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Water Resources Division
Nunavut Regional Office
P.O. Box 100
Iqaluit, NU X0A 0H0

Our File: / CIDMS
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209000

April 22, 2008

Phyllis Beaulieu
Manager of Licensing
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU X0B 1J0

Dear P. Beaulieu:

**Refer: 2BE-MEA0813 - Meadowbank Project: Application for Amendment 2,
Meadowbank Exploration Project Type B Water License by Agnico-Eagle
Mines Limited**

**8BC-TEH0708 - Meadowbank Gold Project Access Road Application for
Renewal and Amendment of the Meadowbank Gold Project Access Road
Type B Water License**

Indian and Northern Affairs Canada (INAC) reviewed the Agnico Eagle Mines Ltd. (AEM) Meadowbank Division's application on March 6, 2008 for a second amendment to the Type B Water License 2BE-MEA0813 to relocate the exploration camp and increase the capacity and water used of their exploration camp. The Nunavut Water Board should also be aware INAC has included comments on the review of Agnico-Eagle Mines Ltd.'s request to renew and amend Type B Water License 8BC-TEH0708 for the Meadowbank Gold Project access road to allow for the ongoing operation of the Tehek Access Road and for time for the Nunavut Water Board to make a decision on the Type A Water License for the Meadowbank Gold Project, which may combine the Type B licences for the lay-down area, and the road with the Type A water licence for the mine development and operation.

2BE-MEA0813 - Meadowbank Exploration: Application for Amendment 2

Under the 2BE-MEA0813 - Meadowbank Project: Application for Amendment 2, the exploration camp will be re-located from the potential mine site to near km 100 along the all weather private access road between the Hamlet of Baker Lake, Nunavut and the Meadowbank Gold Mine site on Inuit owned lands (IOL BL-14). Agnico-Eagle Mines Limited (AEM) plans to continue exploration at and around the Meadowbank property by conducting geophysical surveys, prospecting and diamond drilling but the current exploration camp (covered by Water License NWB 2BE-MEA0813) located on the Meadowbank Project site will be overwhelmed by the proposed development of the

Meadowbank Gold Mine. The exploration camp will also be used for short term overflow accommodations during the construction phase of the Meadowbank Gold Mine.

The exploration camp will have a maximum capacity of 85 persons, with an average expected population of 40 persons, with an increase water use up to 19 cubic metres per day (m^3/d). The water for domestic use at the exploration camp will be obtained from Third Portage Lake at a spot located approximately 50 m east of the camp. In accordance with the DFO Freshwater Intake End-of-Pipe Fish Screen Guidelines (March, 1995), a screen will be used to prevent entrapment of fish during pumping. Electric toilets will be used at the camp so liquid sewage should not be generated. The grey water generated by the kitchen and shower facilities will be deposited in a natural sump greater than 30 m from the lake shore that will overflow onto the surrounding tundra.

The amendment also requests an increase exploration camp will have an increase in the number of in allowable water for exploration drilling from $200 \text{ m}^3/\text{d}$ to $250 \text{ m}^3/\text{d}$ to allow for the increased operation of 5 drills (5 drills @ $50 \text{ m}^3/\text{d}$). Drill water shall be obtained from local water source(s) near the drilling targets. The total volume of water for the exploration drilling and the camp within this amended License should not exceed $269 \text{ m}^3/\text{d}$.

Fuel storage at the site will use three existing 50,000 litres double-walled self contained storage tanks for diesel fuel and one 75,000 litres double walled self contained storage tank for Jet A fuel mounted on steel skids and supported by timbers resting on a bed of gravel and sand.

8BC-TEH0708 - Meadowbank Road Type B Water License - Application for Renewal and Amendment

Under the 8BC-TEH0708 - Meadowbank Road Type B Water License - Application for Renewal and Amendment, the Type B Water License would be extended for a sufficient time (perhaps one year) to allow pre-development activity at the Meadowbank Project site to continue, including:

- construction and operation of a camp with a maximum capacity of 200 persons with an associated domestic water use of $45 \text{ m}^3/\text{d}$ ($200 \times 225 \text{ l/person/day}$). The application is unclear if the majority of the camp is the existing exploration camp now covered under the existing water licence 2BE-MEA0813.
- Installation and operation of a sewage treatment plant (rotary biological contactor and equalization tank) for a maximum flow rate of $45 \text{ m}^3/\text{day}$ with the pumped discharge going into an expanded and deepened Tear Drop Lake (a non-fish bearing water). Agnico-Eagle also indicated that the lake was non-fish bearing during the Type A water licensing and at the Hearing.
- use of Tear Drop Lake also as a storm water management pond with any overflow of the mixed discharge from this pond to be pumped into the northwest arm of Second Portage Lake.

- the development of two on-land pits over the Portage deposit to develop a stockpile of broken rockfill material ahead of the start of construction of the outer shells of the East Dike. The stripping and stockpiling during the winter of 2008 (late April thru June) will be of approximately 2.8 M tonnes overburden and a sufficient stockpile of broken rock to allow for summer construction of the East Dike. All rock would be stockpiled within the footprint of these two starter pits.
- set up and initial operation of the concrete batch plant to provide concrete for initial construction at the camp and other mine site facilities. The maximum estimated water consumption of 15 m³/d (average) will come from Third Portage Lake off of the existing freshwater pump system, with no waste water requiring disposal or storage.

Summary and Recommendations

INAC believes that four water licenses are related to the Meadowbank Gold Project:

(1) 2BE-MEA0813, Meadowbank Exploration Project

Licensee: Agnico-Eagle Mines Ltd.

