facilities": and

(f) have piping in conformance with Part 5, as applicable

Appendix B, note B.3.3.1(1)(e)(ii) of the CCME Code of Practice, referred to in paragraph (e) above, provides as follows:

(e)(ii) The overfill alarm system required shall be in addition to the alarm or gauging system that is routinely used. This system shall be used as a back-up system when the primary means of detecting a high level has failed.

(7) The owner or operator of a storage tank system must comply with the applicable requirements before any petroleum products or allied petroleum products are first transferred into that system.

15. (1) The owner or operator of a storage tank system must ensure that petroleum product and allied petroleum product transfer areas are designed to contain spills that occur during the transfer process.

(2) Subsection (1) applies to storage tank systems installed before the coming into force of these Regulations four years after the day on which these Regulations come into force

23. (1) The owner or operator of a storage tank system installed before the coming into force of these Regulations that has aboveground piping without secondary containment must visually inspect the walls of that piping within two years after the day on which these Regulations come into force to determine if the piping is leaking and after that inspection they must

(*a*) immediately

(i) use continuous external aboveground pipe leak monitoring for that piping, or
(ii) implement a corrosion analysis program for that piping, developed and conducted by a corrosion expert, that includes at least an annual inspection;

(*b*) once each month, visually inspect that piping; or

(*c*) annually perform a piping precision leak detection test of that piping in accordance with section 24.

(2) The continuous external aboveground pipe leak monitoring must

(*a*) be carried out using a sensor cable system designed either for installation on the bottom of the piping or for placement on the ground underneath the piping;

(*b*) be capable of detecting a leak rate of at least 0.38 L/h within 96 hours after the onset of the leak at the lowest expected soil temperature at the site where the sensor cable system is installed;

(*c*) be capable of locating the leak with an accuracy of ± 1 m;

(*d*) be capable of continuously monitoring sensor cable system integrity; and

(*e*) have an alarm located at a place of work where it can be readily heard and seen.

27. The owner or operator of a storage tank system that has tested or inspected any component of the system for leaks under sections 16 to 26 must keep a record that includes the following information:

(*a*) the test or inspection date;

(*b*) the storage tank system identification number;

(*c*) the allied petroleum product or the type of petroleum product stored in the system;

(*d*) the test or inspection results;

(*e*) the testing method;

(*f*) the name and address of the individual and, if applicable, the company that performed the test or inspection; and

(*g*) the components of the corrosion analysis program referred to in subparagraph 23(1)(*a*)(ii). SOR/2012-99, s. 24.

28. (4) The owner or operator must display the identification number in a readily visible location on or near the storage tank system for which the number was issued.

RELEVANT FACTS

I, Ian Rumbolt, an Enforcement Officer (EO) employed by Environment Canada, and Tim Morton an Enforcement Officer (EO) employed by Environment Canada did on July 26, 2012 conduct an on-site inspection of the Agnico-Eagle Mines Ltd.(AEM) Bulk Fuel Storage Facility located in Baker Lake, NU

I have reasonable grounds to believe that these are the relevant facts surrounding the alleged contravention:

1. THAT the AEM Bulk Fuel Storage Facility located at 64°18'36"N and longitude 95° 58'04"W in Baker Lake, NU is owned, operated and maintained by the AEM.

2. THAT our inspection determined that AEM Bulk Fuel Storage Facility is located on Commissioners Lands and contains a petroleum product.

3. THAT the *Canadian Environmental Protection Act,1999* (CEPA) defines "federal land" as "land, including any water, that belongs to Her Majesty in the right of Canada, or that Her Majesty in right of Canada has the right to dispose of, and the air and all layers of the atmosphere above the subsurface below that land."

4. THAT section 49 of the *Nunavut Act* provides that lands vested in Her Majesty in right of Canada include public land, the admin and control of which has been transferred to the Commissioner. "Lands vested in Her Majesty in right of Canada" has the same meaning as "land that belongs to Her Majesty in right of Canada". Therefore, federal lands regulated under CEPA 1999 include public lands under the admin and control of the Commissioner.

5. THAT the inspection determined that the AEM Bulk Fuel Storage Facility contains fuel storage systems capable of holding fuel in quantities of 2500L or more that were installed before the entry into force of the Regulations (i.e. June 12, 2008), as well as fuel storage systems that were installed after the Regulations came into force. These fuel storage systems are located on federal land and are therefore subject to regulation by the *Storage Tank Systems for Petroleum Products and Allied Petroleum Products Regulations.*

6. THAT the inspection revealed that there is one operating storage tank system (diesel fuel) located in the AEM Bulk Fuel Storage Facility.

7. THAT the inspection determined that the fuel storage tank system located on site was in operation but has not been accurately identified pursuant to section 28 of the *Storage Tank Systems for Petroleum Products and Allied Petroleum Products Regulations* in that no identification number had been obtained and posted at the time of the inspection. Since the inspection, AEM has identified the system in the FIRSTS on August 28, 2012 and obtained an Environment Canada Identification number EC00025772 for the bulk storage facility.

8. THAT the inspection revealed that there are sections of single-walled piping which are buried and/or go underground that are in use in contravention of Section 10(1)a of the

Storage Tank Systems for Petroleum Products and Allied Petroleum Products Regulations.

9. THAT the inspection revealed that there are sections of single-walled piping located within the tank farm and sections of single-walled piping running toward the laydown area which are without secondary containment, that while in use have not been subjected to routine visual inspection, monitoring or leak detection which is a contravention of Section 23 of the *Storage Tank Systems for Petroleum Products and Allied Petroleum Products Regulations*
10. THAT routine visual inspections were being completed on most of the above ground piping, however, records could not be produced at the time of the inspection as per Section 27 of the *Storage Tank Systems for Petroleum Products and Allied Petroleum Products Regulations.*.

11. THAT the design of the transfer area is insufficient to contain spills that occur during the transfer process, which is in contravention of section 15 of the *Storage Tank Systems for Petroleum Products and Allied Petroleum Products Regulations*

12. THAT at the time of the inspection an Emergency Plan was not readily available for review; however AEM provided the emergency plan on August 24, 2012.

Therefore, based upon the aforementioned facts, I have reasonable grounds to believe:

That AEM did not withdraw and remove single walled underground piping, did fail to have a sufficient product transfer area designed to contain spills that occur during the transfer process, have not visibly displayed the identification number at a readily visible location on or near the storage tank system, and did fail to keep records for visual inspections of the single walled piping, all contrary to the aforementioned provisions of the *Storage tank Systems for Petroleum Products and Allied Products Regulations and CEPA 1999*, and that these provisions continue to be contravened.

MEASURES TO BE TAKEN

I direct you to take the following measures to comply with the *Storage Tank Systems for Petroleum Products and Allied Products Regulations* made pursuant to CEPA 1999

Single Walled Underground Piping

1) On or before December 15, 2012 AEM is to provide Environment Canada a plan that identifies timelines and activities to carry out the permanent withdrawal, removal and replacement of the single walled underground piping associated with the system identified as EC00025772 in accordance with Section 10(1)(a) (removal) and Section 14 (installation) and Section 44 (permanent withdrawal) of the Regulations. The approved plan for the permanent withdrawal, removal, and replacement of single walled underground piping must be completed before any future petroleum products are transferred into the storage tank system.

