

AGNICO EAGLE MINES LTD

FORM 20-F

(Annual and Transition Report (foreign private issuer))

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

- ☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g)
OF THE SECURITIES EXCHANGE ACT OF 1934
OR
- ☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2007
OR
- ☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
OR
- ☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report _____

Commission file number: 1-13422

AGNICO-EAGLE MINES LIMITED

(Exact name of Registrants Specified in its Charter)

Not Applicable

(Translation of Registrant's Name or Organization)

Ontario, Canada

(Jurisdiction of Incorporation or Organization)

**145 King Street East, Suite 400
Toronto, Ontario, Canada M5C 2Y7**
(Address of Principal Executive Offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Common Shares, without par value
(Title of Class)

**The Toronto Stock Exchange and
the New York Stock Exchange**
(Name of exchange on which registered)

Securities registered or to be registered pursuant to Section 12(g) of the Act:
None

Securities registered or to be registered pursuant to Section 15(d) of the Act:
None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

142,403,379 Common Shares as of December 31, 2007

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☒ No ☐

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Act.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one)

Large Accelerated Filer ☒ Accelerated Filer ☐ Non-Accelerated Filer ☐

Indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 ☐ Item 18 ☒

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):

Yes ☐ No ☒

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** Pursuant to General Instruction E(c) of Form 20-F, the registrant has elected to provide the financial statements and related information specified in Item 18.

PRELIMINARY NOTE

Currencies: Agnico-Eagle Mines Limited ("Agnico-Eagle" or the "Company") presents its consolidated financial statements in United States dollars. All dollar amounts in this Annual Report on Form 20-F ("Form 20-F") are stated in United States dollars ("US dollars", "\$", or "US\$"), except where otherwise indicated. Certain information in this Form 20-F is presented in Canadian dollars ("C\$"). See "Item 3. Key Information — Currency Exchange Rates" for a history of exchange rates of Canadian dollars into US dollars.

Generally Accepted Accounting Principles: Agnico-Eagle reports its financial results using United States generally accepted accounting principles ("US GAAP") due to its substantial U.S. shareholder base and to maintain comparability with other gold mining companies. Unless otherwise specified, all references to financial results herein are to those calculated under US GAAP.

Forward-Looking Information: Certain statements in this Form 20-F constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and "forward-looking information" under the provisions of Canadian provincial securities laws. These statements relate to, among other things, the Company's plans, objectives, expectations, estimates, beliefs, strategies and intentions and can generally be identified by the use of words such as "may", "will", "should", "could", "would", "expect", "anticipate", "believe", "plan", "intend", "likely" or other variations of these terms or comparable terminology. Forward-looking statements and information in this report include, but are not limited to, the following:

- the Company's outlook for 2008 and future periods;
- statements regarding future earnings, and the sensitivity of earnings to gold and other metal prices;
- anticipated trends for prices of gold and byproducts mined by the Company;
- estimates of future mineral production and sales;
- estimates of future costs, including mining costs, total cash costs per ounce, minesite costs per tonne and other expenses;
- estimates of future capital expenditure, exploration expenditure and other cash needs, and expectations as to the funding thereof;
- statements as to the projected development of certain ore deposits, including estimates of exploration, development and production and other capital costs and estimates of the timing of such development and production or decisions with respect to such development and production;
- estimates of mineral reserves, mineral resources and ore grades and statements regarding anticipated future exploration results;
- statements regarding the outcome and anticipated timing of proposed transactions;
- the anticipated timing of events with respect to the Company's mine and mine project sites; and
- estimates of future costs and other liabilities for environmental remediation; and other anticipated trends with respect to the Company's capital resources and results of operations.

