AGNICO-EAGLE MEADOWBANK
555 Burrard Street, Suite 375
Box 209, Two Bentall Centre
Vancouver, British Columbia V7X 1M8
Tel. 604.608.2557 Fax. 604.608.2559

agnico-eagle.com

April 3, 2008

Via email and Xpresspost

Mr. Richard Dwyer
Licensing Administrator
Nunavut Water Board
PO Box 119
Gjoa Haven, NU X0B 1J0
Phone: (867) 360-6338

Dear Mr. Dwyer,

Re: Meadowbank Water License 2BE-MEA0507 2007 Annual Report

As per Water License 2BE-MEA0507 Part B, Item 2, please find enclosed a copy of the 2007 annual report.

I've also enclosed copies of the Meadowbank Gold Project 2006 and 2007 Aquatic Effects Management Program (AEMP) monitoring reports for your records.

Please contact me should you have any questions or concerns regarding this submission.

Regards,

RL Gould

Rachel Lee Gould, M.Sc.
Project Manager: Environmental Permitting and Compliance Monitoring

NWB Annual Report **Year being reported:** 2007

License No: 2BE-MEA0507 **Issued Date:** April 21, 2005
Expiry Date: October 31, 2007

Project Name: Meadowbank Exploration Project

Licensee: Cumberland Resources Limited

Mailing Address:
375-555 Burrard Street
Box 209, Two Bentall Centre
Vancouver, BC V7X 1M8
604-608-2557

Name of Company filing Annual Report (if different from Name of Licensee please clarify relationship between the two entities, if applicable):

In early July 2007, Cumberland Resources Limited became a 100% wholly owned subsidiary of Agnico-Eagle Mines Ltd. (AEM). Through a series of steps, AEM amalgamated with Cumberland Resources and Meadowbank Mining Corporation (a wholly owned subsidiary of Cumberland) on August 1, 2007. As a result of this amalgamation, all of the rights, title, liabililties and obligations of Cumberland Resources and Meadowbank Mining are automatically, by law, transferred and assumed by AEM.

General Background Information on the Project (*optional):

Licence Requirements: the licensee must provide the following information in accordance with

Part B Item 2

A summary report of water use and waste disposal activities, including, but not limited to: methods of obtaining water; sewage and greywater management; drill waste management; solid and hazardous waste management.

Water Source(s): Third Portage Lake for domestic use; water sources proximal to drilling targets

Water Quantity:

15 m3/d	Quantity Allowable Domestic (cu.m)
6 m3/d	Actual Quantity Used Domestic (cu.m)
50 m3/drill	Quantity Allowable Drilling (cu.m)
Unknown	Total Quantity Used Drilling (cu.m)

2007 Actual Domestic Quantity Used

There are two pumps, which draw water to the kitchen and bathroom reservoir tanks on an as-needed basis. The pumps have a usage rate of 16.2 US gal / min; the draw capacity remains constant, but the frequency of tank fill-up varies with water requirements. The Actual Domestic Quantity used is estimated based on an operational period from the beginning of June until the end of December 2007 (214 days), camp occupancy levels (average 75 per day) and a conservative usage estimate of 0.08 m3 / person / day (compared with 2008 water meter data recorded to date) for a total of 1284 m3 or 6 m3 / day.

Going forward in 2008, domestic water is now being metered and recorded as per requirements under 2BE-MEA0813, Part J, Item 1.

2007 Total Drilling Quantity Used

The quantity of water used for drilling purposes was not physically or quantitatively measured in 2007. Based on the manufacturing specifications of the water supply pumps used for the diamond drills on the Meadowbank Project, and through periodic estimates of pumping flow rates, we estimate that the actual average water consumption for diamond drilling is less than 50 m3 per day. Consequently, given the number of operational drills on site, we did not exceed a maximum of 200 m3 per day at any given time. AEM has addressed the issue of metering the water flow to diamond drills with its contractor Boart Longyear and they have indicated that any such metering system tested by them in the past has been non-functional under Nunavut winter conditions. We understand from other industry sources that this problem is not unique to the Meadowbank Project. We are currently looking for a solution to the requirement to meter the water used by each drill and have asked for assistance from the INAC Water Resources Water License Inspector who conducted site inspections last summer.

AEM provided the following response in March 2008 to the Inspector's recommendation of installing flow meters on pump lines (Appendix 1, Part C, Page 4)
"*AEM has addressed this issue with its diamond drill contractor (Boart-Longyear) and has asked them to retrofit in line flow meters to all of their drill water supply pumps used on the Meadowbank Project. However, our contractor and AEM exploration personnel have pointed out that in their experience keeping such flow meters operational during severe winter conditions is extremely problematic and results in poor data and loss of productive drilling time. Our exploration personnel believe that alternative means of estimating water flow rates during periods of severe cold and wind conditions should be kept as viable alternatives such as pump running times and periodic flow tests* ."
Additional information on measuring flow rates from other drill operations, if available, has been requested from the Inspector.

- [x] Sewage
- [x] Drill Waste
- [x] Greywater
- [x] Hazardous
- [ ] Other:

Additional Details:

Solid Waste:
Organic kitchen waste and combustible materials are burned in the onsite incinerator. Non-combustible waste is being temporarily stored onsite until it can be backhauled to the municipal solid waste site in the Hamlet of Baker Lake. This process will continue until the Meadowbank Site landfill is operational (pending issuance of a Type A Water License). Approval from the Hamlet of Baker Lake for use of the solid waste site is included in Appendix 1.

Sewage:
Electric toilets are used at the camp; no liquid sewage is generated.

Drill Waste
Cuttings : When drilling on ice, all drill cuttings are removed from the ice surface, collected in a settling drum and brought back to the main camp. The cuttings are either stored in jute baqs pending disposal or used to infill open depressions caused by drilling in permafrost. When drilling on land, the cuttings are disposed of in a natural sump. If a suitable sump is not available, the cuttings are collected, bagged and brought back to the main camp.

Water : Drill water is returned to the lake after cuttings are removed in a settling drum, or it is pumped to a natural depression sump.

Greywater:
Greywater is discharged to a 'land applied' sump (located at least 30 m from the ordinary high water mark of any waterbody) on the tundra, as per 2BE-MEA0507 Part D, Item 4. The discharge pipe was relocated on the Inspector's recommendation. See *Progressive Reclamation Work Undertaken* section below for more details.

Hazardous:
Waste oil is currently being stored in drums on site within a lined bermed hazardous waste area and will either be shipped south for re-refining or burned in a waste oil furnace that is a planned component of the Meadowbank Gold Mine Project (currently under a Type A Water License application review process). Some waste oil is being used to fuel the on-site organic and combustible garbage incinerator units.

As per the September 11, 2007 Inspection and Compliance report, (Appendix 2, Part D, paragraph 2): *'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.'* Please consider the following as response to this requirement (Appendix 3, Part I, Page 7): '*To this point in time AEM has not transported any hazardous waste material from the Meadowbank site for off-site disposal. AEM has made initial contact with and is in the process of applying to the GN DOE for a hazardous waste generating number. Currently all waste is being consolidated on site and prepared for off site shipment, hopefully to start in the summer of 2008.'*

A summary of drilling / trenching operations

Drilling commenced in April and finished in September 2007, with 18,183 m drilled from 117 drill holes.
There were no trenching activities in 2007.

A summary of construction activities

The Bulk Fuel Storage Tank with a nominal capacity of 5.6 million litres authorized under License 2BE-MEA0507 has not yet been constructed. In 2006 Cumberland Resources completed some initial site preparation for this facility but did not proceed. AEM intends to construct this bulk storage tank in 2008 in accordance with the detailed designs that were previously submitted to the Nunavut Water Board (NWB) and in compliance with the terms and conditions of 2BE-MEA0813 Part E, Items 8 through 10 (Appendix 3, Part B, Page 3).

A list of unauthorized discharges and a summary of follow-up actions taken.

Spill No.: N/A (as reported to the Spill Hot-line)
Date of Spill: 11-Nov-07
Date of Notification to an Inspector: 16-Nov-07
Additional Details: (impacts to water, mitigation measures, short/long term monitoring, etc)

An ~ 400 L diesel spill occurred on the south portion of Third Portage Lake on November 11, 2007. Clean-up activities were conducted on November 15th and 17th. The selected clean-up method was towing a scraper behind a snowmobile at low speed to scrape up the mixture of snow, diesel and ice. It was estimated that ~150 L of diesel fuel was recovered leaving no visible trace of the spill on the ice. The material was placed in drums inside the HDPE lined temporary waste storage area at site for treatment in the summer of 2008. Supplementary documentation for the incident is attached in Appendix 4.

Revisions to the Spill Contingency Plan

SCP submitted and approved - no revision required or proposed

Additional Details:

2BE-MEA0507 expired on October 31, 2007. A revised and updated Spill Contingency Plan was submitted to the NWB with the renewal application in September 2007.

Revisions to the Abandonment and Restoration Plan

AR plan submitted and approved - no revision required or proposed

Additional Details:

2BE-MEA0507 expired on October 31, 2007. A revised Closure and Reclamation Plan was submitted with the renewal application in September 2007.

Progressive Reclamation Work Undertaken

Additional Details (i.e., work completed and future works proposed)

Status of South Camp Remediation:
By the beginning of 2007, all fuel storage facilities had been removed, all drill equipment and facilities relocated to the North Camp and all other camp support infrastructure removed. The core shack is now the only building structure that remains at the South Camp location; this building facilitates the processing of core samples and provides a refuge station in the event of an emergency.

Location of grey water sump - The greywater discharge line and sump was extended in 2007; the greywater is now directed outside of the camp boundaries (as noted by Inspector Ningeongan on a subsequent visit) onto a rock armoured area to prevent erosion of localized material. (Appendix 3, Part D, Page 5)

Ongoing Reclamation - There was no other ongoing reclamation activity in 2007.

Results of the Monitoring Program including:

The GPS Co-ordinates (in degrees, minutes and seconds of latitude and longitude) of each location where sources of water are utilized;

Details described below

Additional Details:

The attached table " *GPS Coordinates for Drilling - Water Use and Waste Disposal* " lists the drill hole coordinates for the 2007 drilling program. Specific locations of drilling water use and waste disposal locations were not recorded in 2007, but based on the required proximity to a water source and the established procedures for disposal of drill cuttings, the collar locations represent the best data available. Procedures will be in place to collect this data as required during the 2008 drilling program.

The GPS Co-ordinates (in degrees, minutes and seconds of latitude and longitude) of each location where wastes associated with the licence are deposited;

Details described below

Additional Details:

The attached table *"GPS Coordinates for Drilling - Water Use and Waste Disposal"* lists the drill hole coordinates for the 2007 drilling program. Specific locations of drilling water use and waste disposal locations were not recorded in 2007, but based on the required proximity to a water source and the established procedures for disposal of drill cuttings, the collar locations represent the best data available. Procedures will be in place to collect this data as required during the 2008 drilling program.

Results of any additional sampling and/or analysis that was requested by an Inspector

Additional sampling requested by an Inspector or the Board (See below)

Additional Details: (date of request, analysis of results, data attached, etc)

In response to monitoring requirements under Amendment 1 of 2BE-MEA0507 (Part J, Item 4), to include the construction and operation of the 5.6 million litre bulk fuel storage facility:

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)

To date AEM has not created any trenched sumps or discharged any wastewater or bulk fuel storage tank secondary containment water into the receiving environment. These license requirements will be adhered to upon the first instance of such a discharge (Appendix 3, Part I, Page 7).

Any other details on water use or waste disposal requested by the Board by November 1 of the year being reported.

No additional sampling requested by an Inspector or the Board

Additional Details: (Attached or provided below)

Any responses or follow-up actions on inspection/compliance reports

Inspection and Compliance Report received by the Licensee (Date):

Additional Details: (Dates of Report, Follow-up by the Licensee)

An Inspection and Compliance Report was received by AEM on September 11, 2007 (Appendix 2). AEM filed a response with the INAC Inspector and the NWB on March 5, 2008 (Appendix 3).

Any additional comments or information for the Board to consider

In regards to AEM's reponse to the Inspector on baseline water quality sampling for on-ice drilling (Appendix 3, Part F, Page 6), '*...baseline water quality data was collected in the summer of 2006 and 2007, and is planned again for 2008 from the local lakes as part of our ongoing aquatic effects monitoring program. The water quality results for 2006 and 2007 will be submitted to the NWB by March 31, 2008 as committed to the NWB at the Type A Water License Technical Meeting. This data provides a look at the "after" condition.*'

Camp drinking water sample results from October 2007 are included in Appendix 5.