Transfer Area Containment

2) On or by December 15, 2012 you must design and provide a schedule to implement a sufficient product transfer area designed to contain spills that occur during the transfer process as

required by 15(1) of the *Storage tank Systems for Petroleum Products and Allied Products Regulations*

Display EC Identification Number

3) On or by November 1, 2012 you must provide confirmation to Environment Canada that the identification number EC00025772 is displayed in a readily visible location at or near the storage tank system in accordance to subsection 28(4) of the *Storage Tank Systems for Petroleum Products and Allied Products Regulations*

Monthly Visual Checklist

4) On or by November 1, 2012, you must prepare and implement a leak detection method for all single walled aboveground piping as required by section 23 of the of the *Storage Tank Systems for Petroleum Products and Allied Products Regulations.* The leak detection must consist of monthly visual inspections, continuous monitoring or annual testing. Information on routine leak detection must be documented in records of the applicable required items set out in Section 27 of the *Storage Tank Systems for Petroleum Products and Allied Products Regulations*

5) On or by March 15, 2013, provide a report to Environment Canada that includes:

a) progress on the plan to address single walled underground piping
b) confirmation of the schedule for ensuring that the design of the product transfer area is sufficient to contain spills prior to the next fuel transfer into the facility
c) Provide leak detection inspection records as required by section 27 of the *Storage Tank Systems for Petroleum Products and Allied Products Regulations for the period* starting November 5, 2012 until this report is submitted.

Submission of Reports and Documents

Reports and documents are to be submitted in writing to the following address:

Environment Canada

PO Box 1870, Qimugjuk Building

Iqaluit NU X0A 0H0

Attention: Ian Rumbolt

DURATION OF ORDER

This order is effective until the date on which the above identified measures are met, with acknowledgement from Environment Canada, or until April 9th, 2013.

REVIEW BY CHIEF REVIEW OFFICER

You may request the Chief Review Officer to review this order within 30 days from the day you received a copy of this order by notice in writing to:

Alan Pope

Chief Review Officer
Environmental Protection Review Canada
240 Sparks Street
1st floor West Tower
Ottawa, Ontario K1A 1A1

Compliance with this EPCO is mandatory, whether you request a review or not.

This Order is issued on October 11, 2012 at the City of Iqaluit in the Territory of Nunavut by:

Ian Rumbolt
Enforcement Officer
Northern District
Prairie and Northern Region
Enforcement Branch
Environment Canada
PO Box 1870
Qimugjuk Building
Iqaluit, Nunavut X0A 0H0
Phone (867) 975-4637
Fax (867) 975-4594
Ian.Rumbolt@ec.gc.ca

cc.
Craig Broome
Operations Manager
Enviroment al Enforcement Directorate
Prairie and Northern Region
Enforcement Branch
Yellowknfie, NT

Michael Bell
Regional Director
Environmental Enforcement Directorate
Prairie and Northern Region
Enforcement Branch
Environment Canada
Edmonton AB

Heather McCready
Manager of Operations Support
Environmental Enforcement Directorate
Enforcement Branch
Environment Canada
Gatineau, Québec

IMPORTANT

COMPLIANCE AND PENALTIES

Section 238 of the *Canadian Environmental Protection Act,* 1999 requires you to comply with this order. Failure to comply with the Order is an offence under paragraph 272(1)(*a*) of that Act.

Subsection 272(2) of the *Canadian Environmental Protection Act,* 1999 provides the following penalties for contravening this order:

(a) on conviction on indictment, a fine not exceeding $1,000,000 or imprisonment for a term not exceeding three years, or both; and

(b) on summary conviction, a fine not exceeding $300,000 or imprisonment for a term not exceeding six month, or both.

If you fail to take any of the measures specified in this order, an enforcement officer may take those measures or have them taken. An enforcement officer or other person authorized or required to take those measures may enter and have access to any place or property and may do any reasonable things that may be necessary in the circumstances.

Her Majesty in right of Canada may recover the costs and expenses of and incidental to any of the measures taken to ensure compliance with this order by suing for such costs and expenses within five years from the date on which the events occur or become evident to the Minister of the Environment, whichever is later.

The issuance of and compliance with this order is not a bar to any proceedings against you under this or any other act in relation to the alleged contravention.

Environment Canada may conduct future inspections to verify compliance with this order.

November 28, 2012

Ian Rumbolt
Enforcement Officer
Northern District; Prairie and Northern Region
Enforcement Branch; Environment Canada
PO Box 1870
Qimugjuk Building
Iqualuit, Nunavut X0A 0H0
Phone (867) 975-4637
Fax (867) 975-4594
Ian.Rumbolt@ec.gc.ca

RE: E.C. ENVIRONMENTAL PROTECTION COMPLIANCE ORDER AUTHORITY.
NEMSIS FILE NUMBER: 4408-2012-07-31-002

Mr. Rumbolt,

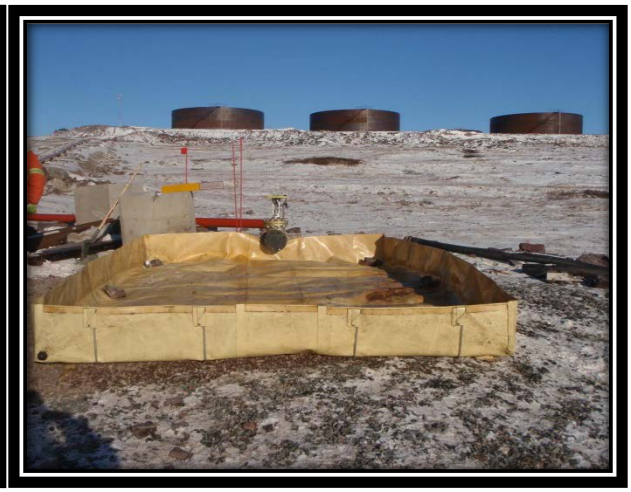
As you are aware I previously sent you correspondence, dated November 19, 2012, regarding compliance with the Environmental Compliance Order referenced above. Please accept this as an update to my previous letter.

1. SINGLE WALLED UNDERGROUND PIPING

The single walled pipes outside of secondary containment have been removed from underground use and are now above ground to allow for visual inspection of these pipes. It is our belief these actions bring us into compliance, and that this system can now have petroleum products transferred into the storage tank system in 2013.

2. TRANSFER AREA CONTAINMENT

Secondary containment for the transfer area has been installed. Need to refer to the email he sent acknowledging that this meets the regulations – you should have a copy.



3. DISPLAY EC IDENTIFICATION NUMBER

The EC identification signs have been installed in two locations. The first one is at the intake i.e. where the boat is connecting when delivering the fuel. The second one is at the loading area. As per your email received by Kevin Buck on November 1, 2012, this meets the requirement of the regulations.

Regional Office:
93, Rue Arseneault
Bureau 202
Val d'Or, Quebec J9P 0E9
Tel: 819-825-3744

Baker Lake Office:
P.O. Box 540
Baker Lake, Nunavut X0C 0A0
Tel: 867-793-4610 Fax: 867-793-4611

4. MONTHLY VISUAL CHECKLIST

As mentioned in section 1. SINGLE WALLED UNDERGROUND PIPING, all transfer pipes outside of secondary containment structures at the site have been exposed so that the monthly visual inspections can be done. The monthly inspection will be under Site Services responsibilities and consist of a two part inspection. The first is on a monthly basis and consists of a complete installation visual inspection of the fuel farm in Baker Lake. AEM is considering an Annual Leak detection test. AEM will be engaging a person with expertise in corrosion protection to prepare a corrosion protection program for single walled piping outside of secondary containment in 2013. I have attached a copy of the monthly visual checklist. You advised our Environment Superintendent, Kevin Buck in an email dated November 8, 2012 that the form meets the requirements of the Regulations.

