

October 12, 2007

Ms Dionne Filiatralult
Executive Director
Nunavut Water Board
P.O. Box 119
Gjoa Haven, Nunavut
X0B 1J0

Email: exec@nunavutwaterboard.org

Dear Ms. Filiatralult,

Re: **Meadowbank Project – Baker Lake Tank Farm and Marshalling Area – License**
No. 8BC – MEA0709

The purpose of this letter is to give you a brief update on the construction activities associated with the Meadowbank Project Baker Lake Tank Farm and Marshalling Area for which we received a type B license from the Nunavut Water Board in August 2007 and on the status of additional documentation to be submitted according to the license conditions.

As mentioned in a previous correspondence, the most important component of the Baker Lake facility is the Tank farm because we will need fuel supply for the continued construction of the all-weather road and other activities associated with the Meadowbank project. We have therefore concentrated our efforts on the construction of the Tank Farm and consequently no work was done on the marshalling area this year. With the permission of the Baker Lake Hamlet, we have used the Baker Lake public docks for all our merchandise reception.

As stated in the license application, only two of the four tanks (with a capacity of 10 millions litres each) were to be constructed in 2007. Even with all the construction efforts concentrated on the Tank Farm, we have experienced delays in the construction schedule and we now expect to be able to complete the construction of the two tanks, with the containment berm, by mid-November. Construction of the first tank is virtually complete (see attached photo) and we are concurrently completing the containment berm and working on the second tank.

We have ordered 12 million litres of fuel which is expected to arrive in Baker Lake on fuel barges within the next two weeks. The plan is to transfer this fuel in the tanks as soon as they

are ready. This means that the fuel barges will be frozen-in, as last year, but that they will be emptied as soon as the two tanks are ready.

The fuel transfer will be done using a fuel transfer protocol to minimise environmental risk including a spill management plan. This information will be forwarded to you separately as it was part of the license conditions. On that subject, I would like to advise you that the four documents required under the license conditions (Spill Contingency Plan; Water Management Plan; Operating and Maintenance Manual ; Abandonment and Restoration Plan) will be forwarded to you during the course of next week, which is about one week later than the date requested in the license conditions. I apologise for this delay.

I hope the information provided was sufficient to give you a brief overview of the project advancement but should you have any further questions, please do not hesitate to contact me.

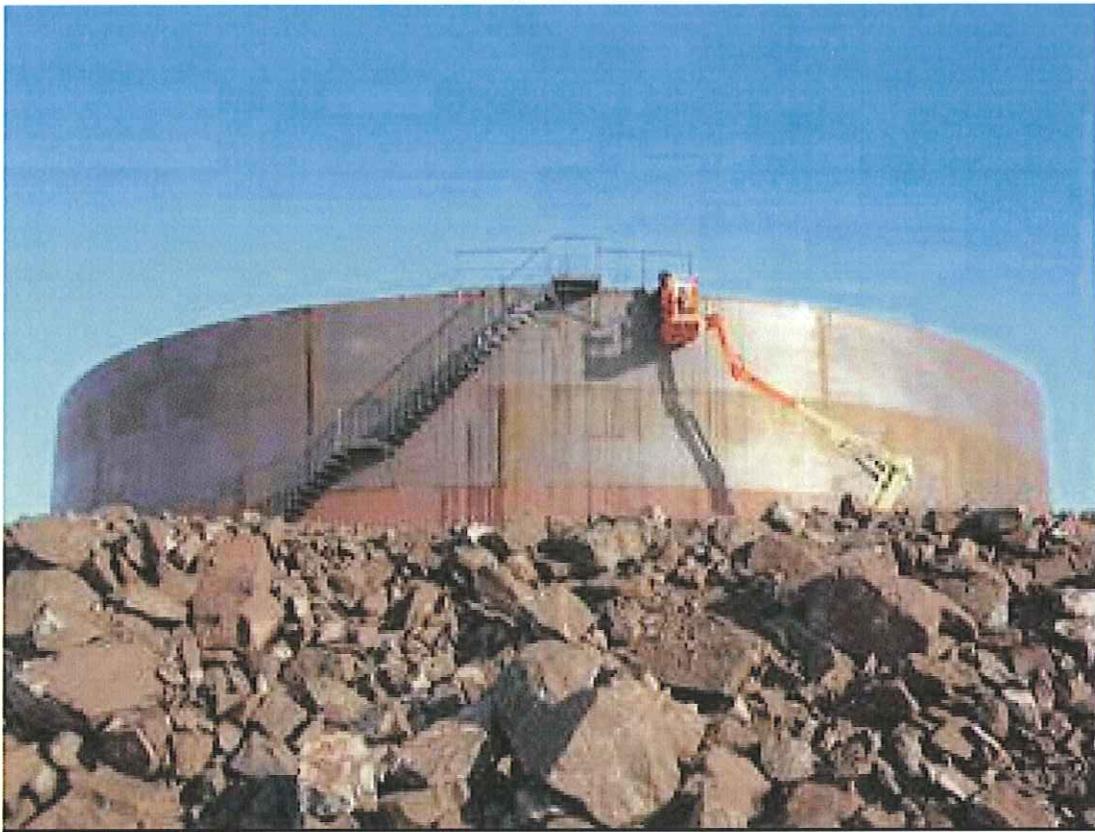
Sincerely,



Louise Grondin
Vice-president Environment
Agnico-Eagle Mines Limited

cc: Stéphane Robert, AEM
Martin Bergeron, AEM
Dan Kivari, AEM
Paul-Henri Girard, AEM

Phyllis Beaulieu, NWB
David Hohnstein, NWB
Amy Liu, DFO
Amanda Hanson, NIRB



Meadowbank Project Baker Lake Tank Farm
First fuel tank under construction
October 4, 2007

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