



Inspection Report

License #: 2BB-MEL0914

Inspector: A.Keim

CIDMS # 525180

Client	Agnico-Eagle Mines Ltd.		
Mailing Address	Agnico-Eagle Mines Ltd 145 King Street East, Suite 400, Toronto, Ontario, M5C 2Y7		
Inspection site location	Meliadine West		
Contact name	Stephen Villeneuve	Title	Project Geologist
Last inspection date	June 24, 2007	August 2, 2008	July 7, 2011
Inspection start date	March 25, 2012		
Region	Kivalliq		



INAC, Nunavut District
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Building 918
Iqaluit, NU, X0A 0H0

Submitted Via E-Mail

Our File: 2BB-MEL0914

Your File: _____

CIDM # 525180

April 30, 2012

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RE: Water Licence Inspection March 25th, 2012

On the 25th of March 2012 a compliance inspection was carried out on the Meliadine West Exploration Project and facilities located at Latitude: 63°1'30"N Longitude: 92° 10'20"W in the Kivalliq Region of the Nunavut Territory.

The Inspector thanks Stephan Villeneuve, Guylain Boucher, and Marco Lemelin for their assistance and time during the inspection.

At the time of inspection, camp and associated drilling activities are approved under Water License 2BB- MEL0914, issued on July 31st, 2009 and as amended on June 28th, 2010, July 19, 2010, and on January 6th, 2011. Currently a 4th amendment is pending. An Annual Report for 2011 was filed with the Nunavut Water Board on March 21st, 2012.

The Exploration Camp collects potable water from Meliadine Lake. The Potable Water is run through a system of filters and a UV system prior to use within the Camp. A chlorination pump was also found to have been installed. All equipment was found in good order and in operation during the period of Inspection. A back-up chlorination pump was recommended by the Inspector during the Inspection. Additionally the use of water chlorination chemicals for portable use was identified by the Inspector who noted that the use of Chlorine Bleach could be used as a back-up but should not be used as a substitute for the correct chemical.

During the period of Inspection it was noted that the Environmental staff person was called away from camp and could not be present for the Inspection. As such the Total Daily water use records and STP summary results from testing were not available for review during the inspection. However these results were forwarded following the Inspection and subsequently reviewed. It was noted during the review that Water usage was estimated for a total period of 9 days during the month of March. Use of the driller logs to gain an accurate record of water use is recommended by the Inspector. The licensee is cautioned that they should not exceed the 190 Cubic meter daily limit for water usage as allowed under the issued license.

The following report is based on Observations made at the time of the Inspection;

- Old camp / New camp
- Waste management / Incinerator area / Waste Water Treatment Facilities
- Driller's area
- Garage/ maintenance facilities
- On Ice Drilling activities



Old Camp/ New Camp Facilities and Construction Activities

- Ongoing installation of new accommodation units continues at camp (current capacity is 147 with another 49 man unit to be on line within 30 days)
- Old Weather haven units are being related to other areas of the property. Old spills are to be identified and clean up in the process.
- Generator area was found clean and haz wastes stored on secondary containment.

Incinerator /Waste Management (Waste Water and Solid Waste)

- Ash is noted downwind of the incinerator. A screen should be installed on the flue pipe and chimney.
- Garbage is piled up in a sea-can adjacent to the incinerator. Waste is backed up because of recent blizzards at the site.
- Bag containing haz waste in a box beside the incinerator. Licensee has switched to clear bags to prevent haz waste from entering incinerator.
- One RBC unit is on line and a second will be ready in the next few weeks. STP results show exceedences in fecal coliforms counts consistently every week. The Licensee is to address this and implement proper procedures to prevent the discharge of this material to the environment.
- STP results also show exceedence of the TSS license limit as well.

Garage / Maintenance Facilities

- Secondary Containment is required at all fuel transfer areas . This is to be addressed by the period of the next inspection.
- Hazardous wastes generated in garage and Maintenance areas are placed in lined maxi-bags for disposal off site.
- Hazardous waste shipping records were not available for review during the inspection period and have not been submitted. These will be inspected during the next inspection.

Driller's Area

- Secondary Containment for oil and other drill lubricants etc is required in the sea-cans and storage areas.
- Area was otherwise well organized

Bulk Fuel Storage Area

- Secondary Containment at emergency shelter/ Worker shelter to be replaced. (Large crack noted in plastic tub)
- Fuel nozzles found stored on secondary containment

Cold storage / Garage areas by Portal

- Secondary containment is required for the storage of barrels of oil, fuel and other hazardous materials. One of the garage areas is not lined, the other newer one is.
- Work on Heavy equipment was on-going in the lined garage area during the inspection. A number of Buckets and drums of oils were found to not be on secondary containment.

On-Ice Drilling

- Inspected Drill #8. Found the drill platform and operations to be in order.
- Inspected the discharge line and found the line to be in operation and discharging drill cuttings to the frozen surface of Meliadine Lake.
- Stream vents from under the snow that left tubes of hoarfrost on the surface of the snowpack above the ice show that the cuttings extended under the snowpack for a distance of at least 50 meters from the original discharge line before freezing.
- The Drill was ordered to stop working and not resume until such time as a report on the discharge could be submitted to the Inspector and a plan (SOP- for on-ice drilling) could be developed to prevent cuttings from being deposited on ice and not on land as is required by the license. Failing this the drill was to be moved to land to continue drilling.



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

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

As relates to solid waste management for the project and on site, the Inspector noted the following;

- Records detailing the back-haul of hazardous and other wastes were not available for review by the Inspector.

As relates to Fuel storage and spill containment for the project and on site the Inspector noted the following;

- Secondary containment is insufficient at the Camp.

Issues where there is a known or anticipated environmental impairment;

- Containment of cuttings is a mandatory requirement of the issued license. The Licensee must undertake further efforts to address the uncontrolled release of cuttings to the surface of the ice as noted during the inspection. Failure to follow the new Winter Drilling Procedure will result in stricter enforcement actions being undertaken by the Inspector. This includes all employees and contractors working on site.
- Secondary Containment is required for fuel storage.
- Carbon filters must be installed on all secondary containment drainage of fuel storage to prevent the release of contaminated contact water built-up inside the secondary containment.

The Licensee is further cautioned to ensure that the most current Water license and all required records are available for the inspector on site during the Inspection.

The Licensee continues to work on achieving compliance with the issued license.

A. Keim

Inspector's Name

Inspector's Signature

Cc:

Phyllis Beaulieu – Manager licensing – Nunavut Water Board