Date Submitted:	03-Apr-08	
Submitted/Prepared by:	Rachel Lee Gould	
Contact Information:	**Tel:**	604-608-2557
	Fax:	604-608-2559
	email:	rgould@agnico-eagle.com

Coordinates for domestic water sources utilized (UTM Zone 14)

Source Description	Northing	Easting
Water pump - kitchen	7 213 976	637 687
Water pump - shower	7 214 036	637 672

Locations of areas of waste disposal (UTM Zone 14)

Source Description	Northing	Easting
Grey Water Discharge Line	7 214 138	637 814

GPS Coordinates for drilling - water use and waste disposal

Source Drill Hole Coordinates	Latitude			Longitude			Comment
	Deg °	Min '	Sec "	Deg °	Min '	Sec "	
G07-670	64	59	58.4	96	3	49.4	
G07-671	64	59	59.0	96	3	52.7	
G07-672	65	0	22.2	96	3	40.2	
G07-673	65	0	1.2	96	3	45.6	
G07-674	65	0	21.5	96	3	41.3	
G07-675	65	0	1.9	96	3	49.1	
G07-676	65	0	19.0	96	3	37.0	
G07-677	65	0	2.5	96	3	52.6	
G07-678	65	0	19.5	96	3	39.9	
G07-679	65	0	16.2	96	3	36.2	
G07-680	65	0	26.5	96	3	24.9	
G07-681	65	0	17.6	96	3	39.1	
G07-682	65	0	4.8	96	3	45.6	
G07-683	65	0	21.1	96	3	29.3	
G07-684	65	0	12.8	96	3	41.5	
G07-685	65	0	5.0	96	3	47.3	
G07-686	65	0	15.4	96	3	36.8	
G07-687	65	0	14.5	96	3	36.4	
G07-688	65	0	13.3	96	3	44.6	
G07-690	65	0	13.6	96	3	36.3	
G07-691	65	0	9.8	96	3	44.7	
G07-692	65	0	16.3	96	3	41.6	
G07-696	65	0	10.5	96	3	48.3	
G07-701	65	0	16.9	96	3	45.0	
MB07-03	65	5	57.2	95	56	4.7	
MB07-04	65	6	14.6	95	55	56.9	
NP07-710	0	0	0.0	0	0	0.0	Data Not Available - UTM only
NP07-711	65	1	18.8	96	2	54.2	
NP07-713	0	0	0.0	0	0	0.0	Data Not Available - UTM only
NP07-714	65	1	34.6	96	3	4.7	

NP07-717A	65	1	32.9	96	3	4.6	
NP07-719	0	0	0.0	0	0	0.0	Data Not Available - UTM only
NP07-720	0	0	0.0	0	0	0.0	Data Not Available - Abandoned
NP07-721	0	0	0.0	0	0	0.0	Data Not Available - UTM only
NP07-722A	65	1	21.2	96	2	57.8	
NP07-723	65	1	30.1	96	2	57.6	
NP07-724	65	1	28.2	96	2	59.1	
NP07-727	65	1	32.6	96	2	47.9	
NP07-728	65	1	31.2	96	2	45.5	
NP07-729	65	1	33.0	96	2	50.5	
NP07-730	65	1	31.6	96	2	47.6	
NP07-731	0	0	0.0	0	0	0.0	Data Not Available - UTM only
NP07-733	65	1	35.6	96	3	0.4	
NP07-734	65	1	36.6	96	3	0.9	
NP07-736	0	0	0.0	0	0	0.0	Data Not Available - UTM only
NP07-738	65	1	40.4	96	3	2.7	
NP07-741	0	0	0.0	0	0	0.0	Data Not Available - UTM only
NP07-742	65	1	55.2	96	3	6.1	
NP07-743	0	0	0.0	0	0	0.0	Data Not Available - UTM only
NP07-744	65	1	52.2	96	3	4.9	
NP07-745	65	1	50.8	96	3	1.9	
NP07-746	0	0	0.0	0	0	0.0	Data Not Available - UTM only
NP07-758	65	1	55.7	96	3	26.2	
NP07-759	65	1	51.6	96	4	9.8	
NP07-760	0	0	0.0	0	0	0.0	Data Not Available - UTM only
NP07-761	65	2	5.1	96	3	56.0	
NP07-762	65	2	2.7	96	3	41.6	
NP07-763	65	1	59.8	96	4	0.7	
NP07-764	0	0	0.0	0	0	0.0	Data Not Available - Abandoned
TP07-689	0	0	0.0	0	0	0.0	Data Not Available - UTM only
TP07-689A	65	0	42.8	96	3	18.1	
TP07-693	65	0	43.2	96	3	20.6	
TP07-694	65	0	45.6	96	3	19.2	
TP07-695	65	0	44.1	96	3	20.5	
TP07-697	65	0	55.7	96	3	29.9	
TP07-698	0	0	0.0	0	0	0.0	Data Not Available - UTM only
TP07-699	65	0	44.3	96	3	16.9	
TP07-700	65	0	46.0	96	3	16.7	
TP07-702	65	0	45.1	96	3	16.7	
TP07-703	65	0	48.2	96	3	4.3	
TP07-704	65	0	42.6	96	3	17.3	
TP07-705	65	0	48.9	96	3	3.2	

TP07-706	0	0	0.0	0	0	0.0	Data Not Available - UTM only
TP07-707	0	0	0.0	0	0	0.0	Data Not Available - UTM only
TP07-708A	0	0	0.0	0	0	0.0	Data Not Available - UTM only
TP07-709	65	1	13.6	96	2	54.5	
TP07-710	65	1	33.1	96	3	0.0	
TP07-712	65	0	55.9	96	3	6.2	
TP07-715	65	0	54.2	96	3	4.5	
TP07-716	65	0	57.3	96	3	6.2	
TP07-718	65	0	58.3	96	3	4.9	
TP07-719	65	1	23.4	96	3	0.3	
TP07-721	65	1	32.2	96	3	0.9	
TP07-722	0	0	0.0	0	0	0.0	Data Not Available - Abandoned
TP07-725	65	0	59.5	96	3	5.5	
TP07-726	65	1	0.4	96	3	5.4	
TP07-732	65	1	2.0	96	3	13.9	
TP07-732A	65	1	2.0	96	3	13.8	
TP07-735	65	1	1.6	96	3	17.8	
TP07-737	65	1	3.4	96	3	11.0	
TP07-739	65	1	2.0	96	3	19.8	
TP07-740	65	0	59.2	96	2	58.6	
TP07-747	65	0	52.6	96	2	55.7	
TP07-748	65	1	15.4	96	3	50.3	
TP07-749	65	0	52.3	96	2	53.9	
TP07-750	65	0	51.4	96	2	48.9	
TP07-751	65	1	14.3	96	4	3.8	
TP07-752	65	0	51.4	96	2	48.9	
TP07-753	65	1	19.8	96	3	59.2	
TP07-755	65	0	51.4	96	2	48.9	
TP07-756	65	1	18.8	96	4	15.3	
TP07-757	65	1	1.9	96	3	56.0	
VLT07-260	65	4	21.2	96	0	36.7	
VLT07-261	65	4	20.2	96	0	34.7	
VLT07-262	65	4	19.2	96	0	32.6	
VLT07-263	65	4	23.2	96	0	40.7	
VLT07-264	65	4	18.4	96	0	25.5	
VLT07-265	65	4	19.6	96	0	19.3	
VLT07-266	0	0	0.0	0	0	0.0	Data Not Available - UTM only
VLT07-267	65	4	20.4	96	0	17.2	
VLT07-268	65	4	28.9	96	0	16.5	
VLT07-269	0	0	0.0	0	0	0.0	Data Not Available - UTM only
VLT07-269A	65	4	20.3	96	0	29.5	
VLT07-270	0	0	0.0	0	0	0.0	Data Not Available - UTM only
VLT07-271	65	4	34.6	95	59	32.9	
VLT07-272	0	0	0.0	0	0	0.0	Data Not Available - UTM only

APPENDIX 1
Approval of Use – Hamlet Community Solid Waste Site

Telephone 867-793-2874
Fax 867-793-2509

P.O. Box 149
Baker Lake, NU
X0C 0A0

March 19th, 2008

Agnico-Eagle Mines Limited
Meadowbank Project
Baker Lake, NU

Attention: Martin Bergeron

Re: AEM request to use the Hamlet Community Solid Waste Site

The Hamlet of Baker Lake will allow AEM to use the landfill site as indicated in your request. The terms regarding non-hazardous, non-organic garbage as outlined in your request are acceptable. To accommodate the excess waste generated by AEM, the Hamlet will charge $1000.00 per month to offset volume loss and extra equipment time needed to maintain the facility.

Should this be acceptable, we will invoice you ($1000.00 x 9) $9000.00 for this. Please confirm via letter of acceptance or contact me at 867-793-2874 or email blforeman@netkaster.ca should you have questions.

Regards,

Gary Perkison
Operations Manager

APPENDIX 2
INAC – Water Inspection of Meadowbank Exploration Project
June 25th, 2007

Indian and Northern Affairs Canada
Affaires indiennes et du Nord Canada

INAC, Nunavut District
P.O. Box 2200
Qimuggjuk Building
Iqaluit, NU, X0A 0H0

Submitted Via E-Mail
Our File: 2BB-MEA0507
Your File:_____
CIDM #171274

September 11, 2007

Louise Grondin
Vice-President Environment
Agnico-Eagle Mines Ltd
20 route 395, Cadillac, Qc, J0Y 1C0
Tel : 819-759-3700 ext. 806
Fax :819-759-3663
Cel :819-724-2020
e-mail : louise.grondin@agnico-eagle.com

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 _____ **_(Original signed and mailed this date)_**
Inspector's Name **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


WESTLAND


XD3
XD3
EXTRA
EXTRA


DIESEL

APPENDIX 3
AEM Inspection Response March 5, 2008

AGNICO-EAGLE MINES LTD.
Meadowbank Division

March 5, 2008

Andrew Keim
INAC, Nunavut District
P.O. Box 2200
Qimuggjuk Building
Iqaluit, Nunavut
X0A 0H0

Dear Mr. Keim,

I would like to start off by apologizing for the long delay in formally responding to your inspections reports from last June. While not an excuse, Agnico-Eagle Mines Ltd. (AEM) has experienced a much longer than expected transition in obtaining full site management control during its purchase of Cumberland Resources and the Meadowbank Project. We appreciate your patience and understanding during this difficult period for AEM.

AEM has now put in place an environmental team with the capacity to adequately address the issues that you have raised. Our on-site environmental team is now led by Mr. Ryan Vanengen, Senior Environmental Coordinator who joined AEM from Azimuth Consulting and brings several years of experience in the baseline sampling that was conducted for the Meadowbank Project. Mr. Vanengen is now working from the Meadowbank site on a two week on – two week off rotational basis. His cross shift is Mr. Sylvain Doire who has recently joined AEM as Environmental Coordinator. Mr Doire joined AEM from the Ministry of Environment in Quebec and brings an environmental inspection background and experience to our team. In addition we have employed an environmental technician (Mr. Nicholas Saucier) who is also based at site working the 2 weeks on – 2 weeks off rotational schedule and spends one week with each of the two Environmental Coordinators. This new team will now provide us capacity to move forward on maintaining an acceptable environmental standard on site. We are slowly transitioning from an exploration based camp to a site ready to begin mine development and thus we are undergoing an attitude and mind set change that we hope will be evident by your next visit.

This letter is intended to provide you with the status of our progress in addressing each of the issues that you identified during your inspection tour of the Meadowbank Project (including the all weather private access road and Baker Lake facilities) conducted on June 25 and 26, 2007.

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X0C 0A0
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Section A responds to the items listed in a letter dated September 11, 2007, entitled "Water license inspection of Meadowbank exploration project June 25th, 2007". Section B responds to the items listed in a letter dated September 10, 2007, entitled "Water license inspection of M&T NUNA camp on Tehek Lake Road construction". Section C responds to the items listed in a letter dated September 2, 2007, entitled "Water license inspection of Meadowbank road construction project (water crossings) conducted June 26, 2007".

Section A: Water license inspection of Meadowbank Exploration Project June 25, 2007

Part A: Scope and Conditions

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.

The Bulk Fuel Storage Tank with a nominal capacity of 5 million litres authorized under License 2BE-MEA0507 has not yet been constructed. In 2006 Cumberland Resources completed some initial site preparation for this facility but did not proceed (see Photo 1). AEM intends to construct this bulk storage tank in 2008 in accordance with the detailed designs that were previously submitted to the Nunavut Water Board (NWB). We will advise you and the NWB of the projected start of construction once a contractor has been lined up.

Photo 1: Base and liner of the 5 million litre fuel tank

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.