5. REPORT TO EC BEFORE MARCH 15TH, 2012

A full management plan regarding the following points will be provided to ENVIRONMENT CANADA prior to March 15th.

- progress on the plan to address single walled underground piping
- confirmation of the schedule for ensuring that the design of the product transfer area is sufficient to contain spills prior to the next fuel transfer into the facility
- Provide leak detection inspection records as required by section 27 of the *Storage Tank Systems for Petroleum Products and Allied Products Regulations for the period* starting November 5, 2012 until this report is submitted

I trust this meets with your requirements. Should you have any questions or concerns please feel free to contact me at jeffrey.pratt@agnico-eagle.com.

Sincerely,

Jeffrey Pratt
Environmental Coordinator
Agnico-Eagle Mines Ltd.
Meadowbank Division
(867) 793-4610 ext. 6728
jeffrey.pratt@agnico-eagle.com

CC: Kevin Buck –AEM
Stephane Robert – AEM

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Kivalliq Inuit Association
ᑎᑎᖅᑲᓕᕐᓂᖅ/P.O. Box 340, ᖃᓄᖅᓯᓂᖅ Rankin Inlet, ᓄᓇᕗᑦ Nunavut X0C 0G0
ᐅᖅᓄᑕ/Tel: (867) 645-2800 ᓴᖃᐊᑦ/Fax: (867) 645-2348 Toll free: 1-800-220-6581

Site Inspection Check List

Site Location: AEM MEADOWBANK Date of Inspection: JULY 11, 2012

Permit Name: MEADOWBANK MINE SITE Land Use Permit No.: K/02 - BL - 14

Inspector: SIMEON MIKKUNGWAK Site Contact: JEFFEREY PRATT

Weather Conditions: SUNNY Time of Inspection 9AM - 4PM

GPS location: N65° 01' 16.4 W096° 04' 14.7

Site Description

Buildings

Number of buildings _____

Purpose of buildings: _____

Building Description (Length, width, building material): _____

Condition of Building: _____

Distance to Nearest Water Body: DYKES ALL AROUND 7-10 METRES AWAY EST

Potential Sources of Contamination: _____

Site Inspection Findings

Fuel /Chemical Handling and Storage

General Condition of Storage Facility: 7 MILLION TANK WITH BERM

GPS location: _____

Secondary Containment/ Berms: PART OF FUEL FARM BUILT IN

Storage Methods (pallets, spill containment): _____

MSDS Present: _____ Hazmat Equipment Present: SPILL KITS ALL AROUND

Surface Staining: NONE PRESENT

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Kivalliq Inuit Association
ᑎᑎᖅᐳᓕᐊᖅ/P.O. Box 340, ᑲᖏᖅᓂᓂᖅ Rankin Inlet, ᓚᓐᓄᑦ Nunavut X0C 0G0
ᐅᖅᓄᑕ/Tel: (867) 645-2800 ᓯᑲᐊᑦ/Fax: (867) 645-2348 Toll free: 1-800-220-6581

Distance to Nearest Water Body: 200 METRES FROM BAY GOOSE PIT.

Spills Records: NONE THERMISTERS PROTECTED BY SEACANS FROM BLAST!

Table of Chemicals Found at Location
(batteries, fluids etc.)

Container Type	Registration Number	Volume	Contents	Status
SEA CANS				

Aboveground/ Underground Tank/ Drum Storage at Location

Tank Type	Registration Number	Volume	Contents	Status
DOUBLE WALLED				

HAZARDOUS WASTE REPORT

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Wastewater Discharges

Sewage treatment type: SEPROTECH / BIG BERTHA & LITTLE JOHN 1 BACKUP

GPS location: _____

Sewage containment area: _____

Distance from nearest water body: _____

Greywater discharge: TO TEARDROP

Distance from nearest water body: _____

Asbestos Containing Material (ACM's)

Approximate age of building: NONE

Type of Fire retardant on walls: _____

Incinerators

Condition of incinerator: 1 BUILDING AND 4 BACK-UPS (SMALL)

Material burned: FOOD WASTE, INCINERATOR RUN OFF USED OIL

Wildlife

Wildlife records present: _____

Wildlife sighted/ tracks present: CARIBOU TRACKS WEST SIDE OF GOOSE DYKE TOP OF HILL BY SEACANS! BAY

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Drill Site Inspection

Date: _____

GPS Location:_____

Hole Number: _____

Check if Satisfactory,

Casing/rods remove or cut off and capped at ground level: _____

Hole plugged and cemented if on large lake of if aquifer intersected: _____

Anchors removed:_____

All material and equipment removed from drill site: _____

All litter removed from drill site: _____

All rock cuttings contained in a proper sump: ____

No fuel, oil or grease spillage:_____

Dirty ice or snow removed to sump: _____

Collar picket in place with metal tag: _____

Overall Clean-Up:

Further action required: _____

Recommendations: _____

_____

_____

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Heavy Equipment On-Site

Type	Condition	Intended Use

Additional notes

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Recommendations

- CLEAN UP AROUND OLD EXPLORATION SITE (EAST) BEHIND Q-SANA
- DISMANTLED AND STORE AWAY BROKEN DOWN TENT FRAMES AROUND BAY GOOSE DYKE AND 1 TENT BEFORE (WEST SIDE).
- GET GREEN DIESEL TANK CLEANED NEAR SEA CANS FROM WINTER SPILL
- PUT UP SIGNS ON EAST SIDE PERIMETER ROAD & NORTH SIDE AND VAULT AREA.
- FULL COUNT OF SEA CANS AT MEADOWBANK SITE AND SORT! LINE UP!

Simeon Mikkungwak
Inspector

Site Supervisor

ENVIRONMENTAL LEGAL COMPLIANCE AUDIT REPORT

Agnico-Eagle Meadowbank Mine

Final report

November 2012

Project Number: 12ERA026

Presented to:

Stephen Hartman
Environmental Manager
Kivalliq Inuit Association
164-1 Mivvik Avenue
Rankin Inlet, NU
X0C 0G0

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APPENDICES

1 INTRODUCTION

In the Spring of 2012, the Kivalliq Inuit Association (the KIA) invited EEM inc (EEM) to submit a proposal to perform an environmental legal compliance audit at the Agnico-Eagle Meadowbank gold mine. This report covers the environmental compliance evaluation conducted by ÉEM from October 1-4, 2012. This report and all information obtained from the client will be kept confidential and will not be copied or released, except as specified by Meadobank or the KIA or as required by law.

1.1 Project overview

The Meadowbank gold mine (the mine) is located in the territory of Nunavut, approximately 100 km away from the community of Baker Lake. The mine has been in operation since early 2010. It consists of three open pit areas (Baygoose, Portage and Vault), a concentrator, a power plant, a camp (including sleeping quarters, kitchen area), warehouse, and an exploration camp.

The mine has several permits and licenses, the most significant of which are its Project Certificate and Nunavut Water Board Water License.

