



WATER USE INSPECTION REPORT FORM

<b>Date:</b> June 17 <sup>th</sup> , 2014	<b>Licensee Rep.:</b> Stephane Robert, Regulatory Affairs; Phillip Roy, Senior Environmental Technician; Alexandre Gauthier, Environmental Technician.
<b>Licensee:</b> Agnico Eagle Mines Ltd. (AEM)	<b>Licence No:</b> 2BB-MEL0914

**Comments:** A compliance inspection was conducted on the 17th of June, 2014 at the Meliadine Gold Project “Meliadine” (63 01’ 30” N, 92 10’ 20”W). AEM’s environment division representatives Phillip Roy and Alexandre Gauthier accompanied Water Resource Officer, C. Wilson during this inspection.

At the time of the inspection AEM was in process of renewing the Meliadine advanced exploration water licence, 2BB-MEL0914, which expires on July 31<sup>st</sup>, 2014.

WATER SUPPLY

<b>Source(s):</b> Meliadine Lake	<b>Quantity Allotted:</b> 290m <sup>3</sup> /per day
<b>Owner/Operator:</b> Agnico Eagle Mines Ltd.	

Indicate: **A** - Acceptable    **U** - Unacceptable    **NA** - Not Applicable    **NI** - Not Inspected

<b>Intake Facilities:</b> A	<b>Storage Structure:</b> NI	<b>Treatment Systems:</b> NI	<b>Chemical Storage:</b> NI
<b>Flow Meas. Device:</b> A	<b>Conveyance Lines:</b> NI	<b>Pumping Stations:</b> NI	<b>Screen :</b> NI

**Comments:** With the current type B licence Meliadine is allotted a total of 290m<sup>3</sup>/ per day of freshwater from Meliadine Lake and proximal water bodies. That includes the domestic water use at 45m<sup>3</sup>/ per day and drilling targets as outlined in the applications for amendment no. 5, at 245m<sup>3</sup>/per day)

Water Use

- With the clarified interpretation of water use, AEM began reducing their overall freshwater use to respect the allotment set forth by the Nunavut Water Board in the current type ‘B’ licence. To achieve compliance AEM;
  - discontinues recirculation of water from Pump Lake to the ramp construction area. This activity was not only discontinued to respect their freshwater allotment but also to minimize the amount of water in P1 containment pond.
  - discontinued the use of a secondary intake which drew fresh water for the core cutting shack from Meliadine Lake.
  - recycling waste water contained in ramp sump and portal sump for ramp construction.
- AEM has fitted all water intakes with flow meter devices.
- At the time of the inspection only two drills were operational. The two drill water use totals combined would not contravene the license limits for daily water allotment. AEM’s main concern regarding the interpretation of water use is the possibility of a decrease in exploration for the 2015 year when more drill rigs could operational. AEM will continue to look at methods to reduce overall water consumption until the feasibility study is completed for a type ‘A’ licence potentially in 2015/2016.
- The Inspector noted the quick actions taken by AEM to respect the licence requirements.
- The Proponent will provide daily and total freshwater use record as discussed during the inspection.

WASTE DISPOSAL

**Comment:** The Inspector noted the following;

*Solid Waste (Recycling/Burn Facilities N 63° 01’ 24.5”, W 092° 10’ 53.7”)*

- Twelve sea cans of recyclable material were removed from the Meliadine site located at in 2013.
- AEM indicated a total of twenty four sea cans of recyclable materials have been prepared for removal this year.
- Over all the recycling facility has improved greatly from the 2013 inspection.
- At the rear of the recycling/burn facility appears to be ponded water from the spring freshet. This water comes in contact with the recycled materials and the burn area and travels down slope from the facility. Though this water has not reached a water body it should be management as it is could be contaminated during the contact with these facilities.
- The Proponent will continue to monitor the ponded water at the rear of these facilities during times of flow with the same parameters as MEL-8. The result will be included in the monthly monitoring report provided to the Nunavut Water Board (“the Board”) and the Inspector.
- Though the burn area, overall has improved from 2013 unapproved materials were noted within the burnt pile. The Licensee shall not open burn unapproved materials such as plastic, treated wood, electrical wire as per Part D item (2). A burn area is to be used specifically for clean wood products. The Proponent will contact the Inspector within 60 days to discuss steps moving forward to address this ongoing issue.



#### Drill Waste

- Orbit is fulfilling AEM drilling program for both the Meliadine West Property (Discovery Camp) and the Meliadine Gold Project.
- Historical drill wastes (fines/cuttings) from previous exploration activities are evident in numerous places around Meliadine property. Many of the sites show large areas of drill waste spread across the tundra some found to be on the shore of water bodies. Drill sites are to be remediated immediately following exploration as per Part I item (13). The Proponent is encouraged to address historical waste and progressively reclamation these sites to promote re-vegetation. This should include the area referred to as the central cuttings dump utilized in the spring drill program of 2013.