In early July 2007, Cumberland Resources became a 100% wholly-owned subsidiary of Agnico-Eagle Mines Limited (AEM). Through a series of steps, AEM amalgamated with Cumberland Resources and Meadowbank Mining Corporation ("Meadowbank" a wholly-owned subsidiary of Cumberland) on August 1, 2007. As a result of this amalgamation, all of the rights, title, interests, liabilities and obligations of Cumberland Resources and Meadowbank Mining are automatically, by law, transferred to and assumed by AEM. Therefore in all License documents,

the terms 'Cumberland Resources`, 'Meadowbank Mining ' and `AEM` are to mean the same entity: `Agnico-Eagle Mines Limited`.

Attached is a copy of our article of amalgamation. Consequently no license assignment was required.

Part B: General Conditions

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 Bulk Fuel Storage Tank with a nominal capacity of 5 million litres authorized under License 2BE-MEA0507 has not yet been constructed. In 2006 Cumberland Resources completed some initial site preparation for this facility but did not proceed (see Photo 1). If the opposite was stated in the 2006 annual report then this statement is in error. AEM intends to construct this bulk storage tank in 2008 in accordance with the detailed designs that were previously submitted to the Nunavut Water Board (NWB). We will advise you and the NWB of the projected start of construction once a contractor has been lined up.

Within 90 days of completion of construction of this Bulk Fuel Storage tank AEM will provide the following information to the Nunavut Water Board and the inspector;

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.

As per Part E, item 9 of the February 08th renewal (2BE-MEA0813).

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.

AEM will submit to the NWB for approval a plan for environmental monitoring of the bulk fuel storage tank containment area within 6 months of the completion of construction. The plan will be consistent with the terms and conditions as set out in Part D, Item 8 of the February 8, 2008 renewal (2BE-MEA0813).

Part C: Conditions Applying to Water Use

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.

AEM has addressed this issue with its diamond drill contractor (Boart-Longyear) and has asked them to retrofit in line flow meters to all of their drill water supply pumps used on the Meadowbank Project. However our contractor and AEM exploration personnel have pointed out that in their experience keeping such flow meters operational during severe winter conditions is extremely problematic and results in poor data and loss of productive drilling time. Our exploration personnel believe that alternative means of estimating water flow rates during periods of severe cold and wind conditions should be kept as viable alternatives such as pump running times and periodic flow tests.

Can you please assist us by providing any information that you may have encountered in your inspection tours of other northern exploration sites as to how others are overcoming this problem? It is our intent to comply with your directive relating to continual use of such flow meters and we will do our best to meet this directive. Any experience or information on how this is being done elsewhere would be very helpful.

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 two small exploration camp incinerators that you observed at the Meadowbank site pre-date the adoption by Nunavut of the Canada Wide CCME guideline for Dioxins and Furans and Mercury in emissions from incinerators. These units are not dual chambered forced air high temperature incinerator units. AEM has committed to adopting these guidelines for incinerator operations for the Meadowbank Mine and thus once the Type A Water License is issued AEM will be purchasing and installing a new incinerator unit designed to meet these guidelines.

It should be noted that:

a) Dioxins, furans and mercury in incinerator emissions are best controlled by keeping the sources of these compounds out of the waste to be incinerated. At Meadowbank these incinerator units are used to burn putrescible organic wastes from the kitchen and combustible packaging materials that have been in contact with food material so that the risk of disposing or storing garbage that could otherwise give off odours that would attract wildlife is minimized. Typically these types of materials are not significant sources of dioxins, furans and mercury; and

b) The water license does not mandate that older incinerator units be replaced to meet these new guidelines.

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. Achambault to address this issue and provide information back to the inspector once completed.

The grey water discharge line and sump was extended in 2007 and is now directed outside of the camp boundaries (as noted by Inspector Ningeongan on a subsequent visit). The relocated discharge line discharges onto a rock armoured area to prevent erosion of localized material.

Part E: Conditions For Camps, Access Infrastructure and Operations

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.

AEM has not yet completed construction of the proposed Meadowbank airstrip. At the current time only 260 m of the planned 900 m long airstrip has been completed. AEM will submit a report as required under Section 5 (i. to v) within 60 days of completion of the construction of this on-site airstrip. This work is scheduled for completion in 2008.

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.

Within 90 days of completion of construction of this Bulk Fuel Storage tank AEM will provide the following information to the Nunavut Water Board and the inspector;

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
v. Any data used to support these decisions.

As per Part E, item 9 of the February 08th renewal (2BE-MEA0813).

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.

The document referenced is the detailed design documents for the proposed bulk fuel storage facility at the Meadowbank site. It was not the As-built Drawings (signed and stamped) for Bulk fuel storage tank but the detailed design plans (signed and stamped) submitted for approval. The As-built Drawings will be submitted within 90 days of the final construction of the Bulk Fuel Storage Tank.

Part F: Conditions Applying To Drilling Operations and Trenching

The License 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.

AEM acknowledges this requirement and will immediately initiate actions in future to ensure that water sampling is routinely done and reported to the NWB to establish water quality conditions prior to and upon completion of any drilling program through lake ice.

It should be noted that Cumberland Resources completed an extensive baseline aquatic ecosystem sampling program of the lakes in the Meadowbank Project area as part of the environmental impact statement (EIS) submitted under the NIRB process. The baseline reporting includes water quality data, for a full suite of parameters, in lakes throughout the region and thus provides a good picture of the "prior" condition. In addition, baseline water quality data was collected in the summer of 2006 and 2007, and is planned again for 2008 from the local lakes as part of our ongoing aquatic effects monitoring program. The water quality results for 2006 and 2007 will be submitted to the NWB by March 31, 2008 as committed to the NWB at the Type A Water License Technical Meeting. This data provides a look at the "after" condition.

A copy of the 2005 Baseline Aquatic Ecosystem Report is attached.

Part G: Conditions Applying to Modifications

No response required.

Part H: Conditions Applying To Spill Contingency Planning

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.

Spill prevention and management tools (including spill kits and absorbents) are in place at Meadowbank for the prevention and protection of spills entering the environment. As the mine progresses, AEM is committed to updating and providing the best available technology for spill prevention and management.

Part H: Conditions Applying To Abandonment and Restoration

No response required.

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.

AEM has addressed this issue with its diamond drill contractor (Boart-Longyear) and has asked them to retrofit in line flow meters to all of their drill water supply pumps used on the Meadowbank Project. However our contractor and AEM exploration personnel have pointed out that in their experience keeping such flow meters operational during severe winter conditions is extremely problematic and results in poor data and loss of productive drilling time. Our exploration personnel believe that alternative means of estimating water flow rates during periods of severe cold and wind conditions should be kept as viable alternatives such as pump running times and periodic flow tests.

Can you please assist us by providing any information that you may have encountered in your inspection tours of other northern exploration sites as to how others are overcoming this problem? It is our intent to comply with your directive relating to continual use of such flow meters and we will do our best to meet this directive. Any experience or information on how this is being done elsewhere would be very helpful.

AEM has ordered and is now installing flow meters on the fresh water intake line to the Meadowbank camp to measure domestic water use.

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.

To this point in time AEM has not transported any hazardous waste material from the Meadowbank site for off-site disposal. AEM has made initial contact with and is in the process of applying to the GN DOE for a hazardous waste generating number. Currently all waste is being consolidated on site and prepared for off site shipment, hopefully to start in the summer of 2008. All materials shipped from site will be sent to approved hazardous waste disposal facilities in the south and will be manifested in accordance with the GN DoE requirements.

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 analyzed 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.

To date AEM has not created any trenched sumps or discharged any wastewater or bulk fuel storage tank secondary containment water into the receiving environment. These license requirements will be adhered to upon the first instance of such a discharge.

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.

AEM will submit to the NWB for approval a plan for environmental monitoring of the bulk fuel storage tank containment area within 6 months of the completion of construction. The plan will be consistent with the terms and conditions as set out in Part D, Item 8 of the February 8, 2008 renewal (2BE-MEA0813).

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**

Bulk fuel is currently stored in double walled self contained Envirotanks. AEM acknowledges that there are drums of fuel and other hydrocarbons at the Meadowbank site that are not yet stored within secondary containment systems. These issues are being addressed by AEM as the site develops. It is AEM's intent that over time all hydrocarbons and other fuel products will be stored within secondary containment.

- **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)**

AEM has purchased additional absorbent pads, spill kits and containment tools to ensure spills are controlled and cleaned-up in the equipment maintenance areas. As AEM transitions to the new facilities, routine monitoring and education of maintenance personnel will improve maintenance shop practices.

- **Submission of required reports, plans, drawings and documents as required under the issued water license.**

All required documents will be submitted to the NWB as required under the license. Dates for the submission of the documents is as listed in the points above.

- **Assignment or Amendment documents related to the transfer of the water license.**

As stated in Section A, Part A, AEM's article of amalgamation is attached to this letter.

- **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.**

AEM has no knowledge regarding the specific sample location or sampling method referenced here. However background levels of Al in the local lake water do not always meet the quoted CCME guideline value. This is usually a function of suspended matter in the sampled water. Does the inspector know whether this measured drinking water level for Al was higher that the Al level in the Third Portage Lake on that date? AEM appreciates the information and will watch for similar patterns in future sampling of site potable water lake.

AEM is not aware of any requirement in the Type B water license that requires the sampling and reporting of potable water quality on site, or the requirement for potable water to meet CCME guidelines for drinking water. AEM does monitor drinking water to ensure the health and safety of the personnel using the camp water

- **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.**

AEM is not aware of any requirement in the water license for grey water discharges to meet CCME guidelines for the protection of aquatic life at the end of pipe. The grey water is discharged at least 30 metres above the ordinary high water mark, thereby these levels are not indicative of water quality within the nearest receiving water. AEM appreciates the information and will watch for trends in its own sampling of these parameters.

Section B: Water License inspection of M&T NUNA camp on Tehek Lake road construction

Part A: Scope and Conditions

No response required.

Part B: General Conditions

The licensee is reminded that by the next inspection the Inspector will be checking the water intake metering system required to be installed as per section 4 of Part B.

As noted in paragraph 2 of the inspection report, all water used and waste generated at camp are both delivered and hauled out by the Municipality of Baker Lake. There is no water intake at this camp.

Part C: Conditions Applying to Water Use

No response required.

Part D: Conditions of Applying to Waste Disposal

During the period of inspection an incinerator was noted on-site. The capability of the unit to meet the Canada-wide Standards for Dioxins and Furans and 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 small camp incinerator that you observed at the Meadowbank site was purchased prior to the adoption by Nunavut of the Canada Wide CCME guideline for Dioxins and Furans and Mercury in emissions from incinerators. This unit is not a dual chambered forced air high temperature incinerator unit. AEM has committed to adopting these guidelines for incinerator operations for the Meadowbank Mine and thus once the Type A Water License is issued AEM will be purchasing and installing a new incinerator unit designed to meet these guidelines.

It should be noted that:

c) Dioxins, furans and mercury in incinerator emissions are best controlled by keeping the sources of these compounds out of the waste to be incinerated. At Meadowbank these incinerator units are used to burn putrescible organic wastes from the kitchen and combustible packaging materials that have been in contact with food material so that the risk of disposing or storing garbage that could otherwise give off odours that would attract wildlife is minimized. Typically these types of materials are not significant sources of dioxins, furans and mercury; and

The water license does not mandate that older incinerator units be replaced to meet these new guidelines.

The proponent is asked to clarify, as per section 7 of this Part which NWB approved facility the removed toilet wastes are being disposed of in. Additionally, as per section 4 of this same part and as listed above the name and location of the approved facility is requested.

All sewage from the NUNA M&T road construction camp is being collected in a holding tank and then transported by tank truck to be co-disposed with the sewage from the Hamlet of Baker Lake (with the approval of the Hamlet) into the sewage lagoon owned and operated by the Hamlet of Baker Lake.

Part E : Conditions for Camps, Access Infrastructures and Operations

No response required.

Part F : Conditions applying to Drilling Operations

No response required.

Part G: Conditions Applying to Spill Contingency Planning

It was noted during the inspection that 5 gallon pails of gear oil, other drums containing petroleum products and large bulk oil storage (motor oil) were being stored without secondary containment. It is also noted that the TEC transfer tank in use within the compound did not have a spill kit beside or adjacent to it.

Spill prevention and management tools (including spill kits and absorbents) are in place at Meadowbank for the prevention and protection of spills entering the environment. As the mine progresses, AEM is committed to updating and providing the best available technology for spill prevention and management.

AEM will ensure that NUNA is aware of these non-compliance issues and will assist NUNA in the proper storage and spill management practices for petroleum hydrocarbons at their work site.

