



Water Resources Division
Nunavut Regional Office
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October 22, 2010

Phyllis Beaulieu
Manager of Licensing
Nunavut Water Board
PO Box 119
Gjoa Haven, NU X0A 1J0

**Re: 2BB-MEL0914 – Recalculation of Security – INAC Response to
Agnico-Eagle Mines Ltd. September 7, 2010 Letter**

The Nunavut Water Board (NWB) distributed the application for comment on September 20, 2010.

In conducting this review, I have referred to all documents on the Nunavut Water Board FTP site as it relates to 2BB-MEL. Attached is a Technical Review Memorandum for your consideration.

Please feel free to contact me should you have any questions or comments. I can be reached at (867) 975-4566 or by email at tanya.trenholm@inac.gc.ca.

Sincerely,

Original signed by

Tanya Trenholm
Pollution Policy Specialist



Technical Review Memorandum

To: Phyllis Beaulieu, Manager of Licensing - Nunavut Water Board

From: Tanya Trenholm, Pollution Policy Specialist - Indian and Northern Affairs
Canada – Water Resources Division

**Re: 2BB-MEL0914 – Recalculation of Security – INAC Response to
Agnico-Eagle Mines Ltd. September 7, 2010 Letter**

Recommendations / Comments

Potential Acid Generating (PAG) Ore:

This memo is in response to Agnico-Eagle Mines Ltd (AEM) September 7, 2010 letter to the Nunavut Water Board (NWB), raising concerns that INAC has not considered AEM's proposed plans to dispose of the Potential Acid Generating (PAG) ore and demolished building material via the 'box cut' alternative.

INAC encourages the exploration of other more economically feasible operating procedures. INAC maintains that innovative approaches in the north should be scientifically verified and technically sound in order to ensure protection of Nunavut's natural resources. On this basis, INAC has considered the use of the box-cut alternative, and has rejected it for the following reasons:

The September 7, 2010 letter indicates that the volume of material removed from the box cut area is 19,234 m³; the ore is estimated to be 13,065 m³ and the demolished buildings, 4,000 m³. Using the box cut approach appears to leave little volume for cover material to ensure that permafrost encapsulation is achieved.

INAC's original security estimate reflected a higher volume of ore as it was assumed some of the waste rock pad would need to be excavated in order to ensure that all PAG ore was removed from the surface.

AEM stated in their September 7th letter that they do not concur with the removal of ore from the ore pad, as permafrost degradation can be expected. However, AEM has not provided any analyses or geochemical predictions that would demonstrate that leaving the PAG ore on the ore pad poses no environmental risk (acid leaching).

In addition, the deposition of PAG material by way of the box cut approach is not supported by appropriate thermal analysis, topographic maps, or comprehensive cover design, to confirm that the PAG would remain encapsulated in permafrost.



Non-PAG Waste Rock:

From a review of the 'Static Test Report', it is understood that arsenic is present in the waste rock. The proponent should demonstrate that leaving such a large volume of non-PAG material on surface will not result in significant arsenic leaching.

Summary:

In the absence of appropriate verification and supporting documentation relating to the use of the box cut approach, INAC feels there is considerable risk associated with this plan. Therefore, INAC can not with any degree of comfort support the box cut approach.

INAC does not oppose exploring more economically viable options, provided that the environment is not compromised. INAC believes that a more conservative approach is available for the deposition of the ore (including ore pad), in underground storage as this is the best location to ensure permafrost encapsulation occurs and ARD is controlled. Should AEM still wish to use the box cut, INAC may consider the use of the box cut for the demolished building material only.

To summarize, INAC maintains its original request that the NWB consider the provided estimate (total liability 1,333,595; water related \$999,772) and impose an appropriate security for this project.

Please feel free to contact me at your convenience should you wish to further discuss any part of this submission to the Board. I can be reached at 867-975-4566 or via email, tanya.trenholm@inac.gc.ca.

Cc. Lou-Ann Cornacchio, Manager, Water Resources Division – Indian and Northern Affairs Canada;