2 OBJECTIVES AND SCOPE

2.1 Audit objectives

The audit objectives are as follows:

- Ascertain the general level of compliance of the facility to AEM/KIA agreed upon designs and arrangements (i.e. as planned vs. as built and operated);
- Conduct a review of the facility's compliance to applicable environmental legislation;
- Conduct a review of the facility's compliance to its project authorisations, such as the mine's *Water Compensation Agreement;* and,
- Review environmental monitoring analytical data, such as effluent discharge quality, to ensure that results and methodologies used are satisfactory.

Given that this is the first environmental compliance audit at the mine, no follow-up on previous audit findings was conducted.

2.2 Audit scope

The audit was conducted over a period of four (4) consecutive days (October 1-4, 2012) and was based on the following boundary conditions:

Site/activities:	Activities of the mine's operations that occur on Inuit-Owned Land (IOL), including IOL portions of the access road to the mine.
Exclusions:	Exploration activities and the exploration camp are not covered by this audit. The Baker Lake marshalling area is also excluded.
Time Period:	Records reviewed during the audit date from the beginning of the project.
Sampling:	No physical sampling of media was conducted as part of the audit.

3 METHODOLOGY AND AUDIT CRITERIA

3.1 Audit methodology

The methodology employed during the audit was consistent with the principles outlined in the CSA Standard Z773-03 - *Environmental Compliance Auditing*.

These principles and practices were employed to ensure auditor objectivity, professional competence and due care and that well-defined and systematic procedures were used.

The audit was conducted by Ross Szwec and Melanie Rousseau of ÉEM Inc. Auditor qualifications are documented in Appendix D.

The tasks performed before and during the evaluation are described below:

- Copies of the mine's permits and licenses were made available to ÉEM inc. prior to the audit;
- An audit plan was drafted and sent to the KIA's environmental officer and the Meadowbank representative (refer to Appendix A);
- Checklists were prepared for the environment compliance portion of the audit;
- An opening meeting was conducted in which the audit scope, objective, methodology and plan were discussed;
- Information on activities and operations were collected through interviews, the review of documentation and records and through observations;
- Information was assessed against the criteria outlined in the audit checklists; and,
- A closing meeting was conducted and a preliminary compilation of findings based on analysis of the data collected and comments by KIA and Meadobank personnel was presented.

The list of persons interviewed during the audit is presented in Appendix B. A copy of the opening and closing meeting attendance sheet is provided in Appendix C and copies of completed audit protocols are provided in Appendix F.

3.2 Audit criteria

The criteria used to complete environmental compliance evaluation consisted of selected federal and provincial environmental legal requirements as well as the requirements appearing in the facility's certificates and permits. Appendix E presents a list list of applicable and potentially applicable regulations and project authorisations that were verified. The audit was conducted based on these requirements.

The evaluation criteria excluded:

- Codes, standards, policies, guidelines, and other documents mentioned in the legislation (i.e.: reference to the National Fire Code in an article of a regulation);
- Codes, standards, policies, guidelines, and other documents mentioned in the authorization certificates, agreements and permits issued to Meadowbank.

4 RISK AND LIMITATIONS

The risks associated with the evaluation are related to the probability that a misinterpretation or an incomplete interpretation is being made on the application of a requirement to the project's operations.

For the current evaluation conducted at Meadowbank, the following limitations were encountered:

- Certain topics, were not covered due to the following reasons :
    - Certain personnel were absent or unavailable for portions of the audit: procurement, environmental coordinator.
    - Certain activities did not occur during the visit (ex. Transport of dangerous goods);

The findings are based on information obtained during the site inspection, and information obtained through document reviews and interviews conducted with site personnel during the audit.

The audit findings are as of October 4, 2012, and do not reflect activities after this date.

5 EVALUATION RESULTS

5.1 Positive elements

The following positive elements were observed during the evaluation:

- Departments demonstrated a high level of respect for the environment department;
- High involvement of Inuit at the facility;
- Communications with KIA appeared to be good as evidence by timely spill reporting and good follow-up on recommendations issued by KIA inspectors;
- ARD management appears to be robust;
- The superintendent of environment demonstrated good knowledge of permits and authorizations;
- Housekeeping at the facility was observed to be very good; and,
- Maintenance and up-keep of the Bake Lake access road was observed to be good.

5.2 Interpretation of results

The results from the audit were categorized as follows to assist the facility in the development of corrective action plans, as appropriate.

- Finding: Non-compliance with a regulatory or permit requirement.
- Observation (Obs): A non-conformity with respect to the mine's internal procedures or for a requirement that is not within the Environment department's responsibilities. Findings for which corrective actions were underway at the time of the audit were downgraded to observations.
- Opportunities for improvement: Observed items which, if implemented, could eliminate or minimize a risk and demonstrate that the facility has exercised due diligence. Regulatory items which fall outside of the scope of the environmental audit, for example occupational health and safety related items, may appear as opportunities for improvement.

5.3 Findings

The 2012 environmental compliance evaluation of the Agnico-Eagle Meadowbank Mine details a number of findings that should be addressed in the short term. The audit produced eleven (11) environmental compliance findings, nine (9) observations, and twelve (12) opportunities for improvement. Detailed audit results are provided in Table 5.1 and Table 5.2.

Table 5-1: Environmental compliance evaluation findings and observations

Finding No.	Regulatory Requirement	Findings	Type	Recommendation
Meadowbank Project Certificate NIRB-004				
1	*Project certificate, condition 8*	The certificate requires that semi-annual groundwater sampling be conducted. Sampling is conducted annually. Of the 4 wells, only 1 is currently operational.	*Finding*	Repair and reinstate the three (3) broken wells). Conduct sampling semi-annually or document approval from NIRB to sample on an annual basis only.
2	*Project certificate, condition 21*	The facility's weather station does not collect precipitation data. Baker Lake precipitation data is used.	*Finding*	Document that this substitution is acceptable to NIRB.
3	*Project certificate, condition 25*	Waste segregation was generally observed to be good. However, 3 bags of waste food were found in a non-food bin near the incinerator and 2 bags of food were found in a non-food bin located near the kitchen.	*Finding*	Communicate to all departments that food waste bags should be placed in the yellow containers.
4	*Project certificate, condition 28*	The facility is not yet a signatory to the *International Cyanide Code*. The current target for implementation is 2013. The certificate requested that the facility be compliant prior to storing or handling cyanide at the facility.	*Finding*	Continue with implementation of the ICMC.
5	*Project certificate, condition 32*	There is an absence of signage on the access road at every 10 km, in English and Inuktitut, prohibiting public use. In addition, there is an absence of signage along the access road to identify when one is entering and leaving crown land.	*Finding*	Signs prohibiting public use have been printed and now need to be posted. Print and post signs indicating when entering and leaving crown land or obtain permission from NIRB to be exempt from this condition.
6	*Project certificate, condition 22* *NWB Water License 2AM-MEA0815 Part F*	An on-site laboratory was not put in place as specified in the certificate. Rather, samples are sent to accredited labs for analysis. The facility is, however, accredited for the analysis of pH, TSS and gold.	*Obs*	Document that this substitution is acceptable to NIRB.

