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RE: Water license inspection of Meadowbank Exploration Project June 25th, 2007

The Water Resources Officer (WRO) appreciates the assistance and cooperation provided by Mr. Martin Archambeault, acting environmental coordinator and Mr. Laurier Roy, road construction foreman who both accompanied the Inspector during the inspection of the Meadowbank site.

The following report is based on observations made at the time of the inspection as well as items outlined during a review of the terms and conditions of the license with the Camp Foreman, Mr. Kevin Fowler. Immediately following the inspection an Industrial Water Use Inspection Report was signed by both Mr. Fowler and the Inspector.

Part A: Scope and Conditions

No issues were found with respect to the location of the camp as indicated in the current license.

The license is classed as mining and milling as indicated on the License form. One amendment has been approved affecting the original license since the period of the last inspection. This amendment altered the class of license from Exploration to Bulk Sampling. The purpose of this change was to address an application for the construction and installation of a Bulk Fuel Storage tank on site. The capacity of the tank was listed as 5 million litres.

During the period of inspection a five million litre tank was not observed. The proponent is asked to provide information on the location of the tank to the inspector as soon as possible.

Additionally, a review of the Nunavut Water Board web site was not able to produce any documentation relating to the assignment of the Meadowbank property license nor an amendment related to the same. The proponent is required directed to provide this information to the Inspector as soon as possible.

Part B: General Conditions

The question of water use fees and a determination on if they had been paid was not included within the context of this inspection.

A review of the Nunavut Water Board FTP – Public Registry was conducted during the writing of this report. A 2006 Annual report was found to be complete and included a reviewed A&R plan and supplementary documentation. The Annual report did indicate the construction of a 5 million litre tank was completed under the authority of the new license. Again the Inspector did not note the presence of the tank



at the time of the inspection and thus requests the Proponent to provide the information required by item iv of this part (a summary of construction activities) in the 2007 annual report due by March 31st of 2008.

The proponent is reminded that an annual report is required to be filed by March 31st 2008 for the year ending December 31st 2007. The annual report must contain all items listed within Part J – Monitoring program including a summary of all samples collected and the results of testing as per section 4 of Amendment 1. A copy of this report should also be sent to the Inspector at Keima@inac.gc.ca .

Additionally, as per item 9, Part J of Amendment 1, the licensee is required to provide the outlined information to the board within 6 months of the construction of the Bulk fuel storage tank. If this has been completed the inspection directs the proponent to provide a copy to both the Board and the inspector no later than March 31st of 2007 as a supplement to the required annual report.

The licensee is reminded that it is the responsibility of the licensee to ensure that any documentation submitted by the licensee to the Nunavut Water Board is acknowledged by the Manager of Licensing.

Part C: Conditions Applying to Water Use

At the time of the inspection the licensee was allocated the use of 15 Cubic Meters / day of water from Third Portage Lake for camp and domestic purposes.

Water for drilling operations must not exceed 50 Cubic Meters per day per drill. It is highly recommended that flow meters be installed on pump lines so accurate measurements can be recorded. Extrapolation of the quantity of water used based on the run time of a pump or the number of times a tank is filled is not adequate and will not be accepted in future inspections.

Part D: Conditions Applying to Waste Disposal

During the period of inspection two incinerators were noted on site. The capability of the units to meet the Canada-wide Standards for Dioxins and Furans and the Canada-wide Standard for Mercury Emissions was not reviewed with the proponent. The licensee is reminded that this standard must be met by the date of the next inspection if not already achieved.

The proponent is reminded to include in the 2007 annual report due on March 31st 2008 a list of hazardous materials shipped out of the camp, the treatment received, and the location of the approved treatment facility to which they were sent. All of the foregoing is required information to be included in the annual report. Shipping and receiving invoices are not required so long as the records are available for inspection during the 2008 inspection season.

The location of the grey water sump was a matter of concern for the Inspector. The layout of the camp at one time may have allowed the grey water to be discharged out beyond the exterior of the camp boundary. However, with the obvious expansion that was on-going during the inspection period the location of the grey water sump was found to be in the centre of the new camp layout. A verbal direction was given to Mr. Martin Archambeault to address this issue and provide information back to the inspector once completed.

(A subsequent inspection of the camp has since been completed by Inspector Ningeongan – WRO – Rankin Inlet. In conversation with Inspector Ningeongan this issue has been addressed. It is recommended by this inspector that this modification to the operations plan be submitted with the annual report under On-going and Progressive Reclamation.)



Part E: Conditions For Camps, Access Infrastructures And Operations

No on ice work was on-going during the period of this inspection. It is recommended that the inspector conduct an inspection during the winter months and in mid spring to monitor compliance with this part.

During the period of this inspection the Airstrip was not inspected however it was noted that work was on-going on one end of the strip.

The licensee is reminded that following construction of the airstrip a report as outlined in section 5 (i-v) was required within 60 day of completion of the strip. A review of the Nunavut Water Board FTP public registry did not produce a copy of this report. The licensee is directed to provide this report by March 31st 2008 for inclusion with the annual report for the 2007 year if not already submitted. A copy of this report must be forwarded to the Inspector upon completion as well.

The licensee is reminded that within 90 days of the final construction of the Bulk Fuel Storage tank the licensee was required to provide the following information to the Nunavut Water Board;

- i. The Approval for construction issued by the Fire Marshall;
- ii. As-built drawings (signed and stamped);
- iii. A summary of the construction including the documentation of field decisions that deviate from construction drawings and specifications; and
- iv. Any data used to support these decisions.