Statements containing forward-looking information are necessarily based upon a number of factors and assumptions that, while considered reasonable by Agnico-Eagle as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The factors and assumptions of Agnico-Eagle upon which the statements in this Form-20F containing forward-looking information, which may prove to be incorrect, are based on include, but are not limited to, the assumptions set out in this Form 20-F as well as: that there are no significant disruptions affecting the Company's operations, whether due to labour disruptions, supply disruptions, damage to equipment, natural occurrences, political changes, title issues or otherwise; that permitting, development and expansion at each of Agnico-Eagle's development projects proceeds on a basis consistent with current expectations, and that Agnico-Eagle does not change its development plans relating to such projects; that the exchange rate between the Canadian dollar, European Union Euro, Mexican peso and the United States dollar will be approximately consistent with current levels or as set out in this Form 20-F; prices for gold, silver, zinc and copper will be consistent with Agnico-

Eagle's expectations; that prices for key mining and construction supplies, including labour costs, remain consistent with Agnico-Eagle's current expectations; that production meets expectations; that Agnico-Eagle's current estimates of mineral reserves, mineral resources, mineral grades and mineral recovery are accurate; that there are no material delays in the timing for completion of the Company's ongoing development projects; and that there are no material variations in the current tax and regulatory environment that affect the Company.

The forward-looking statements in this Form 20-F reflect the Company's views as at the date of this Form 20-F and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company or industry results, to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the Risk Factors set forth in "Item 3. Key Information — Risk Factors". Given these uncertainties, readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date made. Except as otherwise required by law, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any such statements to reflect any change in the Company's expectations or any change in events, conditions or circumstances on which any such statement is based. This Form 20-F contains information regarding anticipated total cash costs per ounce and minesite costs per tonne at certain of the Company's mines and mine development projects. This information was developed to assist management with its assessment as to what resources to allocate to the construction and/or expansion of its mine and mine development projects. Investors are cautioned that this information may not be suitable for other purposes.

NOTE TO INVESTORS CONCERNING ESTIMATES OF MINERAL RESOURCES

Cautionary Note to Investors Concerning Estimates of Measured and Indicated Resources

This document uses the terms "measured resources" and "indicated resources". Investors are advised that while those terms are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission (the "SEC") does not recognize them. **Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves .**

Cautionary Note to Investors Concerning Estimates of Inferred Resources

This document uses the term "inferred resources". Investors are advised that while this term is recognized and required by Canadian regulations, the SEC does not recognize it. "Inferred resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. **Investors are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally mineable .**

NOTE TO INVESTORS CONCERNING CERTAIN MEASURES OF PERFORMANCE

This document presents certain measures, including "total cash cost per ounce" and "minesite cost per tonne", that are not recognized measures under US GAAP. This data may not be comparable to data presented by other gold producers. For a reconciliation of these measures to the figures presented in the consolidated financial statements prepared in accordance with US GAAP see "Item 5. Operating and Financial Review and Prospects — Results of Operations — Production Costs". The Company believes that these generally accepted industry measures are realistic indicators of operating performance and useful in allowing year over year comparisons. However, both of these non-GAAP measures should be considered together with other data prepared in accordance with US GAAP, and these measures, taken by themselves, are not necessarily indicative of operating costs or cash flow measures prepared in accordance with US GAAP. This Form 20-F also contains information as to estimated future total cash costs per ounce and minesite cost per tonne for projects under development. These estimates are based upon the total cash costs per ounce and minesite cost per tonne that the Company expects to incur to mine gold at those projects and, consistent with the reconciliation provided, does not include production costs attributable to accretion expense and other asset retirement costs, which will vary over time as each project is developed and mined. It is therefore not practicable to reconcile these forward-looking non-US GAAP financial measures to the most comparable US GAAP measure.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Pursuant to the instructions to Item 1 of Form 20-F, this information has not been provided.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

Selected Financial Data

The following selected financial data for each of the years in the five-year period ended December 31, 2007 are derived from the consolidated financial statements of Agnico-Eagle audited by Ernst & Young LLP. The selected financial data should be read in conjunction with the Company's operating and financial review and prospects set out in Item 5 of this Form 20-F, the consolidated financial statements and the notes thereto set out in Item 18 of this Form 20-F and other financial information included elsewhere in this Form 20-F.