Finding No.	Regulatory Requirement	Findings	Type	Recommendation
Nunavut Water Board Water license (NWB 2AM-MEA0815)				
7	*WL, Part E, s. 3*	AEM has exceeded the maximum annual water consumption of 700,000m^3 since 2010. However, the facility has, with the acceptance of the Board, implemented an action plan that is aimed at reducing the facility's consumption below the maximum annual consumption limit by the end of 2012. Should planned actions prove unsuccessful, a request to increase consumption will be requested.	*Obs*	Continue with approved action plan.
8	*WL, Part F, s. 9*	Signage was not posted at sampling locations as required by the permit. Corrective actions were being initiated at the time of the audit.	*Obs*	Continue with ongoing actions.
Transportation of Dangerous Goods Regulations (Federal)				
9	*6 (8) A person who handles, offers for transport or transports dangerous goods, or who directly supervises another person engaged in these activities, must give his or her training certificate, or a copy of it, to an inspector immediately on request.*	An *Arctic Fuel* truck driver was unable to produce his TDG training certificate (i.e. TDG card).	*Finding*	Communicate the requirement to carry TDG cards to all those transporting regulated dangerous goods by road vehicle.
10	*6 (3) The training certificate must be signed* *a) by the employee and by the employer or another employee acting on behalf of the employer; or* *b) in the case of a self-employed person, by that person.*	The TDG certificate of one employee was not signed by the employer.	*Finding*	Ensure all TDG certificates are signed by the employer.
11	*(3) A person must not handle, offer for transport or transport dangerous goods in a means of containment that is required or permitted by this Part unless the means of containment is designed, constructed, filled, closed, secured and maintained so that under normal conditions of transport, including handling, there will be no accidental release of the dangerous goods that could endanger public safety.*	A sea-can used for the storage of dangerous goods that will subsequently be used for the transport of these had a hole along one of its bottom edges.	*Obs*	Ensure sea-cans are not damaged prior to using them to store and transport dangerous goods.
Environmental Code of Practice for Aboveground and Underground Storage Tank Systems Containing Petroleum and Allied Petroleum Products (Fed)				
12	*Part 8 – Operation and maintenance* *Although there are no requirements specifically addressing dispenser nozzles, the intent of Part 8 is*	Three (3) instances were observed where the storage of fuel delivery nozzles was weak. That is, after use the nozzles were simply laid on drums or equipment in a	*Finding*	Develop and communicate a procedure for storage of fuel delivery nozzles. Consider installing appropriate supports for fuel

Finding No.	Regulatory Requirement	Findings	Type	Recommendation
	to prevent the release of petroleum product to the environment.	manner that allows residual product to drip out. The observations were made at the airport and fuel farm.		dispensing nozzles.
13	*5.4.2(1) Underground piping larger than 75 mm in diameter shall be designed, installed and maintained to meet the requirements of: (a) secondary containment in conformance with Sentence 5.4.4(1); (b) leak detection in conformance with Part 6; or (c) API RP 1632-96, "Cathodic Protection of Underground Storage Tank and Piping Systems" and API Std 2610-94, "Design, Construction, Operation, Maintenance and Inspection of Terminal and Tank Facilities".* *5.4.4(1) Secondary containment for underground piping shall:* *(a) be designed, built, and approved in conformance with ORD-C107.7-1993, "Glass-Fibre Reinforced Plastic Pipe and Fittings";* *(b) be designed, built, and approved in conformance with ORD-C107.4-1992, "Ducted Flexible Underground Piping Systems";* *(c) consist of a single-wall fibreglass- reinforced plastic, or single-wall steel piping, contained within a duct designed, built, and approved in conformance with ORD-C107.19-1992, "Secondary Containment of Underground Piping"; or* *(d) be double-wall steel piping provided with a cathodic protection system designed by a corrosion expert.*	The underground fuel line between the fuel farm and the power plant is not equipped with secondary containment or cathodic protection as per the requirements of the *Regulation regarding Storage Tank Systems for Petroleum Products and Allied Petroleum Products*. The diameter of the pipe is 4 inches (10.2 cm). Flow meters are, however, installed at both ends of the pipe system.	*Finding*	Either: • Modify the underground fuel line such that it complies with the requirements of the Code; or, • Request an exemption to the Code requirements from the Nunavut Impact Review Board.
Work Site Hazardous Materials Information System Regulations (NU)				
14	*10.32 (1) Where a controlled product, other than a controlled product referred to in paragraph 10.31(1)(c), is received in the work place by an employer, the employer shall, without delay, obtain from the supplier of the controlled product a supplier material safety data sheet in respect of the controlled product, unless the employer is in possession of a supplier material safety data sheet that* *(a) is for a controlled product that has the same product identifier;* *(b) discloses information that is current at the time that the controlled product is received; and* *(c) was prepared and dated not more than three*	Certain departments (Met. Lab, Warehouse, Dyno-Nobel) use paper copies of Material Safety Data Sheets; these were not found to be maintained current.	*Obs*	Implement a process to ensure that MSDS are maintained current.

Finding No.	Regulatory Requirement	Findings	Type	Recommendation
	years before the date that the controlled product is received.			
General Nuclear Safety and Control Regulations (Federal)				
15	***14.*** *(1) Every licensee other than a licensee who is conducting field operations shall post, at the location specified in the licence or, if no location is specified in the licence, in a conspicuous place at the site of the licensed activity,* *a) a copy of the licence, with or without the licence number, and a notice indicating the place where any record referred to in the licence may be consulted; or* *b) a notice containing* *i. the name of the licensee,* *ii. a description of the licensed activity,* *iii. a description of the nuclear substance, nuclear facility or prescribed equipment encompassed by the licence, and* *iv. (iv) a statement of the location of the licence and any record referred to in it.*	Nuclear gauge license not posted.	*Obs*	Post a copy of the license at the entrance of the mill.
Nuclear Substances and Radiation Devices Regulations (Federal)				
16	***22.*** *No person shall use a radiation device in field operations unless the device has securely attached to it a durable, readily visible and legible label that sets out the name or job title and the telephone number of a person who can initiate the accident procedure referred to in the license that has been issued in respect of the device and who can be contacted 24 hours a day.*	The label for the gauge in the mill was covered in splatter and was not visible.	*Obs*	Clean the label or relocate it to an area where it will not be affected by splatter.
Incinerator Waste Management Plan				
17	*5.1 A waste segregation program will be implemented at the site (i.e. the separation of non-food waste items suitable for storage and subsequent transport and disposal or recycling). This will allow materials that are unsuitable for incineration to be either landfilled on site or hauled offsite to a licensed disposal facility.*	Two instances were observed where food waste was in the wrong type of bin (one near the incinerator, one near the warehouse).	*Obs*	Communicate requirement to all affected personnel.

