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September 10, 2007

Neil Thompson

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RE: Water license inspection of M&T NUNA camp on Tehek Lake Road construction

The Water Resources Officer (WRO) appreciates the assistance and cooperation provided by Mr. Wes Danielson, Project Manager, other M&T Nuna staff and the staff of Agnico-Eagle who accompanied the inspector during the inspection of this license, the road construction project and the Meadowbank site as well.

As this was the first inspection conducted on this camp an Industrial Inspection form was completed at the time of the inspection and reviewed along with the terms and conditions of the Water License with Mr. Danielson. No water samples were collected during this inspection as it turns out the water used and waste generated by the camp are both delivered and hauled out by the Municipality of Baker Lake.

The following report is based on observations made at the time of the inspection by the inspector as well as during a review of the terms and conditions of the issued license with Mr. Danielson.

During the period of the inspection the Inspector was asked about moving the camp to Road marker number 49 (approximately 49 Km from Baker Lake). The proponent indicated that the road had progressed far enough now that it was necessary to move the camp because staff are now having to spend 40-50 minutes each day on the buss to get to and from work. At this time the Inspector indicated that the proponent should immediately apply for an amendment to their existing license and indicate in that application if there were any changes to their operating procedures or not. As this application for amendment was filed during the period intervening between the inspection and the writing of this report there may have been changes made that are not reflected in this report. The proponent is directed to provide the inspector with information regarding the location of the camp and an outline of any work completed to day on any preparations made for the moving of the camp from it's location on June 25th, 2007.

Part A: Scope and Conditions

No issues were found with respect to the location of the camp as indicated in the current license. It should be noted that the license is classed as municipal and not mining and milling as indicated on the License form.

Part B: General Conditions

The question of water use fees and a determination on if they had been paid was not included within the context of this inspection.



A review of the Nunavut Water board web site and FTP – Public Registry was not possible during the period this report was written.

The proponent is reminded that an annual report is required to be filed by March 31st 2008 for the year ending December 31st 2007. The annual report must contain all items listed within Part I – Monitoring program. A copy of this report should also be sent to the Inspector at Keima@inac.gc.ca.

The licensee is reminded that by the next inspection the Inspector will be checking the water intake metering system required to be installed as per section 4 of Part B.

As it was not possible to examine the documents on the water Board FTP site the proponent is asked to ensure the inspector receives a copy of the **Pre-levelling Topographic Survey** of the camp which was due within 30 days of the issuance of the license by October 1st 2007.

Part C: Conditions Applying to Water Use

At the time of the inspection the licensee was allocated the use of 10 CMD for the purposes of the license. Water use under this license is for Camp / municipal use only.

Part D: Conditions Applying to Waste Disposal

During the period of inspection an incinerator was noted on site. The capability of the unit to meet the Canada-wide Standards for Dioxins and Furans and the Canada-wide Standard for Mercury Emissions was not reviewed with the proponent. The licensee is reminded that this standard must be met by the date of the next inspection if not already achieved.

The proponent is reminded to include in the 2007 annual report due on March 31st 2008 a list of hazardous materials shipped out of the camp, the treatment received, and the location of the approved treatment facility to which they were sent. All of the foregoing is required information to be included in the annual report. Shipping and receiving invoices are not required so long as the records are available for inspection during the 2008 inspection season.

The proponent is asked to clarify, as per section 7 of this Part which NWB approved facility the removed toilet wastes are being disposed of in. Additionally as per section 4 of this same part and as listed above the name and location of the approved facility is requested.

The camp during the period of the inspection was very clean, well laid out and obviously well maintained.

Part E: Conditions For Camps, Access Infrastructures And Operations

No on ice work was on-going during the period of this inspection. It is recommended that the inspector conduct an inspection during the winter months and in mid spring to monitor compliance with this part.

Part F: Conditions Applying To Drilling Operations

No drilling activities were on-going nor authorized.

Part G: Conditions Applying To Spill Contingency Planning

During the writing of this report a review of the Spill contingency plan submitted to the Nunavut Water Board was available for review. The Inspector also asked to see a copy while completing the inspection on site. A copy of the Environmental Procedures Manual was produced and although generic in nature did contain all of the required information as outlined in this Part.



It was noted during the inspection that 5 gallon pails of gear oil, other drums containing petroleum products and large bulk oil storage (motor oil) were being stored without secondary containment.

It was also noted that the TEC transfer tank in use within the compound did not have a spill kit beside or adjacent to it.

Part H: Conditions Applying To Abandonment And Restoration

The expectation is for the camp to be moved and the land used for a lay-down area for storage of items to be transported, via the new road, to construct the meadowbank mine.

As new applications were only recently submitted, one to move the camp and the other for the approval of the lay-down area, this inspection did not cover these items.

The proponent is reminded however that the area used must be free of hydrocarbon contamination upon completion of the project. This will include the remediation of any contaminated soils and ground to the satisfaction of the inspector.

Part I: Conditions Applying To The Monitoring Program

The proponent is reminded that all usage of water for domestic operations must be recorded and available for inspection. It is highly recommended by the inspector that a flow meter be installed on the domestic water line so accurate measurements can be recorded. Extrapolation of the quantity of water used based on the run time of a pump or the number of times a tank is filled is not adequate and will not be accepted in future inspections.

Records of all hazardous wastes transported off site along with the location and name of the approved disposal site are also required and will be inspected during the next inspection.

Non-Compliance:

During the period of inspection a number of items were noted and were discussed with the Mr. Danielson at that time. The following is a list of items which are to be addressed or brought into compliance either by the date of the next inspection or, as outlined during the inspection, with photographic evidence submitted to the inspector as proof of compliance.

- Secondary Containment on fuel drums and other hydrocarbons stored on site
- Addition of Absorbent pads or drip pans in shop and maintenance area to ensure containment of spills while undergoing maintenance. (Section 4 of Part G)

Andrew Keim
Inspector's Name

Inspector's Signature

Attached under separate cover : Photos taken during Inspection of June 24th, 2007.

Cc:

Peter Kusugak – Manager Field Operations section- Indian and Northern Affairs Canada
Phyllis Beaulieu – Manager licensing – Nunavut Water Board