Part H : Conditions Applying To Abandonment and Restoration

The proponent is reminded however that the area used most be free of hydrocarbon contamination upon completion of the project. This will include the remediation of any contaminated soils and ground to the satisfaction of the inspector.

AEM is committed to monitoring and assisting NUNA in the collection and clean-up of the hydrocarbon contaminated soil to the satisfaction of the inspector.

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.

All water used at the NUNA M&T road construction camp is being obtained from the Hamlet of Baker Lake and is paid for by NUNA M&T on a per truck load basis. NUNA M&T report this usage under the road camp water use license.

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.

To this point in time AEM has not transported any hazardous waste material from the Meadowbank site for off-site disposal. AEM has made initial contact with and is in the process of applying to the GN DOE for a hazardous waste generating number. Currently all waste is being consolidated on site and prepared for off site shipment, hopefully to start in the summer of 2008. All materials shipped from site will be sent to approved hazardous waste disposal facilities in the south and will be manifested in accordance with the GN DoE requirements.

Non-Compliance

During the period of inspection a number of items were noted and were discussed with Mr Danielson at the 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 of fuel drums and other hydrocarbons stored on-site**

AEM will ensure that NUNA is aware of this issue. It is AEM's intent that over time all fuel drums and other hydrocarbons will be relocated into secondary containment facilities.

- **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)**

AEM will ensure that NUNA is aware of this non-compliance issue and has adequate absorbent pads, spill kits and containment tools on site to control and clean-up spills. AEM will routinely monitor and educate maintenance personnel to improve maintenance shop practices.

Section C: Water License inspection of Meadowbank Road Construction Project (Water Crossings) conducted June 26, 2007

Part A: Scope and Conditions

At the time of the inspection of the all-weather road, Agnico-Eagle Mines Ltd. had just recently taken ownership and control of the project. At the time of the inspection 4 of 10 bridges had been constructed and 6 of 13 listed culverts were installed. During the inspection it was noted that there were a number of locations where culverts should and will be installed that were not originally listed in the application. These modifications are to be submitted to the Nunavut Water Board.

(The licensee is reminded that any changes in the operating plans or conditions associated with this project, including any variation in the construction or route, creation of previously unidentified lay-down areas or camp sites, construction of sumps for deposit of waste must be submitted to the Nunavut Water Board 30 days in advance of their construction or implementation.)

AEM acknowledges this requirement and in future will submit to the NWB details of any planned modifications along the AWPAR to the NWB, at least 30 days in advance of installation. AEM is currently working with NUNA M&T surveyors to prepare as built drawings of the AWPAR showing culvert locations, bridge crossing details and quarry sites for inclusion in the 2007 annual report under the Water License.

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

In early July 2007, Cumberland Resources became a 100% wholly-owned subsidiary of Agnico-Eagle Mines Limited (AEM). Through a series of steps, AEM amalgamated with Cumberland Resources and Meadowbank Mining Corporation ("Meadowbank" a wholly-owned subsidiary of Cumberland) on August 1, 2007. As a result of this amalgamation, all of the rights, title, interests, liabilities and obligations of Cumberland Resources and Meadowbank Mining are automatically, by law, transferred to and assumed by AEM. Therefore in all License documents, the terms 'Cumberland Resources`, 'Meadowbank Mining ' and `AEM` are to mean the same entity: `Agnico-Eagle Mines Limited`.

Attached is a copy of our article of amalgamation.

Part B: General Conditions

A review of the Nunavut Water Board FTP site found a Water Management and Monitoring Plan. (see comments under Part I Monitoring) The licensee is reminded that the Nunavut Water Board must approve of a Water Management Plan and this approval, if supplied should be submitted to the inspector for review within 30 days of receipt of the inspection report.

AEM submitted a Water Management and Monitoring Plan for the AWPAR in March 2007. To date, we have not received any approval or comments from the NWB. Until we are notified otherwise, AEM will assume the plan is complete and operate the AWPAR in accordance with that plan.

Part C: Conditions Applying to the Protection of Water

During the period of Inspection, Mr. Laurier Roy (road construction foreman) stated that there were additional locations identified since construction began that require culvert installation. These areas were marked along the route and are to be identified to the Nunavut Water Board as changes or modifications. The installation of these extra culverts is to meet the objectives of this Part including the protection of surface drainage paths, and preventing erosion under the roadway and sedimentation into water bodies

AEM is working on as-built drawings of the AWPAR and intends to submit to the NWB a list of the culvert installation modifications along the AWPAR as part of the as-built drawings to be submitted with the 2007 water license annual report.

Part D: Conditions Applying to Waste Disposal

No response required.

Part E: Conditions Applying To Construction

No response required.

Part F: Conditions Applying To Drilling Operations

No response required.

Part G: Conditions Applying To Spill Contingency Planning

The Licensee is reminded that pursuant to section 6(2) (g) (i) and (ii) of the Northwest Territories Waters Regulations a spill contingency plan is required to be submitted with the application for a water license and the approved Plan is to be kept on site of operations. This plan was to have been submitted to the Nunavut Water Board within 30 days of the issuance of the current license.

NUNA M&T Services Ltd. was contracted by AEM to build the AWPAR. A spill contingency plan was completed by NUNA for the AWPAR and NUNA camp for the 2006 and 2007 field season. This was submitted to the NWB on behalf of AEM. A copy of the NUNA spill contingency plan is attached.

The licensee is reminded that section 5 of this part requires the licensee to ensure that any emergency 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.

Spill prevention and management tools (including spill kits and absorbents) are in place at Meadowbank for the prevention and protection of spills entering the environment. As the mine

progresses, AEM is committed to updating and providing the best available technology for spill prevention and management.

Additionally, the licensee is reminded that for each spill occurrence, the licensee is required, no later than 30 days after the initial report to the 24-hour spill line, to submit a detailed report to the inspector outlining the amount and type of product spilled and the measures taken to contain and clean up the spill.

AEM is now fully complying with this requirement as evidenced in our reporting of the last two incidents. Where there is a reasonable likelihood of a spill in an amount equal to or greater than the amounts set out in the following table, the spill is reported to the NT-NU 24-HOUR SPILL REPORT LINE and the INAC Manager of Field Operations. As a precaution, if there is any doubt as to whether the quantity spilled meets the minimum reportable thresholds, the spill incident is reported. Furthermore, AEM will maintain a detailed log of all spills of hazardous materials, including non-reportable spills. As part of AEM's overall environmental management system and in the spirit of a continuous improvement of environmental performance, procedures will be implemented to encourage all employees to communicate non-reportable spill incidents.

Spill Quantities that must be Reported to the NT-NU 24-HOUR SPILL REPORT LINE

Transportation Class	***Type of Substance***	***Compulsory Reporting Amount***
1	Explosives	Any amount
2.1	Compressed gas (flammable)	Any amount of gas from containers with a capacity exceeding 100 L
2.2	Compressed gas (non-corrosive, non-flammable)	Any amount from containers with a capacity exceeding 100 L
2.3	Compressed gas	Any amount
2.4	Compressed gas (corrosive)	Any amount
3.1, 3.2, 3.3	Flammable liquid	100 L
4.1	Flammable solid	25 kg
4.2	Spontaneously combustible solid	25 kg
4.3	Water reactant solids	25 kg
5.1	Oxidizing substances	50 L or 50 kg
5.2	Organic peroxides	1 L or 1 kg
6.1	Poisonous substances	5 L or 5 kg
7	Radioactive substances	Any amount
8	Corrosive substances	5 L or 5 kg
9.1 (in part)	Miscellaneous substances	50 L or 50 kg
9.2	Environmentally hazardous	1 L or 1 kg
9.3	Dangerous wastes	5L or 5 kg
9.1 (in part)	PCB mixtures of 5 ppm or more	0.5 L or 0.5 kg
None	Other contaminants	100 L or 100 kg

Spill reports completed by NUNA M&T Services in 2007 have recently been forwarded to AEM in hard copy and are located at the mine. These reports will be included in the AWPAR annual report, due March 31, 2008. In future, all contractors will be required to report all spills to the

AEM environmental team to ensure proper reporting is completed. AEM understands that NUNA M&T Services Ltd. filed these spill reports directly with the Nunavut Spill Reporting process.

Part H: Conditions Applying To Abandonment And Restoration

No response required.

Part I: Conditions Applying To The Monitoring Program

A review of the Nunavut Water Board FTP site did find a Water Management and Monitoring Plan developed for Cumberland Resources by Golder Associates. Further review of the FTP site was not able to produce an approval document from the Nunavut Water Board accepting the plan as complete. The absence of this document and a reading of the comments supplied by the INAC analyst who reviewed the document when released for review by the Nunavut Water Board lead the Inspector to question both the completeness of the document and question whether or not the Plan, as is, has been approved by the Nunavut Water Board.

AEM submitted a Water Management and Monitoring Plan for the AWPAR in March 2007. To date, we have not received any approval or comments from the NWB. Until we are notified otherwise, AEM will assume the plan is complete and operate the AWPAR in accordance with that plan.

Additional to the question of completeness of the plan is an issue of compliance with the plan. Section 4.1 Frequency of the Plan states that sampling reports will be submitted monthly to the Nunavut Water Board. A review of the NWB FTP site does not include submissions of any sampling reports from the Licensee.

AEM acknowledges that no water quality sampling reports for the 2007 season were submitted to the NWB. This was an oversight on our part, as all other monitoring reports are to be submitted on an annual basis. The 2007 water quality reports will be submitted in our annual report (due March 31, 2008), and monthly for the 2008 season.

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 within the deadlines outlined in the terms of the Inspection Report.

1. **Submission of a Spill Contingency Plan for the Access Road Construction project as outlined in Part G of License 8BC-TEH0708.**

A spill contingency plan was completed by NUNA for the AWPAR and NUNA camp for the 2006 and 2007 field season. This plan was submitted to the NWB. A copy of the NUNA spill contingency plan is attached.

2. **Reports required under Part G (6) (iii) of License 8BC-TEH0708.**

AEM is now fully complying with this requirement as evidenced in our reporting of the last two incidents. Spill reports completed by NUNA M&T Services in 2007 will be included in the

AWPAR annual report, due March 31, 2008. In future, all contractors will be required to report all spills to the AEM environmental team to ensure proper reporting is completed.

3. **A detailed plan of actions taken to reduce or eliminate sedimentation of the river and erosion of the bank at Crossing Number 2 where evidence of rutting caused by heavy equipment crossings was photographed during the inspection (included as attachment).**

It is unclear from the photos provided what sedimentation/erosion issue the inspector is referring to. However, regular monitoring of the road crossings were performed throughout the 2007 season. Any potential areas for erosion or sedimentation of the river were immediately identified to our construction team for remediation.

Prior to the inspector's visit to the AWPAR, several sedimentation issues along the AWPAR were identified to the construction team. Most of the areas/issues were addressed. However, due to rising water levels, remediation of the northern side of the upstream and downstream areas of R02 was called off for safety reasons. In addition, the snow bridge from the north side had melted away, which would have meant entry of the dozer into the channel for about 50 to 70 m. It was determined that this action would pose greater disturbance to the channel than the debris remaining on the snow/ice. Details of these actions are described in technical memos prepared by Azimuth Consulting Group Inc.; these two memos are attached.

No significant sedimentation-related issues were observed in 2007. Turbidity measurements taken at crossing R02 were slightly higher downstream relative to upstream background conditions, but the results were well within the acceptable range (i.e., 8 NTU above background). The turbid water was found primarily in localized pockets (if present at all) along the channel margins and immediately adjacent to the bridge approaches; these collectively comprise a negligible proportion of the channel and discharge as a whole.

4. **As License 8BC-TEH0708 does not include a modification section the licensee is directed by the inspector to provide a list of all additional culverts and other actions taken to control surface drainage along the construction route. This should include photographic evidence and GPS coordinates. This information will be added as an addendum to the annual report under the heading Modifications.**

AEM is working on as-built drawings of the AWPAR and intends to submit to the NWB a list of the culvert installation modifications along the AWPAR as part of the as-built drawings to be submitted with the2007 water license annual report.

5. **The licensee is required to provide the results of samples collected and analyzed as outlined in Part I of license. These results are to be submitted within 30 days of receipt of this Inspection Report to both the Nunavut Water Board and the Inspector.**

The 2007 water quality reports will be submitted in our annual report (due March 31, 2008), and monthly for the 2008 season.

6. **Submission to the Inspector within 30 days of receipt of the Inspection Report a Nunavut Water Board approval of a Water Management Plan.**

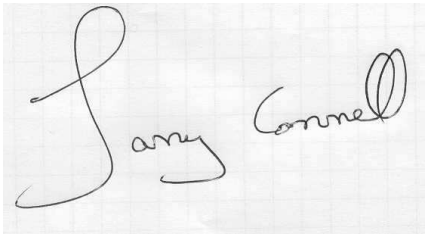
AEM submitted a Water Management and Monitoring Plan for the AWPAR in March 2007. To date, we have not received any approval or comments from the NWB. Until we are notified otherwise, AEM will assume the plan is complete and operate the AWPAR in accordance with that plan.

