



MELIADINE GOLD PROJECT

Sewage treatment Plant

Situation report

Prepared by:

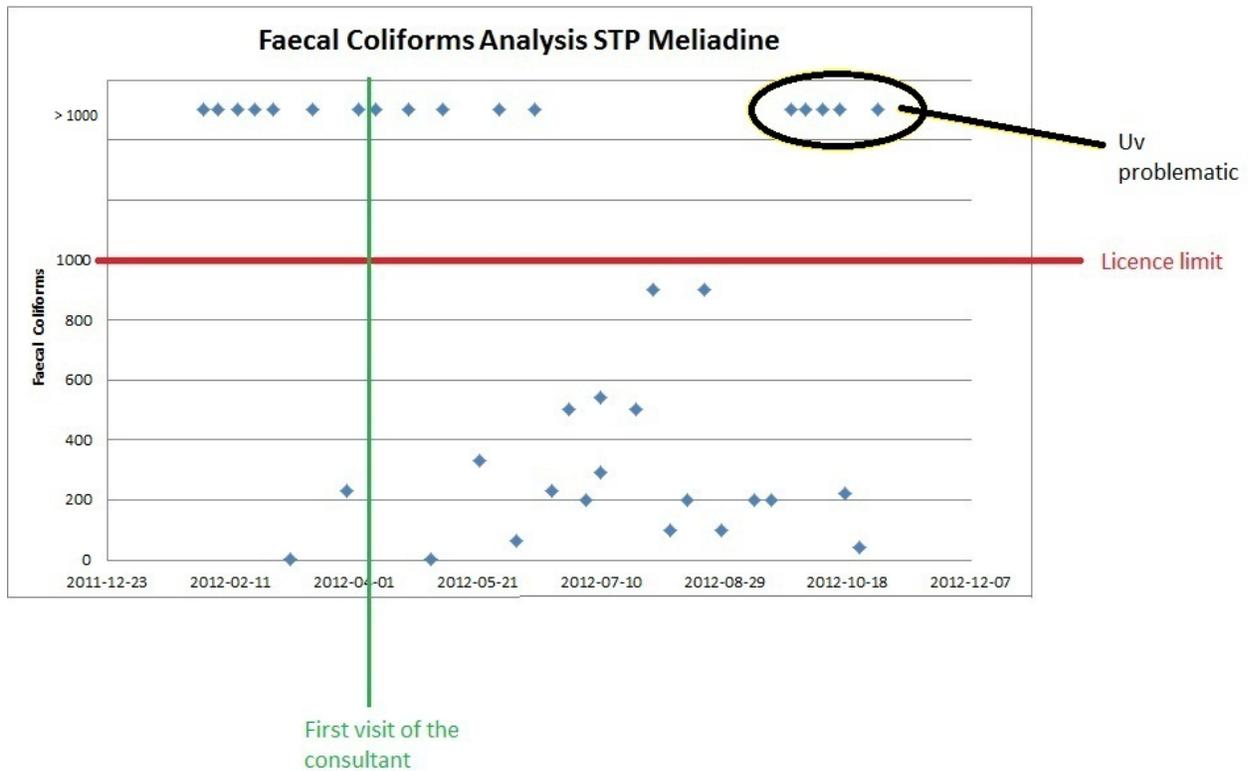
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This report is to do an update on the work performed on the sewage treatment plant (STP) in the last months. The information below should, we believe, reassure the KIA and the Nunavut Water Board on the environmental management done by Agnico-Eagle Mines and the effort deployed to respect all the licence requirements and specifically the one for the discharge of the STP.

Problematic

During 2012, we had more difficulties to respect the faecal coliforms limit established by the water licence. As you can see in the graphic below, since we have started using the services of a consultant, we respect the limit most of the time. Many improvements were done during 2012 to improve the biological treatment and we saw the improvement in the results.



Correction and improvement

In the first 6 months of 2012, we had a lot of problematic with the STP at Meliadine. The bigger step to resolve the problem was to hire two operators for the maintenance and the operation of the STP. We have also hired an external consultant (Nordikeau) to improve the STP and train the operators. After all these modifications, the limits were respected from July 7 to September 25.

At the end of September, an electrical problem occurred with the UV system and detracted the system to be efficient at 100%. The replacement parts required are actually ordered and will be on the Meliadine site by December 4th. Replacement spare parts are also ordered to be more rapid to correct the situation if another breakage occurred. To improve the security of the disinfection treatment and to avoid the repetition of the same problematic, a second UV system is ordered and will be at the Meliadine site by February 2013.

Also, we gave a contract in November to verify, analyse and improve the complete system. Nordikeau will be onsite mid-December to start the mandates:

Evaluation of the treatment capacity and determination of the operation mode to use.

- Revision of the documents
- Revision of the conception parameters
- Determination of the capacity
- Determination of future needs
- Characterization of the flow
- Determination of the better operation mode
- Sludge management
- Report

Implementation of a computerized preventive maintenance program

- Creation of the data base (equipment, task, calendar)
- Training

- Data management

Creation of the operation manual

- Complete description of the operation, maintenance. This manual will be a reference for the operators and for the staff.

Here is a draft of the manual content:

Chapters/ Description

- 1 Generality
- 2 Conception parameters of the treatment system
- 3 General description of the system operation
- 4 Detailed description of each equipment
- 5 Operation mode of each equipment
- 6 Analytical control and system adjustment
- 7 Preventive maintenance and inspection
- 8 Problems and solutions
- 9 Safety
- 10 Data and operation log book
- 11 Licence requirement

Technical assistance

The operators on site will have the opportunity to use the technical assistance when required.

This will assure an optimal operation of the used water system. This mandate includes:

- On site visits
- Phone support
- Data analysis
- Recommendations

Conclusion

AEM put a lot of effort to meet the requirements of the license for the STP discharge during 2012. The operation of the STP is more challenging that AEM expected. We will put all the resources to ensure that that the license requirements are meet all the time.