Finding No.	Regulatory Requirement	Findings	Type	Recommendation
Wildlife Protection and Response Plan				
18	*2.2.7.1 Project workers and contractors are required to verbally notify the Environmental Department of the following wildlife observations or incidents as soon as possible….* • *Sightings of animals in close proximity ((visible to the eye from within the mine site footprint to site facilities, vehicles, equipment, or areas frequented by workers.*	An arctic fox was observed at the landfill during the site visit. It was not clear at the time if the sighting would be recorded in the wildlife log.	*Obs*	Ensure that all wildlife sightings are in the wildlife log.
Production Lease (KVPL08D280)				
19	*AEM shall, prior to the Commencement of Commercial Production, deliver to KIA a plan of survey prepared by a Canada Lands Surveyor which shall show the boundaries of the Leased Land and, by September 1st of the year following mine start-up, deliver to KIA a plan of survey prepared by a Canada Lands Surveyor showing the Leased Lands and location of all structures thereon… AEM shall file in the Land Titles Office and shall deliver to KIA a certified copy of the plan survey and all of the surveyor's field notes.*	The Kivalliq Inuit Association does not have a signed survey map for the Meadowbank project.	*Finding*	Provide the Kivalliq Inuit Association with the certified copy of the
Environmental Protection Act				
20	*5. (1) Subject to subsection (3), no person shall discharge or permit the discharge of a contaminant into the environment.*	A mound of contaminated soil was observed at quarry 22 without any measures to prevent the discharge of a contaminant into the environment. Contaminated soils have historically been stockpiled at quarry 5, 6, and 22 without such measures.	*Finding*	In the future, consider asking for KIA permission prior to storing contaminated soils on IOL. Future stockpiles of contaminated material should be stored to prevent the discharge of a contaminant to the environment. Ensure contaminated material is removed to an approved facility and analytical testing for residual hydrocarbon impact completed at each decommissioned quarry location.

Table 5-2 Opportunities for improvement (EH&S)

No.	Observation	Recommendation
1	6 of 8 flammable cabinets observed (in the vehicle maintenance shop and the warehouse) contained flammable materials such as cardboard or paper.	Communicate to all departments that all materials that can aggravate a fire (cardboard, paper, etc.) should be removed from the cabinets.
2	Meadowbank has a metal recycling plan, but the waste poster shows metals can go to either the landfill or to recycling.	Update the waste poster to reflect current practices.
3	The Landfill design and management plan (s. 3.2) indicates that metal can be landfilled.	The current practice is to recycle, whenever possible. The plan should be updated to reflect this.
4	Certain sea cans where hazardous wastes are accumulated still bear the content/type of the original cargo.	Remove the identification stickers from the original content of the sea cans.
5	Sea-cans where hazardous wastes are stored (i.e. the sea cans are full and have been removed from the waste accumulation area) are not identified.	Identify the sea-cans with their contents.
6	A spill kit was not available at the warehouse, although the Environment Department has previously brought a spill kit here.	Add spill kit. Inform workers that the kit is to remain at the warehouse and ensure its contents are inspected on a regular basis.
7	Sawdust spill kit in the incinerator garage is not on the inspection list. During the audit, the kit was almost empty.	○ Replenish the kit with sawdust. ○ Add this spill kit to the inspection list to ensure it is checked and replenished as necessary.
8	There is compressed gas cylinder storage outside of door A. The storage cage has a label for «FULL EMPTY PROPANE», which actually contains full acetylene cylinders.	Change the label to read «FULL ACETYLENE».
9	Two eyewash stations (one in the warehouse and one in the vehicle maintenance shop) contain expired solutions (Feb 2012). A permanent station may have recently replaced the one in the shop.	Change the bottles or remove them if they have been replaced by a permanent system.
10	Approximately 6 months ago, the facility identified the presence of asbestos in Goose Pit. Studies are currently underway to evaluate the level of risks associated with the presence of this substance.	Consider keeping KIA current on the issue.
11	The Radiation Safety Policy and Procedures Manual (publication date 2 Nov 2009) contains an incomplete inventory of nuclear gauges (i.e. the gauge in the SO2 plant is not identified).	Update the document to include all gauges.
12	A total suspended solids (TSS) curtain was installed on the South side of Bay Goose dike in 2010. The curtain is no longer required but has yet to be removed. AEM is currently studying the different possibilities to remove the curtain.	Continue efforts to remove the curtain in a safe manner.

6 CONCLUSION

The environmental compliance evaluation has identified eleven (11) instances where regulatory requirements are not being met or are at risk of not being met. Meadowbank should consider taking corrective action in a timely manner and transposing, with required adaptations, to other exploration projects which may be underway or upcoming. In addition, nine (9) observations and twelve (12) opportunities for improvement were identified.

The audit described in the present report was conducted without impediments or limiting factors, other than those cited.

APPENDIX A

AUDIT PLAN

September 12th, 2012

Stéphane Robert
Manager Regulatory Affairs Nunavut
Agnico-Eagle

Re: Environmental audit plan and itinerary – Meadowbank Mine

Mr Robert,

It is my pleasure to send you the following audit plan, which outlines the details concerning the upcoming environmental compliance audit of your facility, for your review and comment. At the end of this document, you will find an itinerary detailing the activities that will be conducted during the audit. Please ensure that the appropriate personnel are available to participate.

During the audit, we will require chaperones / guides in order to get around your facility as well as access to a workplace, preferably with internet access.

If you have any questions or comments, do not hesitate to contact me at on me at (514) 481-3401 or ross@eem.ca. I hope that you are satisfied with these arrangements.

Regards,

Ross Szwec
Director, EHS Compliance and Management Systems

Encl.
c.c Stephen Hartman – Environmental officer, KIA

1. CONTEXT

ÉEM inc. has been mandated by the Kivalliq Inuit Association (KIA) to perform an environmental legal compliance audit of the activities of Agnico-Eagle Mines' (AEM) Meadowbank facility, located in Nunavut.

2. OBJECTIVES

The objectives of the environmental audit are as follows:

- Assess the facility with respect to their degree of compliance to the following:
    - the facility's water license, water compensation agreement, exploration agreement and production lease; and,
    - applicable environmental legal requirements (federal and territorial);

3. SCOPE

The scope of work for the environmental review is based upon ÉEM's knowledge of the applicable legislative and regulatory requirements in the jurisdiction of Nunavut, generally accepted auditing principle and techniques and the audit team's experience and knowledge of mining activities in an arctic setting.

The audit will focus on the documents, records, operations and personnel whose activities relate to environmental management at the facility, and hence environmental regulatory compliance. The scope of work will also include, where necessary, the following areas / activities of the facility:

- Operation areas (mines, mill, tailings impoundment, facility services 9power, potable and waste water services, etc.);
- Pollution prevention systems;
- Discharge/emissions to the environment (water, air, soil);
- Regulated and hazardous substance management;
- Hazardous and recyclable waste management;
- Tailings and water discharge management;
- Dangerous goods transportation;
- Storage and management of petroleum products;
- Local surface exploration activities; and,
- Emergency measures.

The audit will focus on activities from approximately three (3) years from the date of the audit, unless older documents were still current and demonstrate compliance / conformance.

The working language will be English / French as required and the reporting language for the audit will be English.

Contact with external agencies, with the exception of KIA, are excluded from the audit. The audit team will rely on objective information and evidence provided by Agnico-Eagle staff, where required.

4. CRITERIA

The audit will review the federal and territorial regulatory environmental requirements applicable to the facility, including conditions listed in the facility's various permits, licenses and agreements.

5. METHODOLOGY

The methodology employed during the audit will consistent with the principles outlined in the Canadian Standards Association standard for Environmental Compliance Auditing (CSA Z773-03).

The lead audit team will be composed of Ross Szwec and Melanie Rousseau. Mr. Szwec will act as lead auditor during the mandate.

An opening meeting will be held prior to the start of the audit to ensure understanding of the audit objectives and scope and to confirm the audit itinerary. Upon completion of the audit, a closing meeting will be held and will serve to present the main findings and conclusions. The meeting will also provide an opportunity to report errors or misunderstanding of an element by the audit team.