7. **Submission to the Inspector within 30 days of receipt of the Inspection Report a Nunavut Water Board approval of a Monitoring Plan.**

AEM submitted a Water Management and Monitoring Plan for the AWPAR in March 2007. To date, we have not received any approval or comments from the NWB. Until we are notified otherwise, AEM will assume the plan is complete and operate the AWPAR in accordance with that plan.

Again, my apologies for the long delay in formally responding to your inspection reports. We appreciate the issues that you have raised and can assure you that AEM is now taking appropriate action to improve the environmental management for this project. I would be pleased to clarify any of the issues referenced in this letter and look forward to hearing from you regarding your experience with the use of flow meters on the diamond drills under winter conditions.

Regards,
Agnico-Eagle Mines Ltd.



Larry Connell, P.Eng.
Regional Manager of Environment, Social & Government Affairs

cc: Richard Dwyer, NWB
Denis Vaillancourt – AEM Exploration Manager
Louise Grondin, AEM – VP of Environment
Martin Bergeron, AEM - Meadowbank General Manager
Ryan Vanengen and Sylvain Doire, AEM - Site Environmental Coordinators

APPENDIX 4
Spill Documentation, November 2007

Northwest Territories | Nunavut | Canada

NT-NU SPILL REPORT

OIL, GASOLINE, CHEMICALS AND OTHER HAZARDOUS MATERIALS

NT-NU 24-HOUR SPILL REPORT LINE
TEL: (867) 920-8130
FAX: (867) 873-6924
EMAIL: spills@gov.nt.ca

REPORT LINE USE ONLY

A	REPORT DATE: MONTH – DAY – YEAR: November 13, 2007	REPORT TIME: ≈10:30 AM	☒ ORIGINAL SPILL REPORT, OR ☐ UPDATE # _____ TO THE ORIGINAL SPILL REPORT	REPORT NUMBER: _____
B	OCCURRENCE DATE: MONTH – DAY – YEAR: November 11, 2007	OCCURRENCE TIME: ≈ 19:00		
C	LAND USE PERMIT NUMBER (IF APPLICABLE): KVCL 303 H 305 (KIA)	WATER LICENCE NUMBER (IF APPLICABLE): 2BE-MEA 0507		
D	GEOGRAPHIC PLACE NAME OR DISTANCE AND DIRECTION FROM NAMED LOCATION: Between Meadowbank CAMP & KM86 (ROAD)	REGION: ☐ NWT ☒ NUNAVUT ☐ ADJACENT JURISDICTION OR OCEAN		
E	LATITUDE: DEGREES _____ MINUTES _____ SECONDS _____	LONGITUDE: DEGREES _____ MINUTES _____ SECONDS _____		
F	RESPONSIBLE PARTY OR VESSEL NAME: AG Nico-EAGLE	RESPONSIBLE PARTY ADDRESS OR OFFICE LOCATION: 4014 QBC-15 BAKER LAKE NUNAVUT X0L 0A0		
G	ANY CONTRACTOR INVOLVED: No	CONTRACTOR ADDRESS OR OFFICE LOCATION		
H	PRODUCT SPILLED: Fuel	QUANTITY IN LITRES, KILOGRAMS OR CUBIC METRES: 400 litres	U.N. NUMBER	
	SECOND PRODUCT SPILLED (IF APPLICABLE)	QUANTITY IN LITRES, KILOGRAMS OR CUBIC METRES	U.N. NUMBER	
I	SPILL SOURCE: DRUM	SPILL CAUSE: CAP badly SCREWED ON	AREA OF CONTAMINATION IN SQUARE METRES: ???	
J	FACTORS AFFECTING SPILL OR RECOVERY: No	DESCRIBE ANY ASSISTANCE REQUIRED	HAZARDS TO PERSONS, PROPERTY OR EQUIPMENT	

K — ADDITIONAL INFORMATION, COMMENTS, ACTIONS PROPOSED OR TAKEN TO CONTAIN, RECOVER OR DISPOSE OF SPILLED PRODUCT AND CONTAMINATED MATERIALS

2 x 45 gallons drums were transported from the end of the All Weather Access Road (AWAR) km 86 to The MEADOWBANK CAMP. When they arrived, they saw that the cap had not been closed properly and the contents of the drums had been spilled on the way.

L	REPORTED TO SPILL LINE BY: JEAN-FRANÇOIS LAGUEUX	POSITION: Project Engineer	EMPLOYER: AEM	LOCATION CALLING FROM: Meadowbank CAMP	TELEPHONE: (604) 677-0684
M	ANY ALTERNATE CONTACT: STÉPHANE ROBERT	POSITION: ENV. COORD.	EMPLOYER: AEM	ALTERNATE CONTACT LOCATION: CADILLAC, Qc	ALTERNATE TELEPHONE: 819-759-3700 xT814

REPORT LINE USE ONLY

N	RECEIVED AT SPILL LINE BY	POSITION: STATION OPERATOR	EMPLOYER	LOCATION CALLED: YELLOWKNIFE, NT	REPORT LINE NUMBER: (867) 920-8130

LEAD AGENCY ☐ EC ☐ CCG ☐ GNWT ☐ GN ☐ ILA ☐ INAC ☐ NEB ☐ TC | SIGNIFICANCE ☐ MINOR ☐ MAJOR ☐ UNKNOWN | FILE STATUS ☐ OPEN ☐ CLOSED

AGENCY	CONTACT NAME	CONTACT TIME	REMARKS
LEAD AGENCY			
FIRST SUPPORT AGENCY			
SECOND SUPPORT AGENCY			
THIRD SUPPORT AGENCY			

AGNICO-EAGLE

Meadowbank Division

SPILL CLEAN-UP REPORT

November 11, 2007, Fuel Spill Incident

Prepared by: Nicolas Saucier
Env. Technician
Meadowbank Project

Date: November 28, 2007

Table of content

1.0 Incident Description

The incident occurred on November 11, 2007, around 19:00 during haulage of diesel fuel drums from km 86 of the All-Weather Private Access Road to the Meadowbank Exploration camp site. The drums were transported on a sled attached to a snowmobile. When the snowmobile arrived at the camp, the operators found that the caps on two drums had not been properly sealed and the contents of the drums had been spilled along their travel route. The quantity of diesel fuel spilled was therefore estimated at about 400 litres. The travel route was on the frozen Third Portage Lake. The lake was entirely frozen and an inspection showed that most of the spill, in terms of quantity, was located on a stretch of about 700 to 800 meters but it was possible to follow some trace of leakage on almost 7 km from the south end of the middle of the lake (see Figures 1 and 2). The spill did not mix with the lake water but was encased in the top layer of the frozen lake.

2.0 Incident Analysis and Implemented Prevention Measures

The incident analysis associated the spill occurrence to human error in the fuel transportation operation. To prevent reoccurrence, all workers involved in the handling of fuel have been met and instructed in the following precautionary measures for fuel transportation operations:

- Use only undamaged drums for fuel transportation and verify that all drums have caps in good working order prior to filling;
- Once a drum has been filled, ensure that the cap is tightly closed;
- Ensure that the drum is properly secured to the transportation vehicle and re-verify that the caps are screwed tight;
- Carry a spill kit, to be able to react properly in the event of a spill during the fuelling operation or a leak during transportation;
- If the drums cannot be carried in an upright position on the sled, always ensure that the cap is on the upper part of the drum.
- Always carry a barrel wrench to ensure tight closing and reduce the risk of a spill.

Diesel fuel transportation by drums is used as an interim measure only and will be stopped to reduce to a minimum the risk of a spill, as soon as the ice is thick enough to support a tanker vehicle.

3.0 Clean-up Method Selection

A number of clean-up options were considered during consultations with Agnico-Eagle Mines (AEM) technical staff. Given the limited equipment available at the Meadowbank site, the only viable plan to clean up the spill and to recover the fuel was to use a scraper to scrape off both the surface ice layer and the fuel encased in it. For this operation, AEM personnel modified a scraper that was originally used to clear snowmobile trails. The modified scraper is shown in Figure 3.

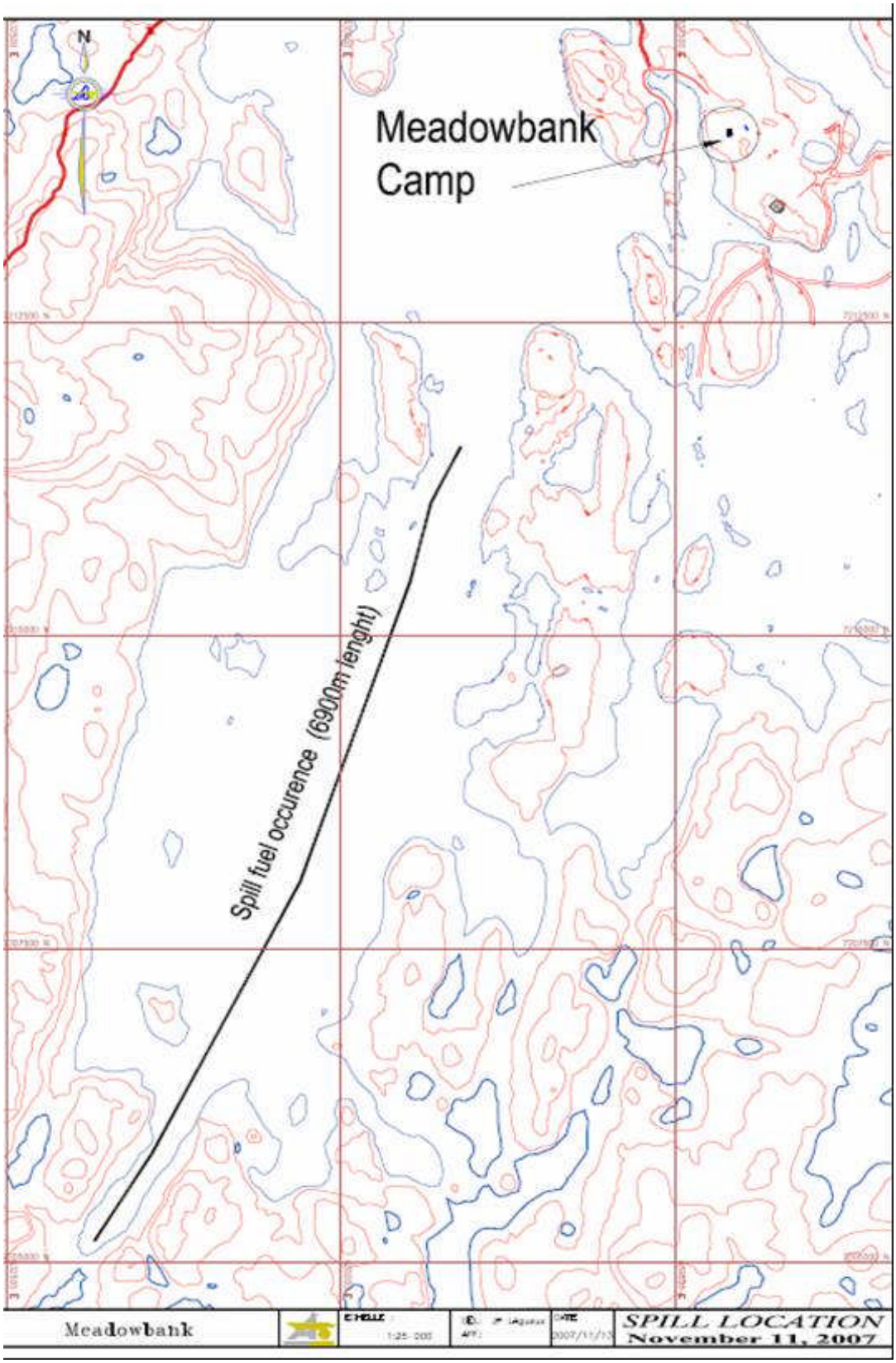


Figure 1: Spill Location on the lake

Figure 2: Spill Trace on the lake

Figure 3: Modified scraper used for clean-up operation

4.0 Clean-up Operation

The clean up activity began on November 15th, 2007, as soon as the modified scraper was ready. The AEM cleaning team towed the metal scraper behind a snowmobile at low speed scraping up the mixture of snow, fuel and ice. The scraping was stopped periodically to recover the scraped material and place it in a 45 gallon drum. During this operation approximately 150 litres of ice and fuel have been recovered over a distance of approximately 3 500 m of the track, including the area where the trace was most visible. Unfortunately this operation had to be suspended the next day because of the unfavourable weather conditions (snow and strong winds). On November 17, the track was inspected to resume the operation but no trace of the spill on the ice was found along the remaining track (see Figure 4).

