



13 September 2010

Ms. Karén Kharatyan  
Technical Advisor  
Nunavut Water Board  
P.O. Box 119  
Gjoa Haven  
NU, X0B1J0

**Re: Water License 2BE-MEP0813: Meliadine East Project: Review of 2009 Annual Report: Meters for Drilling**

Dear Ms. Kharatyan;

Thanks you for your letter of 10 September 2010. In it you state:

*"In review of the annual report, it was indicated that water meters were installed as requested by the inspector in 2008 but failed after 18 days. According to the Licence, Part B, Item 4, it states that:*

*The Licensee shall install flow meters or other such devices, or implement suitable methods required for the measuring of water volumes as required under Part J, Item 1.*

*The Licensee is requested to implement methods for the measuring and recording of water volumes, utilized for camp, drilling and other purposes."*

There has been no drilling activity under Water Licence 2BE-MEP0813 in 2010. The only activity has been the reclamation of the camp, which should be complete in 2011. To date all tents, fuel, kitchen, etc. have been moved to the Meliadine Gold Project camp<sup>1</sup>. As a result the Meliadine East camp no longer exists and there will not be any camp water use under this licence.

While meters were not successfully installed on the drills at the Meliadine East, they were at the Meliadine Gold Project. It was found that each drill uses on average 53 m<sup>3</sup> of water each day and this was accepted by the INAC water inspector. This is the volume reported each day a drill is operating.

Agnico-Eagle Mines Limited (AEM) will resume drilling under Water Licence 2BE-MEP0813 in 2011 and we would like to propose that the water volume determination of 53 m<sup>3</sup> per day per drill made at the Meliadine Gold Project also be applied to the Meliadine East Project. The same drills used at the Meliadine Gold Project will be flown to the Meliadine East Project to undertake drilling in 2011.

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<sup>1</sup> Use of water at the Meliadine Gold Project camp is governed by Water Licence 2BB-MEL0914. It is continuously metered and reported monthly.

Water Licence 2BE-MEP0813 was renewed at a time when only direct water use was reported. Since that time both direct and indirect water use have been combined and their sum represents the total water use. As a result, AEM will in the near future be requesting a licence amendment for Water Licence 2BE-MEP0813 to increase the allowable water from 30 m<sup>3</sup> to 299 m<sup>3</sup> per day. All direct and indirect water use will be utilized for diamond drilling.

Should you have any questions or concerns, I can be reached at 403 609 1222 or [john.wittelman@agnico-eagle.com](mailto:john.wittelman@agnico-eagle.com)

Yours sincerely,



John Wittelman  
Environmental Consultant to Agnico-Eagle Mines Limited

Cc. Larry Connell, AEM