Information gathered during the audit will be documented using audit protocols and / or audit notes. Findings will be based on evidence gathered. Where a large quantity of information needs to be reviewed / analyzed, findings may be based on a representative

Interviews based on the scope of the audit will be conducted with the following groups:

- Environment department personnel;
- Key facility personnel; and,
- Subcontractors performing work directly related to the objectives of the audit.

6. AUDIT BOUNDARIES

The following activities are excluded from the audit:

- Codes, standards, policies, directives and other documents mentioned in the legislation and in permits, licenses and agreements (e.g. National Fire Code);
- Physical or intrusive sampling;

- Health and safety requirements. However, if the auditors observe an activity that is of concern for safety, the facility will be immediately notified; and,
- The audit of WHIMIS requirements will be limited to management of MSDS and employee training.

7. AUDIT REQUIREMENTS

The following items are important for the on-site portion of the audit:

- Availability of environmental personnel for the duration of the audit;
- Availability of key facility personnel available (i.e. Operations personnel, waste management personnel, maintenance personnel, etc.);
- Access to environmentally related records and documentation; and,
- A desk or conference room from which to work.

8. PERSONAL PROTECTIVE EQUIPMENT

The audit team will be equipped with standard work boots and safety glasses. If additional equipment is required, please notify us in advance.

9. RISKS

The risks associated to the audit are mainly related to the probability that a misinterpretation or an incomplete interpretation may be made on the application of a requirement to the facility's operations. The potential risks can be caused by the following factors among others:

- Certain key personnel may not be present during the review;
- Certain activities or processes may not be in operation;
- Difficulty in evaluating atmospheric emissions (odors, smoke and particulates) and noise as these are directly influenced by atmospheric conditions and by the operations;
- Lack of data concerning the contaminant quantities emitted to the environment; or,
- Lack of information or pertinent documentation to be able to conclude on requirements interpretation.

To limit these risks, we suggest that documents and records be made available and that, as much as possible, key personnel be present during the audit.

10. CONFIDENTIALITY

During the evidence gathering phase of the environmental compliance audit and where deemed necessary, discussions with government may be proposed, but in anonymity.

The environmental audit, results thereof, and documented review report shall be confidential in all respects. It is not anticipated that legal counsel shall be retained to enable further solicitor-client confidentiality privileged.

11. REPORT

A draft report will be distributed to KIA and AEM within three (3) weeks of the closing meeting. The report will include a reaffirmation of the audit plan, any limitations encountered executing the plan, findings, and proposed recommendations.

The final report will be issued within 5 days of receiving comments from KIA and AEM.

12. SCHEDULE

Dates: 1-5 October 2012
Auditors: Ross Szwec – Lead auditor, Melanie Rousseau – Auditor

	Day 1 – 1 October 2012				Day 2 – 2 October 2012			
	Ross Szwec		Melanie Rousseau		Ross Szwec		Melanie Rousseau	
	Subject	Auditee	Subject	Auditee	Subject	Auditee	Subject	Auditee
8:00	• Travel to Meadowbank facility				Administrative review (continued)		Waste mngt • Hazardous • Non-haz • Biomedical • Etc.	
8:30								
9:00								
9:30								
10:00								
10:30								
11:00								
11:30								
12:00	Lunch							
12:30								
13:00	• Arrival to site • Induction training				Tailings and water management		Sanitary wastewater mgnt	
13:30								
14:00								
14:30	• Opening meeting							
15:00	• Modifications to audit itinerary (if required) • Facility overview • Administrative review (permits licenses and agreements)				Closure planning		Concentrator • Air • Water • Tailings • Nuclear substances • Wastes	
15:30								
16:00								
16:30					Pits, quarries and borrow materials			
17h00								

	Day 3 – 3 October 2012				Day 4 – 4 October 2012			
	Ross Szwec		Melanie Rousseau		Ross Szwec		Melanie Rousseau	
	Subject	Auditee	Subject	Auditee	Subject	Auditee	Subject	Auditee
8:00	Petroleum product mngt		Site services		Exploration		Wildlife mngt	
8:30								
9:00							Contaminated soils mngt	
9:30								
10:00			Maintenance					
10:30	Air transportation				Procurement • Controlled substances • Contractors		HR / Training dept.	
11:00								
11:30								
12:00	Lunch							
12:30								
13:00	Explosives mngt		Power plant		Time allotted for incomplete items			
13:30								
14:00					Compilation of findings and preparation of closing meeting			
14:30	Mine operations							
15:00								
15:30			Engineering / projects / «urban planning»					
16:00								
16:30					Closing meeting			
17:00								

	Day 5 – 5 October 2012			
	Ross Szwec		Melanie Rousseau	
	Subject	Auditee	Subject	Auditee
8:00	Travel to Montréal			
18:30				

APPENDIX B

PERSONNEL INTERVIEWED

Name	Department
Jeff Pratt	Environment
Robin Allard	Environment
Kevin Buck	Environment
Ken McMillan	Mill
Rick Maunu	WTP, STP
Charles Blouin	Security
Christophe Bolduc	Powerhouse
Nathalie Ledoux	Mill
Alain Villeneuve	Mill
Eric Mercier	Metallurgical Lab
René Baril	Site Services
Benoît Poulin	Site Services
Richard Pouliot	Site Services
Michel Anger	Site Services
André Racicot	Warehouse
Daniel Boucher	Warehouse
Daniel Gilbert	Warehouse - Leader
Stephane Boucher	Vehicle maintenance
Richard Aubry	Kitchen
Gilles Loiseau	Training
Bouchaib Semladi	Engineering
Luc Tremblay	Mill
Joelle	Medical Centre
James Boast	Warehouse clerk
David Munn	Driver – Arctic Fuel
Doug Robertson	Site supervisor – Dyno-Nobel
Grégoire Bastien	Production geologist

APPENDIX C

OPENING / CLOSING MEETING ATTENDANCE SHEET

Site : Meadowbank	Opening meeting date : Oct. 2 2012	Closing meeting date : Oct 4 2012

Name	Title	Signature	Opening meeting (✓)	Closing meeting (✓)
SIMEON MIKKUNGWAK	K. I. A. LANDS INSPECTOR	Simeon Mikkungwak	✓	✓
Stephen Hartman	KIA Environment	S Hartman	✓	✓
Jeff Tulugak	KIA Land Use Inspector		✓	
Ross Szwec	Auditor		✓	✓
Jeff Pratt	A.E.M.		✓	
KEVIN BUCK	AEM.		✓	✓
M. Rousseau	auditor		✓	✓