	Year Ended December 31,				
	2007	2006	2005	2004	2003
	(in thousands of US dollars, US GAAP basis, other than share and per share information)				
Income Statement Data					
Revenues from mining operations	432,205	464,632	241,338	188,049	126,820
Interest and sundry income	29,230	45,915	4,996	655	2,775
	461,435	510,547	246,334	188,704	129,595
Production costs	166,104	143,753	127,365	98,168	104,990
Loss on derivative financial instruments	5,829	15,148	15,396	—	—
Exploration and corporate development	25,507	30,414	16,581	3,584	5,975
Equity loss in junior exploration company	—	663	2,899	2,224	1,626
Amortization	27,757	25,255	26,062	21,763	17,504
General and administrative	38,167	25,884	11,727	6,864	7,121
Provincial capital tax	3,202	3,758	1,352	423	1,240
Interest	3,294	2,902	7,813	8,205	9,180
Foreign exchange (gain) loss	32,297	2,127	1,860	1,440	72
Income (loss) before income and mining taxes (recoveries)	159,278	260,643	35,279	46,033	(18,113)
Income and mining taxes (recoveries)	19,933	99,306	(1,715)	(1,846)	(358)
Income before cumulative catch-up adjustment	139,345	161,337	36,994	47,879	(17,755)
Cumulative catch-up adjustment related to asset retirement obligations	—	—	—	—	(1,743)
Net income (loss)	139,345	161,337	36,994	47,879	(19,498)
Net income (loss) before cumulative catch-up adjustment per share — basic	1.05	1.40	0.42	0.56	(0.21)
Net income (loss) per share — basic	1.05	1.40	0.42	0.56	(0.23)
Net income (loss) per share — diluted	1.04	1.35	0.42	0.56	(0.23)
Weighted average number of shares outstanding — basic	132,768,049	115,461,046	89,029,754	85,157,476	83,889,115
Weighted average number of shares outstanding — diluted	133,957,869	119,110,295	89,512,799	85,572,031	83,889,115
Dividends declared per common share	0.18	0.12	0.03	0.03	0.03



Balance Sheet Data (at end of period)

Mining properties (net)	2,107,063	859,859	661,196	427,037	399,719
Total assets	2,735,498	1,521,488	976,069	718,164	637,101
Long-term debt	—	—	131,056	141,495	143,750
Reclamation provision and other liabilities	57,941	27,457	16,220	14,815	15,377
Net assets	2,058,934	1,252,405	655,067	470,226	400,723
Common shares	1,931,667	1,230,654	764,659	620,704	601,305
Shareholders' equity	2,058,934	1,252,405	655,067	470,226	400,723
Total common shares outstanding	142,403,379	121,025,635	97,836,954	86,072,779	84,469,804

Currency Exchange Rates

All dollar amounts in this Form 20-F are in United States dollars, except where otherwise indicated. The following tables present, in Canadian dollars, the exchange rates for the US dollar, based on the noon buying rate in New York City for cable transfers in Canadian dollars as certified for customs purposes by the Federal Reserve Bank of New York (the "Noon Buying Rate"). On March 14, 2008, the Noon Buying Rate was US\$1.00 equals C\$0.9867.

	Year Ended December 31,				
	2007	2006	2005	2004	2003
High	1.1876	1.1797	1.2703	1.3970	1.5750
Low	0.9059	1.0932	1.1507	1.1775	1.2923
End of Period	0.9881	1.1652	1.1656	1.2034	1.2923
Average	1.0734	1.1340	1.2115	1.3017	1.4012

	2008			2007			
	March (to March 14)	February	January	December	November	October	September
High	0.9975	1.0188	1.0379	1.0249	1.0019	1.0017	1.0591
Low	0.9841	0.9717	0.9842	0.9758	0.9758	0.9420	0.9915
End of Period	0.9867	0.9796	1.0018	0.9881	1.0007	0.9496	0.9959
Average	0.9901	0.9986	1.0099	0.9672	1.0021	0.9754	1.0267

Risk Factors

The Company is currently dependent upon its mining and milling operations at the LaRonde Mine and any adverse condition affecting those operations may have a material adverse effect on the Company.

The Company's mining and milling operations at the LaRonde Mine currently account for all of the Company's gold production and will continue to account for all of its gold production in the future until additional properties are acquired or brought into production. Any adverse condition affecting mining or milling conditions at the LaRonde Mine could be expected to have a material adverse effect on the Company's financial performance and results of operations until such time as the condition is remedied. The Company also anticipates using revenue generated by its operations at the LaRonde Mine to finance a substantial portion of the capital expenditures required at its mine development projects. In addition, one of the Company's major development programs is the extension of the LaRonde Mine below Level 245, referred to as the LaRonde Mine extension. This program involves the construction of infrastructure at depth and extraction of ore from new zones and may present new or different challenges for the Company. Gold production of the LaRonde Mine above Level 245 has started to decline. While the Goldex mine project and the Kittila mine project are both expected to commence operations during 2008, production from these mines will be lower in their initial periods of operation and, if production is subject to unforeseen delays, may not occur until later years. In addition, production from these mine projects may be lower than anticipated. Unless the Company can successfully bring into production the Goldex, Kittila, Lapa, Pinos Altos or Meadowbank mine projects, the LaRonde Mine