Figure 4: November 17 inspection of the snowmobile track: no trace of the spill left

Two more track inspections were carried out without any trace of diesel fuel on the track being found. The most contaminated part of the path has been covered by the cleaning operation. The clean-up operation was therefore stopped at that point.

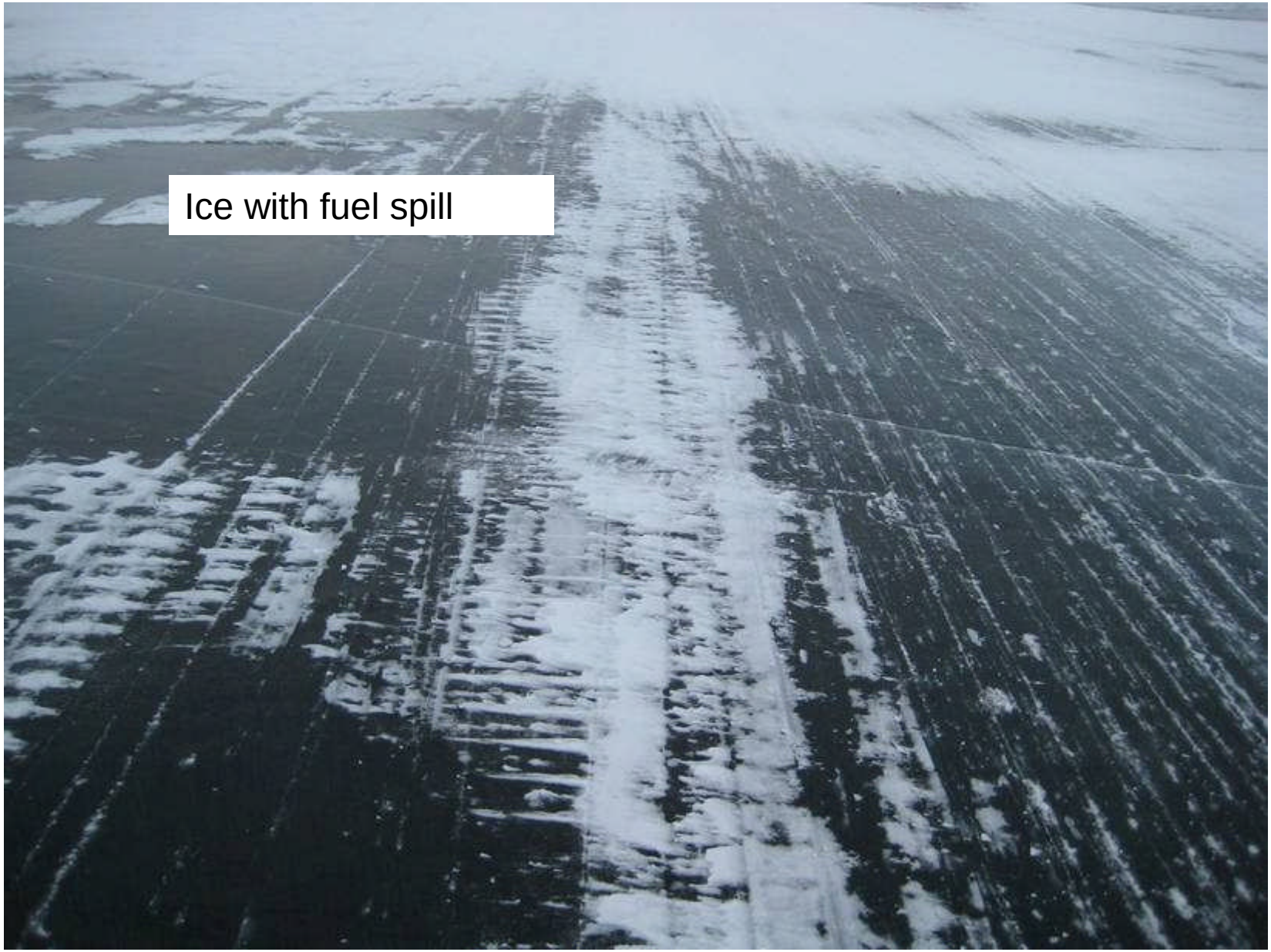
5.0 Disposal of Contaminated Material

The 150 litre mixture of ice and fuel was placed in drums (see Figure 5) and stored inside the HDPE lined temporary waste storage area to be held until next summer. The drums were labelled to indicate their contents. Next summer the snow, ice and fuel mixture will melt in the drums and as much fuel as possible will be recovered by decantation to be used at camp for heating purposes. The remaining fuel in the water will be removed using absorbent pads placed on top of the water. These pads will be destroyed in the camp incinerator. The remaining water will be pumped through an oil water separator with the clean water placed into new drums for water quality sampling. Once the water quality results have been returned and the water verified as suitable for release, the water will be slowly released on the tundra in an area with a long pathway to the lake to allow the vegetation to act as a buffer.

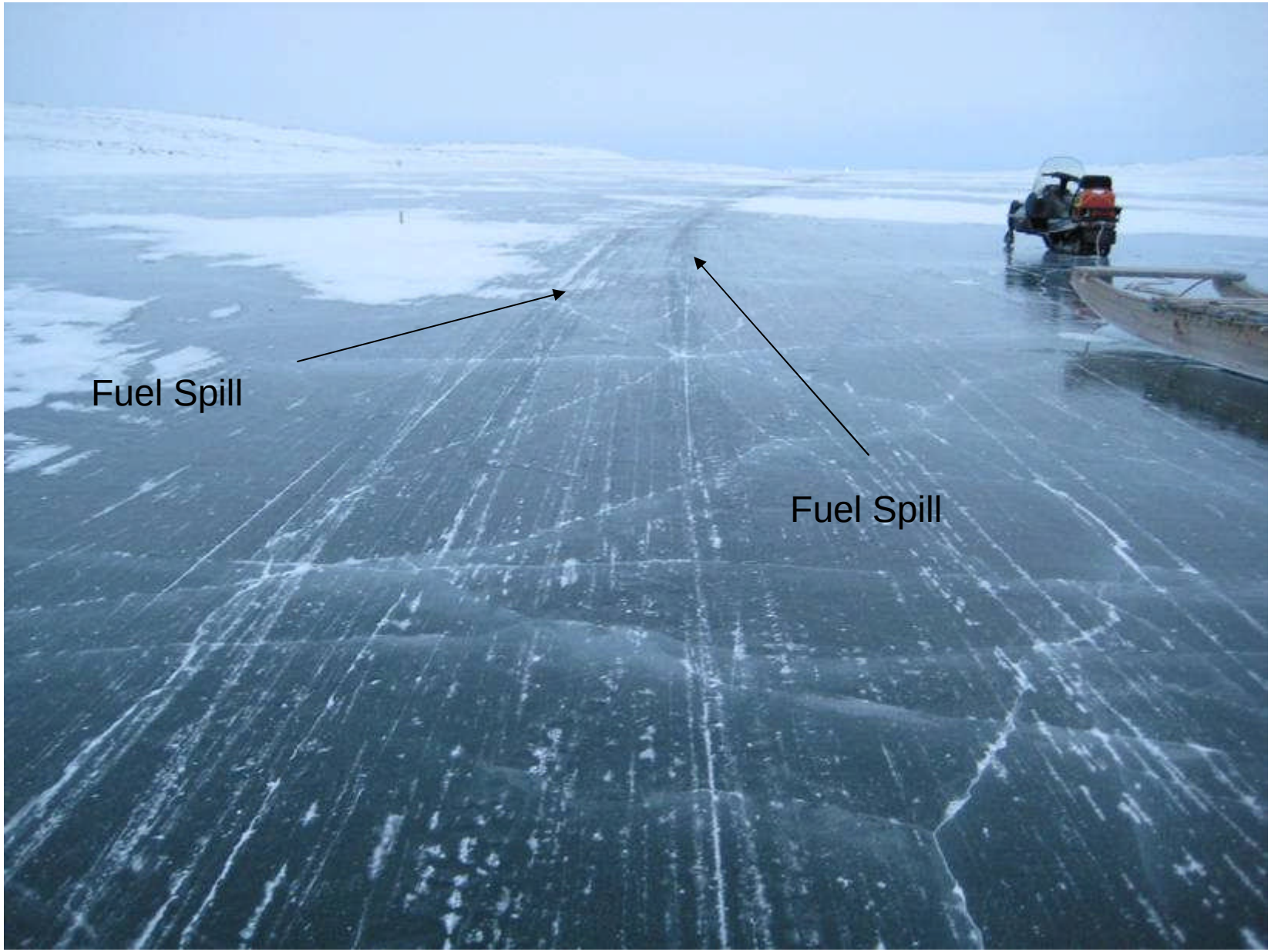
Figure 5: Contaminated material collected in drums and placed in the lined temporary storage facility

PHOTO DOCUMENTATION OF SPILL


Ice, snow and diesel


Ice with fuel spill


Fuel Spill
Fuel Spill


Fuel Spill
Fuel Spill


Fuel Spill


Fuel Spill


Fuel Spill


Fuel Spill

PHOTO DOCUMENTATION
INSPECTION AFTER SPILL CLEAN-UP

From: Jean-Francois Lagueux
Sent: Saturday, November 17, 2007 6:02 PM
To: Larry Connell
Cc: Louise Grondin; Stéphane Robert; Martin Bergeron; Germain Cardinal
Subject: Spill report visual inspection november 2007

Attachments: Picture inspection november 17_2007.ppt

Dear lady and gentlemen, today I spent time on the lake in purpose to see the process of the fuel recuperation on the Third Portage Lake.
I start my inspection from the south to the north on 3,9km along the ski-doo trail. Even if we receive snow during the last days, we can easily follow the trail.

During this inspection, I was not able to see any evidence of spill on the ice along the covering area.

I also survey the path with portable gps in purpose to be able to recover the area if we have to come back.

One part of the path, around 500m, was covered by snow drift, but the trail was easily recognizable.

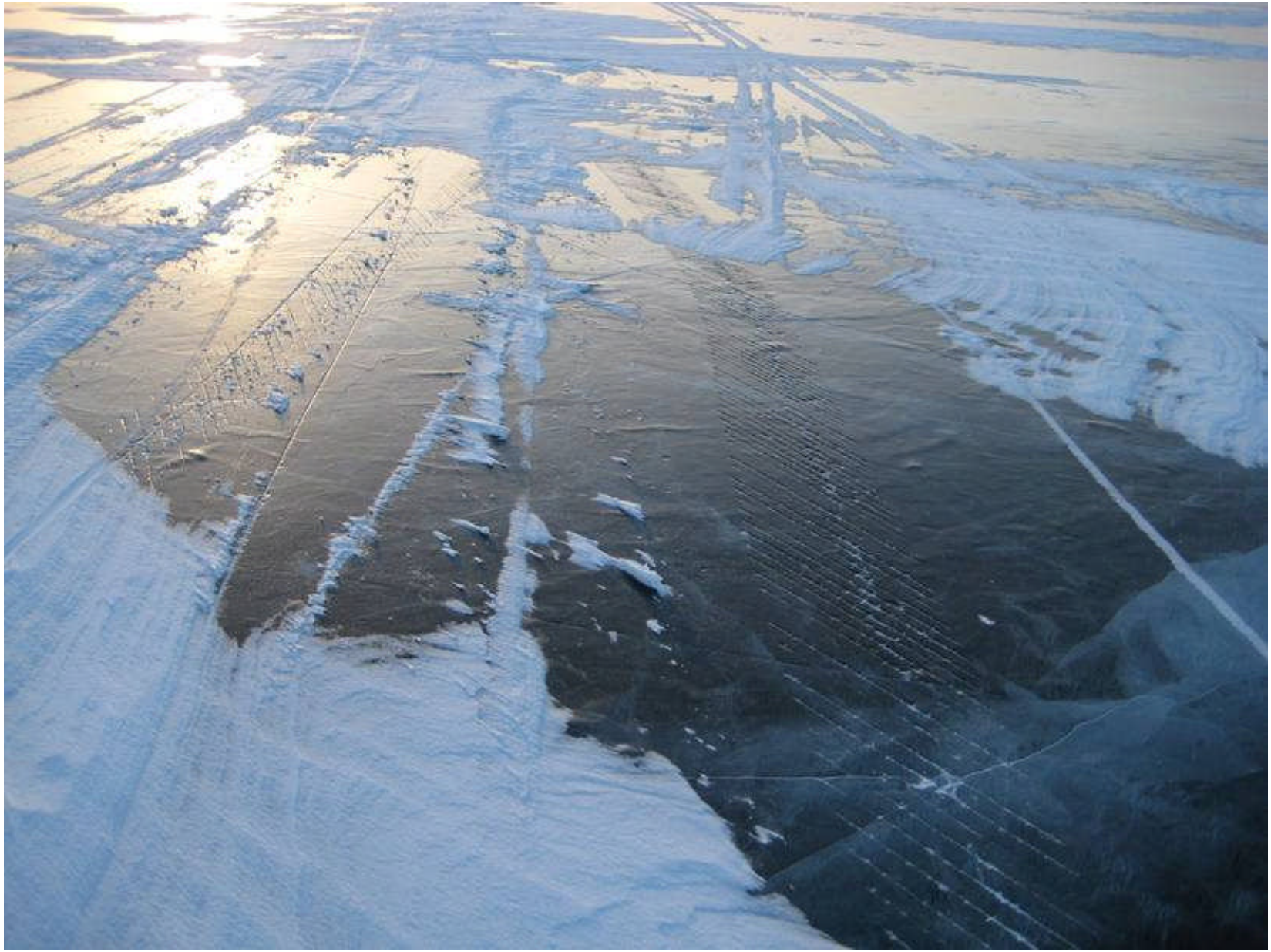
Please, see the picture included with this email.