EEM
GESTION DURABLE

APPENDIX D

REGULATORY CRITERIA

FEDERAL REGULATORY CRITERIA

Legislation	Applicability
ARCTIC WATERS POLLUTION PREVENTION ACT	*Applicable: Meadowbank is located above the 60th parallel.*
CANADA SHIPPING ACT	*Not/Applicable: Meadowbank operates ships.*
CANADA MARINE ACT	*Applicable: Meadowbank conducts operations involving ships or a port.*
CANADA WATER ACT	*Not applicable: Meadowbank does not deposit or permit the deposit of waste of any type in any waters composing a water quality management area designated under the Act.*
CANADA WILDLIFE ACT	*Not applicable: The mine does not operate in a wildlife area designated under the Act.*
Wildlife Area Regulations	*Applicable: The regulations prohibit all activities that could be harmful to species and to their habitat, unless a permit is issued indicating the permitted activity.*
CANADIAN ENVIRONMENTAL ASSESSMENT ACT	*Applicable: Meadowbank's activities could trigger the federal environmental assessment process.*
CANADIAN ENVIRONMENTAL PROTECTION ACT	*Applicable: Application is specified in the regulations.*
Contaminated fuel Regulations	*Not / applicable: Meadowbank does not export any contaminated fuels.*
Environmental Emergency Regulations	*Not applicable: Meadowbank does not store any of the regulation's targeted substances nor does it have the capacity to store quantities exceeding declaration thresholds.*
Export and Import of Hazardous Waste and Hazardous Recyclable Material Regulations	*Not applicable: Meadowbank does not involve the import or export of hazardous waste or hazardous recyclable materials.*
Federal Halocarbon Regulations	*Not applicable: Meadowbank does not operate on federal of aboriginal lands.*
Interprovincial Movement of Hazardous Waste Regulations	*Applicable: Meadowbank ships hazardous wastes out of province.*
Masked Name Regulations	*Not applicable: Meadowbank does not produce chemical or biological substances that require the masking of names of substances (both chemical and biological) to prevent the*

Legislation	Applicability
	disclosure of confidential information.
New Substances Notification Regulations (Chemicals and Polymers)	*Not applicable Meadowbank does not import any targeted substances. Materials/substances are obtained from domestic suppliers or appear on the federal Domestic Substances List (DSL).*
Notice with respect to substances in the National Pollutant Release Inventory	*Applicable: Meadowbank meets the reporting threshold. The obligation to report is verified annually.*
Notice with respect to reporting greenhouse gases	*Applicable: Meadowbank meets the reporting threshold. The obligation to report is verified annually.*
Off-Road Compression-Ignition Engine Emissions Regulations	*Not applicable: The Regulation applies to manufacturers, distributers or importers for sale in Canada of off-road diesel engines and machines, and to persons who import these engines and machines for their own use.*
On-Road Vehicle and Engine Emission Regulations	*Potentially applicable: The Regulation applies to vehicles and engines that are manufactured in Canada, or that are imported into Canada. Meadowbank rents pick-up trucks.*
Ozone-Depleting Substances Regulations	*Applicable: Infrastructure, equipment and vehicles used by Meadowbank may contain* ozone-depleting substances.
PCB Regulations	*Not applicable: Meadowbank does not involve the use or storage of PCB containing equipment.*
PCB Waste Export Regulations, 1996	*Not applicable: Meadowbank does not involve the export of PCB waste.*
Perfluorooctane Sulfonate and its Salts and Certain Other Compounds Regulations	*Not applicable: Meadowbank does not use any of the targeted substances listed in the Regulation.*
Polybrominated Diphenyl Ethers Regulations	*Not applicable: Meadowbank does not use any of the targeted substances listed in the Regulation.*
Prohibition of Certain Toxic Substances Regulations, 2005	*Not / Applicable: Meadowbank does not use any of the targeted substances listed in the Regulation.*
Release and Environmental Emergency Notification Regulations	*Applicable: The Regulation provides information regarding the agencies, by jurisdiction, that must be notified in the event of a release of a substance, of the likelihood of such a release, or of the occurrence of an environmental emergency.*
Solvent Degreasing Regulations	*Not applicable: Meadowbank does not involve the use of the*

Legislation	Applicability
	targeted substances in quantities that trigger application of the regulation.
Storage Tank Systems for Petroleum Products and Allied Petroleum Products Regulations	*Applicable: Meadowbank's permits refer to the CCME Code of practice that pertains to the regulation.*
2-Butoxyethanol Regulations	*Not applicable: Meadowbank does not use any of the targeted substances listed in the Regulation.*
EXPLOSIVES ACT	*Applicable: Meadowbank uses explosives.*
Explosives Regulations	*Applicable: Meadowbank uses explosives.*
FISHERIES ACT	*Applicable: Meadowbank's activities occur in areas where fish bearing waters may exist.*
Deposit Out of the Normal Course of Events Notification Regulations	*Applicable: The Regulation provides information regarding the agencies, by jurisdiction, that must be notified in the event of a deposit of a deleterious substance out of the normal course of events or the serious and imminent danger of such a deposit occurring.*
Metal Mining Effluent Regulations	*Applicable: Meadowbank releases metal mining effluent.*
HAZARDOUS MATERIALS INFORMATION REVIEW ACT	*Applicable: The Act forms the basis of the Workers Hazardous Materials Information System (WHMIS) requirements. Complementary hazardous materials legislation also exists at the territorial level (i.e. Nunavut's Work Site Hazardous Materials Information System Regulations). Certain substances used by Meadowbank and its contractors are considered controlled substances under the regulation.*
MIGRATORY BIRDS CONVENTION ACT, 1994	*Potentially applicable: The Act establishes regulations for the protection of migratory birds.*
Migratory Birds Sanctuary Regulations	*Not applicable: The mine's activities are not occurring in an area defined as a bird sanctuary under the Regulation.*
Migratory Birds Regulations	*Potentially applicable: The Regulation addresses conservation activities involving migratory birds including raising, release, scaring, capture, killing and disposal.*
NAVIAGABLE WATERS PROTECTION ACT	*Potentially applicable: Government approval is required for works constructed or placed in, on, over, under, through or across any navigable waters.*

Legislation	Applicability
NUCLEAR SAFETY AND CONTROL ACT	*Applicable: The mine's activities involve the use of nuclear substances or devices that are regulated under the Act.*
Nuclear Substances and Radiation Devices Regulations	*Applicable: The mine's activities involve the use of nuclear substances or devices that are targeted in the regulation.*
General Nuclear Safety and Control Regulations	*Applicable: The regulation defines the requirements for licences pertaining to nuclear substances and devices.*
PEST CONTROL PRODUCTS ACT	*Not applicable: The mine does not use any pesticides regulated under the act.*
SPECIES AT RISK ACT	*Potentially applicable: The mine's activities may occur on or near areas where some endangered or threatened species or habitats exist (e.g. Peary Caribous, wolverine, etc.).*
TRANSPORTATION OF DANGEROUS GOODS ACT (1992)	*Applicable: The mine's activities involve the air, ground and sea transport of regulated dangerous goods.*
Transportation of Dangerous Goods Regulations	*Applicable: The mine's activities involve the air, ground and sea transport of regulated dangerous goods.*

TERRITORIAL REGULATORY CRITERIA

Regulatory requirements for the jurisdiction of Nunavut have been included in the site's project certificate and permits. These include:

- Environmental Protection Act;
- Commissioners' Land Act;
- Motor Vehicle Act;
- Wildlife Act;
- Transportation of Dangerous Goods Act;
- Nunavut Archaeological and Palaeolontological Site Regulation;
- Nunavut Land Claims Agreement; and
- Nunavut Act.

MEADOWBANK GOLD PROJECT AUTHORISATIONS

Project authorisations verified as part of the audit:

Nunavut Impact Review Board (NIRB)

- NIRB-004 Project certificate

Nunavut Water Board (NWB)

- 2AM-MEA0815 Water Licenses Amendment 1

Kivalliq Inuit Association (KIA)

- KVPL08D820 Production Lease Amendment 1
- Mine Water Compensation Agreement
- Road Water Compensation Agreement 1
- KVRW06F04 Right of Way AWPAR Amendment 1
- KVCA06Q11 Quarry Permit AWPAR