A review of the Nunavut Water Board FTP site found document # 060719 2BB-MEA Stamped Portion and Signatures. These documents were dated received by the Board on July 19th of 2006, the day before this issuance of the amendment to the license requiring submission of As-built Drawings (signed and stamped). The Inspector is unsure if this document reflects the As-built documents or the initial plans submitted for approval. The Licensee is asked to provide clarity to this issue as soon as possible.

Part F: Conditions Applying To Drilling Operations And Trenching

No Drill sites were inspected during this inspection.

The licensee is required to provide base-line water quality conditions prior to conducting any on-ice drilling. The results of this sampling program are to be submitted to the Nunavut Water Board. A review of the Nunavut Water Board FTP site produced a Water Analysis report submitted February 17th, 2005. This report only included testing for Coliform Bacteria which is insufficient information to develop a base line water quality assessment for the area surrounding the Meadowbank project.

The Licensee is directed to comply with this section and submit results to both the Nunavut Water Board and the Inspector prior to beginning any new lake or Ice drilling in the coming winter season year.

The licensee is also to provide Notice to the Board 60 day prior to beginning any trenching operations. A search of the Nunavut water Board FTP site did not produce any such notifications or plans. The licensee is reminded that this notice is required under the terms of the existing license.

Part G: Conditions Applying to Modifications

No mention of modifications to the existing plan was discussed during the period of inspection. The licensee is reminded that all modifications need to be consistent with the terms and conditions of the existing license and if not then require the Nunavut Water Boards approval.

Such approval is acquired through written notification to the board 60 days in advance of the proposed modification.



Part H: Conditions Applying To Spill Contingency Planning

During the writing of this report a review of the Nunavut Water Board FTP site produced an addendum to the latest Spill contingency Plan originally submitted to the Nunavut Water Board on September 21st 2006. This addendum was the only information available for review.

It was noted during the inspection that 5 gallon pails of gear oil and drums containing petroleum products were being stored (lying around the site) without secondary containment.

It was also noted that in the area of the Tank farm there appeared to be a number of empty drums and a number of spill clean up kits.

The licensee is reminded that section 5 of this part requires the licensee to ensure that any equipment maintenance and servicing be conducted only in designated areas and to implement special procedures to prevent spills of these products from entering the environment.

Part H: Conditions Applying To Abandonment And Restoration

A review of the Nunavut Water Board FTP site provided the Inspector a copy of the 2006 Abandonment and Restoration Plan. This document was not reviewed during the course of the inspection.

The licensee is encouraged to provide information on all on-going progressive reclamation activities conducted on site during the 2007 year. This information should be included in the annual report.

Part I: Conditions Applying To The Monitoring Program

The proponent is reminded that all usage of water for domestic operations must be recorded and available for inspection. It is highly recommended by the inspector that a flow meter be installed on the intake water line of each drill in operation so accurate measurements can be recorded. Extrapolation of the quantity of water used based on the run time of a pump or the number of times a tank is filled is not adequate and will not be accepted in future inspections.

Records of all hazardous wastes transported off site along with the location and name of the approved disposal site are also required and will be inspected during the next inspection.

The licensee is reminded that prior to the discharge of any wastewater collected in any trenched sumps or the constructed bulk fuel storage tank secondary containment, the licensee is required to sample the water and have it analysed for the following;

Total Suspended Solids	Total Arsenic	Total Cadmium
Total Ammonia	Total Chromium	Total Copper
Total Cobalt	Total Iron	Total Manganese
Total Nickel	Total Lead	Total Zinc
pH	Conductivity	Oil and Grease (HEM)
BTEX (Benzene, Toluene, Ethylene and Xylene)		

The Licensee is directed to provide the results of these tests to the Inspector as soon as possible and to include copies with the annual report for the 2007 year.

A review of the Nunavut Water Board FTP site did not find a Plan for the environmental Monitoring of the Bulk fuel storage Tank. The Licensee is directed to provide this report to both the Nunavut Water Board and the Inspector as soon as possible.



Non-Compliance:

During the period of inspection a number of items were noted and were discussed with representatives of Agnico-Eagle Mines at that time. The following is a list of items which are to be addressed or brought into compliance either by the date of the next inspection or, as outlined during the inspection, with photographic evidence submitted to the inspector as proof of compliance.

- Secondary Containment on fuel drums and other hydrocarbons stored on site
- Addition of Absorbent pads or drip pans in shop and maintenance area to ensure containment of spills while undergoing maintenance. (Section 4 of Part G)
- Submission of required reports, plans, drawings and documents as required under the issued water license.
- Assignment or Amendment documents related to the transfer of the water license.
- Water samples (Potable) collected during the period of inspection returned the following results above the limits of the Canadian Council of Ministers of the Environment for Drinking water;

Result	Guideline
▪ Aluminium 145 µg/L	CCME Guideline <100 µg/L
- It should be noted that Iron results were also elevated but not above guideline and a result indicating that Hexane Extractable Material (Oil and grease) was found in the drinking water. The result was 51.2 mg/L.
- Water samples collected (grey water sump) during the period of inspection returned the following results above the limits of the Canadian Council of Ministers of the Environment for Protection of Aquatic Life ;

Result	Guideline
▪ Aluminium 144 µg/L	CCME Guideline <100 µg/L
▪ Copper 22.2 µg/L	CCME Guideline 2 – 4 µg/L
- It should be noted that Iron results were also elevated but not above guideline and a result indicating that Hexane Extractable Material (Oil and grease) was found in the water. The result was 32.3 mg/L.

Andrew Keim
Inspector's Name

(Original signed and mailed this date)
Inspector's Signature

Attached under separate cover;
Photos taken during Inspection of June 25th, 2007

Cc:
Peter Kusugak – Manager Field Operations section- Indian and Northern Affairs Canada
Phyllis Beaulieu – Manager licensing – Nunavut Water Board