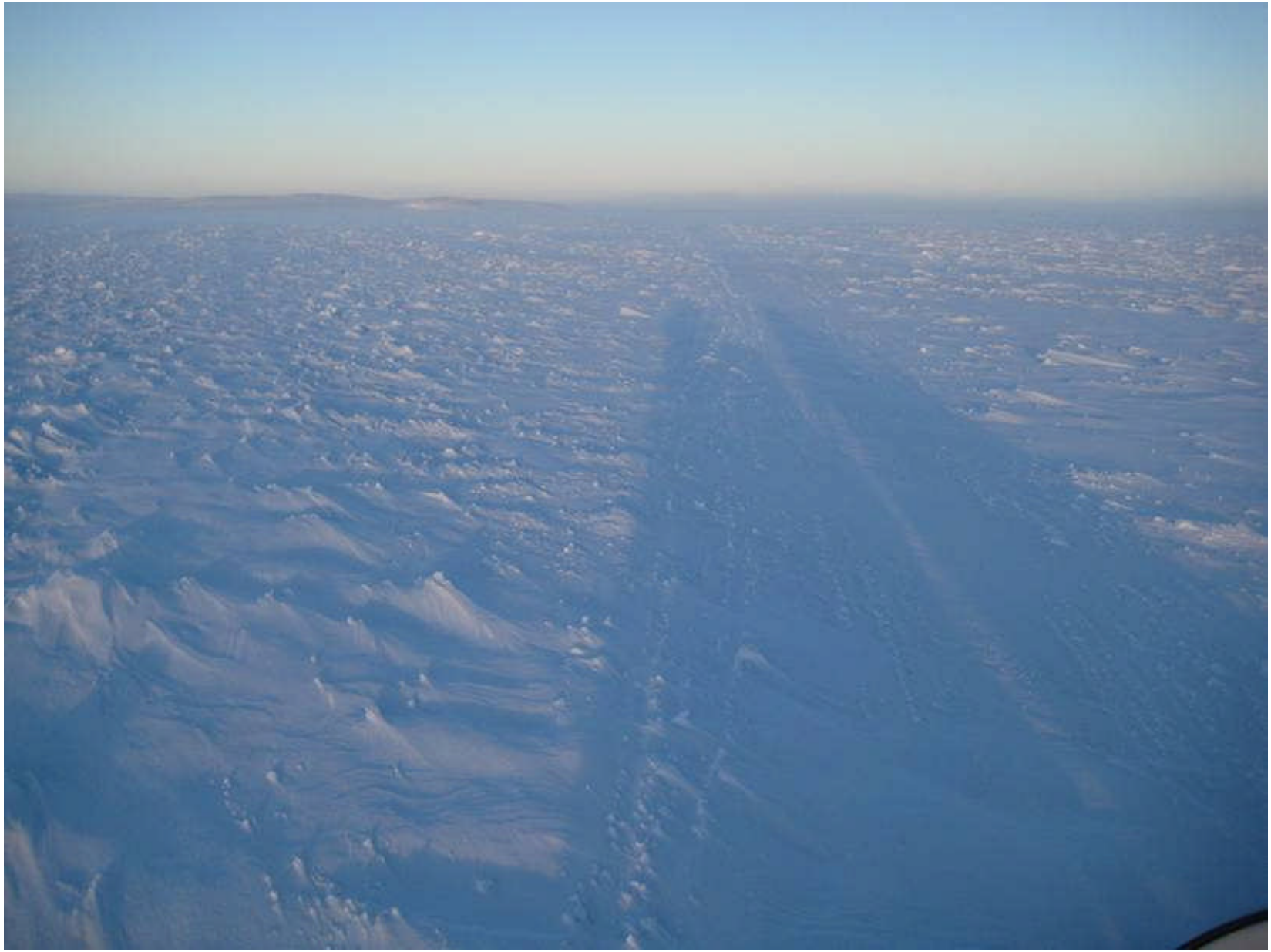
Monday, I will take time to survey the remaining part of the path and I will made a visual inspection in purpose to see if any diesel are still recovered.

For more information, please let me know.

Regards

Jean-François Lagueux ing.
Ingénieur de projet/
Project Engineer
Mines Agnico-Eagle, Division régionale
20 route 395, Cadillac, Qc, J0Y 1C0
Tel:1-819-759-3700 ext. 832
Fax : 1-819-759-3663
Email : jean-francois.lagueux@agnico-eagle.com





DUBOFF EDWARDS HAIGHT & SCHACHTER LLP

Barristers & Solicitors

Murdoch MacKay, Q.C.◊ • Michael F.C. Radcliffe, Q.C., • Israel A. Ludwig ○
Harold J. Arkin* • Harley I. Schachter† • Neil J. Duboff • Paul D. Edwards • William G. Haight
Kimberley Gilson ▫• Jurgen W. Feldschmid • Carolyn J. Frost • Junling Wang

Mendle M. Meltzer (Retired) • Earl I. Essers (Retired)

November 14, 2007.

Mr. Stephane Robert,
Environmental Project Coordinator,
Technical Services Division,
Agnico-Eagle Mines Ltd.

Via E-mail

Dear Mr. Robert:

Re: Spill Report

KIA has received the Spill Report advising of an occurrence on November 11th. Please provide at your soonest convenience a proposed remediation plan for Inuit Owned Lands, as well as proposed steps to be followed to prevent such incidents from occurring in the future.

We remind you that, in accordance with your lease, a facsimile transmission to KIA is required as soon as reasonably practicable but in any event within 12 hours of your becoming aware of any Environmental Damage.

Correspondence in this matter can go directly to the Kivalliq Inuit Association offices.

Sincerely,

DUBOFF EDWARDS HAIGHT & SCHACHTER LLP

Per:

Original signed by

KIMBERLEY GILSON

Copy: Jackson Lindell
John Donihee

1900 – 155 Carlton Street, Winnipeg, Manitoba, Canada R3C 3H8
Telephone (204) 942-3361 • Fax (204 942-3362

AGNICO-EAGLE
Regional Division

November 16, 2007

Mr. Jackson Lindell
Lands Use Inspector
Kivalliq Inuit Association
P.O. Box 340
Rankin Inlet, Nunavut
X0B 0G0

Email: jlindell@kivalliqinuit.ca

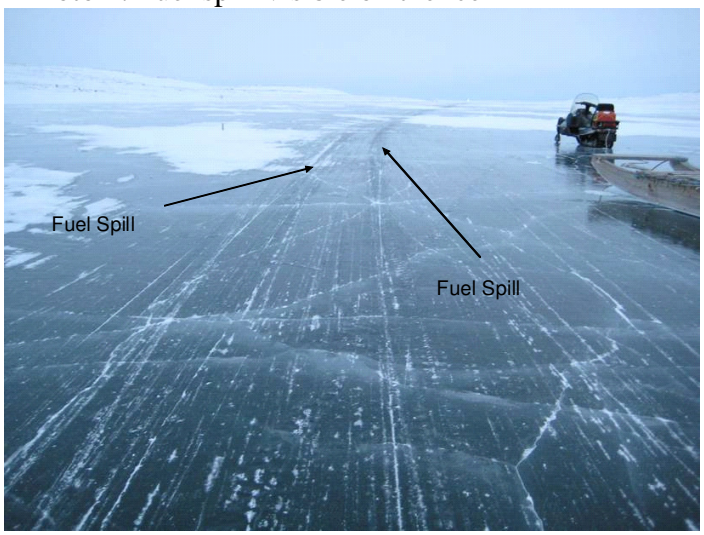
Re: November 11th Diesel Fuel Spill on Third Portage Lake - Cleanup Update

Dear Mr. Lindell:

I am writing in response to the letter received by AEM on November 14th from Kimberley Gilson at the KIA concerning the spill of approximately 400 liters of diesel fuel on the frozen surface of Third Portage Lake that occurred late on November 11th. The spill occurred while two 45 gallon drums of fuel were being transported by snow mobile and sled from the end of the Meadowbank All Weather Private Access Road (at ~ km 86) to the Meadowbank camp. When the snowmobile arrived at the camp, the operators found that the caps on the two drums had not been properly sealed and the contents of the drums had been spilled along their travel route. The two drums were empty consequently we know that the ~ 400 litres of diesel fuel contained in these two drums had leaked primarily on to the frozen surface of Third Portage Lake along an almost 7 km trail from the south end of the middle of the lake (see figure 1) to the camp. The lake was entirely frozen. Consequently, the diesel did not mix with the water in the lake (see photo 1) but remained as a frozen trail across the lake. The enclosed picture shows a darker area that was visible all along the trail used for hauling this fuel and is relatively easy to visually follow. Our site crew has back tracked the fuel trail from the Meadowbank site. It is visible on Third Portage Lake but not on the tundra or smaller ponds that were crossed between the end of the road (Km 86) and Third Portage Lake. Consequently we believe the spill was restricted to the 6,900 meter trail as shown in Figure 1.

Agnico Eagle Mines Ltd.
#375 - 555 Burrard Street
Two Bentall Centre
Vancouver, BC, V7X 1M4
Phone (604) 608-2557 ext 7222
lconnell@agnico-eagle.com

Photo 1: Fuel spill visible on the ice



Remediation plan

After considering alternatives AEM personnel have decided that the only viable clean up plan is to use a scrapper to scrape off both the ice and the fuel along this 6,900 track along Third Portage Lake. We will pick up the scrapped up mix of ice and fuel using shovels and place this mix in 45 gallon drums. We will then transport the mix of ice and fuel recovered and transport it to the Meadowbank site. We will place the drums inside our HDPE lined waste oil storage area and hold until next summer. To date we have scrapped up the fuel trail from ~ 3,500 meters of the track and have recovered approximately 150 liters of ice and fuel. We are towing a metal scrapper behind a snowmobile at low speeds scrapping up both snow fuel and ice which is then periodically transferred into drums. We had to suspend clean up activity today (Friday November 16th) because of unfavourable weather conditions on the lake but will resume as soon as the weather allows. The clean up activity began on November 15th once we had figured out a game plan and we estimate (weather permitting) that by the end of this weekend (November 18th) we will have as much of the spill recovered as practically possible.

We will allow the snow, ice and fuel mix to melt in the drums next summer and will then decant off what fuel we can recover. This recovered fuel will be used at camp for heating purposes. We will then use adsorbent pads placed on top of the water in the drums to recover as much remaining fuel as possible. These adsorbent pads will be destroyed in the camp incinerator. The remaining water will then be pumped through an oil water separator with the "clean" water placed into new drums for water quality sampling. Once the water quality results have been returned and the water verified as being "clean" then we will release the water slowly onto the tundra in an area where there is a long pathway towards any natural water body to allow the vegetation to further remediate the water.

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Prevention plan

To prevent similar occurrences the following procedures has been implemented effective immediately:

1. The crew who are transporting the fuel by snowmobile will be required to check all drum caps to ensure that they are tightly secured even if they were not the people who filled the drums. They will also be responsible for conducting a second inspection of the drums once they are loaded onto the sled. They are to check condition of the drums, condition of the caps and only start out if they are satisfied that the drums are secure.

2. The crews filling the drums are responsible for checking the condition of the drums and for ensuring that they are properly capped and secured before leaving them for transport.

3. The crew who are transporting the fuel by snowmobile will always travel with a barrel wrench so that they can ensure that the drums are fully sealed before loading onto the sleds and at all times during transit.