#### Contaminated Soils

- The 2BB-MEL0914 renewal process includes an amendment to use the secondary containment structure from the old bladder farm to remediate contaminated soils. Pending approval by the Board to conduct these landfarm activity, the Proponent is reminded all structures must be maintain in accordance with Part D item(15). The berms of the secondary containment structure showed signs of sagging on the berm walls; areas where the liner is exposed due to the high water levels for extended periods and some erosion along the interior berm walls.

#### Waste Rock

- A large amount of water is contained within the P1 Containment Pond adjacent to the waste rock pile. The water is in contact with the ore and the waste rock stock piles. AEM indicated this water would be sampled and discharged if found to respect the licensed limits.

#### SEWAGE

##### Treatment System: BIODISK

<b>Natural Water Body:</b> Yes			<b>Continuous Discharge</b> (land or water): Land		
<b>Seasonal Discharge:</b> NA			<b>Wetlands Treatment:</b> NA		<b>Trench:</b> None
Indicate: <b>A</b> - Acceptable <b>U</b> - Unacceptable <b>NA</b> - Not Applicable <b>NI</b> - Not Inspected					
<b>Discharge Quality:</b> A		<b>Decant Structure:</b> NI		<b>Erosion:</b> U	
<b>Discharge Meas. Device:</b> A		<b>Dyke Inspection:</b> NA		<b>Seepages:</b> NA	
<b>Dams, Dykes:</b> NI		<b>Freeboard:</b> NA		<b>Spills:</b> NI	
<b>Construction:</b> A		<b>O&amp;M Plan:</b> A		<b>A&amp;R Plan:</b> NI	
<b>Periods of Discharge:</b> Cont		<b>Effluent Discharge Rate:</b> A			

#### Comments:

- The Proponent continues to meet the licensed parameters for MEL-7. These limits have been respected since April 16th, 2013.
- The Proponent produced consistent results by improving the biodisk treatment with the addition of dedicated staff; professional consultation; two stages of UV disinfection lamps; three separate steps of filtration; an equalizer tank that mixes grey water and black water; and operational assistances by the Environment Division.
- In 2013 as part of the Used Water Management Plan submitted in May 2013 the Proponent installed a retention basin capable of containing one week worth of effluent. To date no water has been sent to the retention basin as the quality of the effluent is within the licensed limits.
- Planned improvements for 2014 include effluent dissipation canal which will reduce the erosion to the shores of Meliadine Lake.
- AEM continues to pursue alternative solutions to manage sewage sludge. AEM indicated the current method of storage and backhaul is not economically viable for larger STP facilities.

#### FUEL STORAGE

##### Owner/Operator: Agnico Eagle Mines Ltd.

Indicate: **A** - Acceptable **U** - Unacceptable **NA** - Not Applicable **NI** - Not Inspected

<b>Berms &amp; Liners:</b> A	<b>Water within Berms:</b> A	<b>Evidence of Leaks:</b> NI
<b>Drainage Pipes:</b> NI	<b>Pump Station &amp; Catchments Berm:</b> A	
<b>Pipeline Condition:</b> NI	<b>Condition of Tanks:</b> A	

#### Comments:

- Fuel is hauled via the all weather road two days a week. The contracted fuel trucks are escorted to the site twice a day to ensure maximum safety during the transfer.

#### Hazardous Waste Storage

- Backhaul record for hazardous waste will be provided to the Inspector immediately following the inspection.
- The hazardous waste area was found to be tidy during the inspection.

The Proponent will review and resubmit the Spill Management Plan February 2014 to include the correct information for the Iqaluit AANDC spill contact (867)-975-4295.

#### SURVEILLANCE NETWORK PROGRAM (SNP)

<b>Samples Collected</b>	<b>Owner /Operator:</b> Agnico-Eagle Mines Ltd.



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3		<b>AANDC:</b> Mel-7, Mel-3, Mel-4	
<b>Signs Posted</b>	<b>SNP:</b> U		<b>Warning:</b> NI
<b>Records &amp; Reporting:</b> A			
<b>Geotechnical Inspection:</b> NI			

**Comments:**  
The Proponent will install and maintain monitoring stations signage as required in Part J item (7). This will be completed before the next inspection (July 2014).

**General Comments:**

*Materials Storage*  
During the construction phase of the project areas were noted with stockpiled material close to a water body. The Proponent shall deploy and maintain sediment and erosion control measures as per Part C item (7) with specific urgency in the area discussed during the inspection.

**Non-Compliance of Act or Licence:**

Failure to undertake the actions required as described in this inspection report, and to the satisfaction of the Inspector, may result in enforcement action(s) being undertaken pursuant to the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*.

<div><u>Christine Wilson</u></div> <div><b>Inspector's Name</b></div>	<div><u>Sent by E-mail Original on File</u></div> <div><b>Inspector's Signature</b></div>
<div>_____</div> <div>Representative Name, Title</div>	<div>_____</div> <div>Representative Signature</div>

Cc: Erik Allain- Manager Field Operations  
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