Type B Water Licence

Water Use: 215 cubic metres per day

Date of Licence: February 13, 2008

Expiry Date of Licence: February 28, 2013

Amendment 2 Application to Type B Water Licence

March 7, 2008

(2) 3BC-TEH0707, Meadowbank Gold Project Access Road Construction Camp

Type B Water Licence

Licensee: Nuna M&T Services Ltd.

Water Use: 10 cubic metres per day

Date of Licence: February 16, 2007

Expiry Date of Licence: July 31, 2007

Type B Water Licence, Amendment 1

Effective Date: October 12, 2007

(3) 8BC-MEA0709, Construction of the Baker Lake Facilities, Meadowbank Project

Type B Water Licence

Licensee: Agnico-Eagle Mines Ltd.

Water Use: none authorized / not applicable

Date of Licence: August 12, 2007

Expiry Date of Licence: December 31, 2009

(4) 8BC-TEH0708, Meadowbank Gold Project Access Road

Type B Water Licence

Licensee: Cumberland Resources Ltd. (Agnico-Eagle Mines Ltd.)

Water Use: non authorized / not applicable

Date of Licence: February 20, 2007

Expiry Date of Licence: February 8, 2008

Application for amendment and renewal March 4, 2008 (may be included within the Type A licence for the Meadowbank Gold Mine)

Although INAC agrees that the proponent should be allowed to move/construct the camp, do pre-development work and increase the amount of water available in the licenses, INAC has other concerns related to the process followed by the proponent. INAC suggests that the Nunavut Water Board consider the following:

1. Water License 8BC-TEH0708, held under Cumberland Resources has expired. The renewal and amendment to Water License 8BC-TEH0708 was sent to the Board on March 6, 2007 and provided to the interveners for comments by April 21, 2008.
2. NWB issued Licence No. 2BE-MEA0813 on March 3, 2008 for a period ending February 28, 2013, the amendment application was sent to the Board shortly (days) afterward.
3. NWB Licence No. 2BE-MEA0813; PART B: GENERAL CONDITIONS, Number 3 includes a requirement to notify the NWB of any changes in operating plans or conditions associated with this project at least thirty (30) days prior to any such change. Is this Amendment considered part of the notification of changes in the exploration camp and changes in water sources? This amendment also includes changes in grey water and non-contact water.
4. This licence amendment does not modify PART E: CONDITIONS FOR CAMPS, ACCESS INFRASTRUCTURES AND OPERATIONS; Number 10; Bulk Fuel Storage Tank. This requirement would be part of the amended Type B water licence 8BC-TEH0708 and the Type A water licence.
5. Other conditions not transferred from NWB Licence No. 2BE-MEA0813 Amendment 2 to an amended Water License 8BC-TEH0708 include the direction issued in PART I: CONDITIONS APPLYING TO ABANDONMENT AND RESTORATION OR TEMPORARY CLOSING.

Although INAC understands the reasons given by Agnico-Eagle for extending and modifying the Type B licences until and if a Type A water licence is issued by the Nunavut Water Board and to allow exploration to continue at another camp, INAC suggests that Agnico-Eagle could have been timelier in their requests for licence extensions and amendments. INAC believes that Agnico-Eagle should have been given the option to apply for a new Type B license for the exploration camp, and the existing licence 2BE-MEA0813 used as the interim licence until and if the Board issued a Type A water licence for the mine development. The term of the Tehek Road licence 8BC-TEH0708 could then have been extended to allow operation of the road to continue.

However INAC recommends to the Nunavut Water Board that:

1. Extend the term of the Water License 8BC-TEH0708, held under Cumberland Resources, for one year.
2. Amend the Type B Water License 8BC-TEH0708 in the name of Agnico-Eagle Mines Ltd. with the following conditions:
 - a. Conditions be added for location of bulk fuel storage and any construction of bulk fuel storage;
 - b. Require the proponent to provide an abandonment and restoration plan under the NWB Type B Water License 8BC-TEH0708 which will include plans for temporary closings and overlaps with the existing or amended Type B Water License 2BE-MEA0813 within 60 days of licence issuance. The Closure and Reclamation Plan, Meadowbank Exploration Camp, Revision 0, March 6, 2008 does not clearly indicate the interactions with the other project components.
3. Approve Amendment 2 to the Type B Water License 2BE-MEA0813 for Meadowbank Exploration Camp and Site by Agnico-Eagle Mines Limited be approved with the following conditions:
 - a. The proponent clarify if the Amendment 2 is to be considered as part of the notification of changes in the exploration camp and changes in water sources, including changes in grey water and non-contact water.
 - b. The proponent indicates the source and volume of fill materials used to construct the base for the “new” camp.
 - c. The proponent indicates that they have obtained access and use permission from the Kivalliq Inuit Association for the record.
 - d. The proponent indicates within 90 days the layout of the camp as constructed, including locations of the fuel skid tanks and fuel transfer areas.
 - e. The project’s licence monitoring program requirements should be expanded to include the collection of basic water quality data at the water sources downstream of each drill site. A total of three (3) parameters, pH, water temperature, and conductivity, should be collected / analysed upstream and downstream of each drill prior to and upon completion of drilling activities using a calibrated field meter or other approved method. The information should be provided to the Nunavut Water Board in the Proponent’s annual report and, if pH or conductivity changed greatly, the Proponent should also inform the Nunavut Water Board of the mitigation actions that were taken.

INAC thanks the Nunavut Water Board for the opportunity to review the Amendment of Water License 2BE-MEA0813 and the Renewal and Amendment of Water License 8BC-TEH0708, both by Agnico-Eagle Mines for the Meadowbank Gold Project. Should you have any questions or comments, please do not hesitate to contact me at (867) 975-4550 or Rogersji@inac.gc.ca.

Sincerely,

Original signed by Jim Rogers

Jim Rogers
Manager, Water Resources