I have attached a series of photographs that show the condition of the spill along the 6,900 track on Third Portage Lake. Our crews are photographing the clean up activities and I will forward these to you as they become available.

Please feel free to call on me for any further information or clarification. I will keep you advised as to our ongoing clean up activity as it unfolds.

Regards,

Larry Connell
Regional Manager: Environment, Social and Government Affairs
Agnico-Eagle Mines Limited

cc: Martin Bergeron, AEM
Louise Grondin, AEM
NWB Water Board
INAC Water Resources Inspector
M Atkinson – GN DoE

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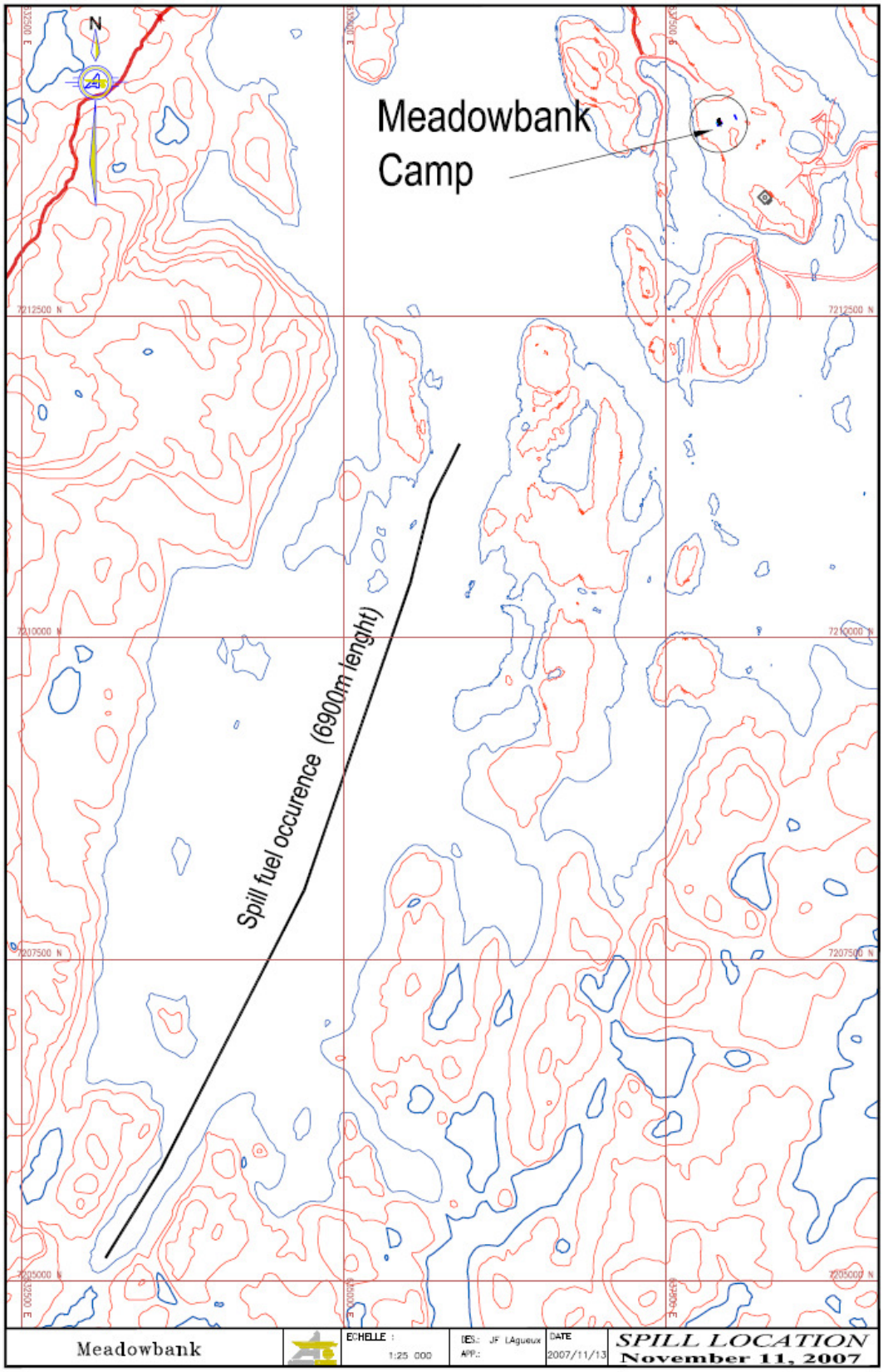

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APPENDIX 5
Drinking Water Results

ANALYTICAL REPORT

AGNICO-EAGLE MINING LTD

ATTN: BETTY GOYETTE

SUITE 375 555 BURRARD STREET
2 BENTALL CENTER BOX 209
VANCOUVER BC V7X 1M8

Reported On: 25-MAR-08 10:04 AM

Lab Work Order #: L571140 **Date Received:** 26-OCT-07

Project P.O. #: BAKER LAKE-MEADOWBACK PROJECT
Job Reference: MEADOW BANK GOLD PROJECT
Legal Site Desc:
CofC Numbers:

Other Information:

Comments:

APPROVED BY:

NATASHA TAIAROL
Project Manager

Manitoba Technology Centre Ltd.
Part of the **ALS Laboratory Group**
1329 Niakwa Road East, Unit 12, Winnipeg, MB R2J 3T4
Phone: +1 204 255 9720 Fax: +1 204 255 9721 www.alsglobal.com
A Campbell Brothers Limited Company

ALS LABORATORY GROUP ANALYTICAL REPORT

Sample Details/Parameters	Result	Qualifier*	D.L.	Units	Extracted	Analyzed	By	Batch
L571140-1 1 KITCHEN SINK								
Sampled By: CLIENT on 25-OCT-07 @ 12:00								
Matrix: WATER								
Total Coliform and E.coli								
Total Coliform	0		0	MPN/100mL		27-OCT-07	FMC	R593526
Escherichia Coli	0		0	MPN/100mL		27-OCT-07	FMC	R593526
L571140-2 2 WASHROOM MAIN CAMP								
Sampled By: CLIENT on 25-OCT-07 @ 12:00								
Matrix: WATER								
Total Coliform and E.coli								
Total Coliform	0		0	MPN/100mL		27-OCT-07	FMC	R593526
Escherichia Coli	0		0	MPN/100mL		27-OCT-07	FMC	R593526
L571140-3 3 SHOWER TENT								
Sampled By: CLIENT on 25-OCT-07 @ 12:00								
Matrix: WATER								
Total Coliform and E.coli								
Total Coliform	1		0	MPN/100mL		27-OCT-07	FMC	R593526
Escherichia Coli	0		0	MPN/100mL		27-OCT-07	FMC	R593526
L571140-4 4 WATER INTAKE-MAIN CAMP								
Sampled By: CLIENT on 25-OCT-07 @ 12:00								
Matrix: WATER								
Total Coliform and E.coli								
Total Coliform	1		0	MPN/100mL		27-OCT-07	FMC	R593526
Escherichia Coli	0		0	MPN/100mL		27-OCT-07	FMC	R593526
L571140-5 5 CLINIC WATER TAP								
Sampled By: CLIENT on 25-OCT-07 @ 12:00								
Matrix: WATER								
Total Coliform and E.coli								
Total Coliform	0		0	MPN/100mL		27-OCT-07	FMC	R593526
Escherichia Coli	0		0	MPN/100mL		27-OCT-07	FMC	R593526
L571140-6 6 WATER INTAKE - SHOWER TEMT								
Sampled By: CLIENT on 25-OCT-07 @ 12:00								
Matrix: WATER								
Total Coliform and E.coli								
Total Coliform	0		0	MPN/100mL		27-OCT-07	FMC	R593526
Escherichia Coli	0		0	MPN/100mL		27-OCT-07	FMC	R593526

* Refer to Referenced Information for Qualifiers (if any) and Methodology.

Reference Information

Methods Listed (if applicable):

ALS Test Code	Matrix	Test Description	Preparation Method Reference(Based On)	Analytical Method Reference(Based On)
TC,EC-QT51-WP	Water	Total Coliform and E.coli		APHA 9223

The analysis of Total Coliform (TC) & Escherichia coli (EC) is processed by Quanti-tray (QT): Two substrates, ONPG for TC detection and MUG for EC detection are used. The substrates are added to the 100 ml sample dispensed into the 51 well tray. The tray is incubated at 35 Celcius for 24 hours. A colour reaction develops to indicate a positve reaction (presence of TC, EC). The number of positive wells are counted and converted to Most Probable Number Units (MPNU) per 100 ml. This test is also called 'rapid MPN method', therefore, the MPN results are derived from a statistical table with a 95% confidence and report as MPN units. The QT detection limit for a negative result is reported as zero.

** Laboratory Methods employed follow in-house procedures, which are generally based on nationally or internationally accepted methodologies.

Chain of Custody numbers:

The last two letters of the above test code(s) indicate the laboratory that performed analytical analysis for that test. Refer to the list below:

Laboratory Definition Code	Laboratory Location	Laboratory Definition Code	Laboratory Location
WP	ALS LABORATORY GROUP - WINNIPEG, MANITOBA, CANADA		

GLOSSARY OF REPORT TERMS
Surr - A surrogate is an organic compound that is similar to the target analyte(s) in chemical composition and behavior but not normally detected in environmental samples. Prior to sample processing, samples are fortified with one or more surrogate compounds. The reported surrogate recovery value provides a measure of method efficiency. The Laboratory control limits are determined under column heading D.L.
mg/kg (units) - unit of concentration based on mass, parts per million.
mg/L (units) - unit of concentration based on volume, parts per million.
< - Less than.
D.L. - The reporting limit.
N/A - Result not available. Refer to qualifier code and definition for explanation.

Test results reported relate only to the samples as received by the laboratory.
UNLESS OTHERWISE STATED, ALL SAMPLES WERE RECEIVED IN ACCEPTABLE CONDITION.
UNLESS OTHERWISE STATED, SAMPLES ARE NOT CORRECTED FOR CLIENT FIELD BLANKS.
Although test results are generated under strict QA/QC protocols, any unsigned test reports, faxes, or emails are considered preliminary.

ALS Laboratory Group has an extensive QA/QC program where all analytical data reported is analyzed using approved referenced procedures followed by checks and reviews by senior managers and quality assurance personnel. However, since the results are obtained from chemical measurements and thus cannot be guaranteed, ALS Laboratory Group assumes no liability for the use or interpretation of the results.

ALS Laboratory Group

CHAIN OF CUSTODY / ANALYTICAL REQUEST FORM

CANADA TOLL FREE 1-800-668-9878

COC # [illegible]

Environmental Division

REPORT TO: [illegible]	REPORT FORMAT / DISTRIBUTION
COMPANY: [illegible]	STANDARD OTHER
CONTACT: [illegible]	PDF EXCEL CUSTOM
ADDRESS: [illegible] Project	EMAIL 1: [illegible]
	EMAIL 2: [illegible]
PHONE: [illegible] FAX: [illegible] 77-[illegible]	
INVOICE TO: SAME AS REPORT ? YES / NO	INDICATE BOTTLES: FILTERED / PRESERVED (F/P)
COMPANY: [illegible]	CLIENT / PROJECT INFORMATION:
CONTACT: [illegible]	JOB #: BAKER CAFE
ADDRESS: Vancouver [illegible]	PO / AFE: MEADOWBANK PROJECT
	Legal Site Description:
PHONE: [illegible]-608-2557 FAX: [illegible]	QUOTE #:

SAMPLE IDENTIFICATION (This description will appear on the report)	DATE	TIME	SAMPLE TYPE
[illegible]	24 Oct 07	[illegible]	[illegible]
[illegible]	25 Oct 07	[illegible]	[illegible]
Shower Tent	2[illegible] Oct 07	12[illegible]	[illegible]
Water Intake in Main Camp	2[illegible] Oct 07	1200	[illegible]
Clinic Water Tap	[illegible] Oct 07	1200	[illegible]
Water Intake - Shower Tent	[illegible] Oct 07	1200	Water

GUIDELINES / REGULATIONS

SPECIAL INSTRUCTIONS / [illegible]

Failure to complete all portions of this form may delay analysis. [illegible]

By the use of this form the user acknowledges and agrees with the Terms and Conditions as [illegible] report copy.

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[illegible]	[illegible]	[illegible]	[illegible] 07 10[illegible]	
RELINQUISHED BY:	DATE & TIME:	RECEIVED BY:	DATE & TIME:	[illegible]

REFER TO BACK PAGE FOR REGIONAL LOCATIONS AND SAMPLING INFORMATION | WHITE - [illegible] PINK - FILE COPY YELLOW - [illegible]