extension, its other exploration properties, or otherwise acquire gold producing assets in 2008, the Company's results of operations will be adversely affected. Further, there can be no assurance that the Company's current exploration and development programs at the LaRonde Mine will result in any new economically viable mining operations or yield new mineral reserves to replace and expand current mineral reserves at what is currently the Company's sole active mining operation.

The Company's financial performance and results may fluctuate widely due to volatile and unpredictable commodity prices.

The Company's earnings are directly related to commodity prices as revenues are derived from precious metals (gold and silver), zinc and copper. The Company's policy and practice is not to sell forward its future gold production; however, under the Company's Price Risk Management Policy, approved by the Company's board of directors (the "Board"), the Company may review this practice on a project by project basis. See "Item 11. Quantitative and Qualitative Disclosures About Market Risk — Derivatives" for more details on the Company's use of derivative instruments. Gold prices fluctuate widely and are affected by numerous factors beyond the Company's control, including central bank sales, producer hedging activities, expectations of inflation, the relative exchange rate of the US dollar with other major currencies, global and regional demand, political and economic conditions, production costs in major gold producing regions and worldwide production levels. The aggregate effect of these factors is impossible to predict with accuracy. In addition, the price of gold has on occasion been subject to very rapid short-term changes because of speculative activities. Fluctuations in gold prices may materially adversely affect the Company's financial performance or results of operations. If the market price of gold falls below the Company's total cash costs of production at one or more of its projects at that time and remains so for any sustained period, the Company may experience losses and/or may curtail or suspend some or all of its exploration, development and mining activities at such projects or at other projects. Also, the Company's decisions to proceed with its current mine development projects have been based on a market price of gold between \$400 and \$450 per ounce. If the market price of gold falls below this level, the mine development projects may be rendered uneconomic and the development of the mine projects may be suspended or delayed. The prices received for the Company's byproducts (zinc, silver and copper) produced at its LaRonde Mine affect the Company's ability to meet its targets for total cash operating cost per ounce of gold produced. Byproduct prices fluctuate widely and are affected by numerous factors beyond the Company's control. The Company occasionally uses derivative instruments to mitigate the effects of fluctuating byproduct metal prices, however, these measures may not be successful.

The volatility of gold prices is illustrated in the following table which sets forth, for the periods indicated, the high and low afternoon fixing prices for gold on the London Bullion Market (the "London P.M. Fix") and the average gold prices received by the Company.

	2008 (to March 14)	2007	2006	2005	2004	2003
High price (\$ per ounce)	1,004	841	730	538	454	417
Low price (\$ per ounce)	847	608	517	411	375	323
Average price received (\$ per ounce)	920	748	622	449	418	368

On March 14, 2008, the London P.M. Fix was \$1,004 per ounce of gold.

Based on 2008 production estimates, the approximate sensitivities of the Company's after-tax income to a 10% change in metal prices from 2007 market average prices are as follows:

	Income per share	
Gold	\$	0.09
Zinc	\$	0.07
Silver	\$	0.02
Copper	\$	0.02

The assumptions that underlie the estimate of future operating results and the strategies used to mitigate the effects of risks of metals price fluctuations are set out in "Item 5. Operating and Financial Review and Prospects — Outlook — Gold Production Growth" of this Form 20-F.

Sensitivities of the Company's after-tax income to changes in metal prices will increase with increased production.

If the Company experiences mining accidents or other adverse conditions, the Company's mining operations may yield less gold than indicated by its estimated gold production.

The Company's gold production may fall below estimated levels as a result of mining accidents such as cave-ins, rock falls, rock bursts, pit wall failures, fires or flooding or as a result of other operational problems such as a failure of the production hoist or the semi-autogenous grinding, or SAG, mill. In addition, production may be unexpectedly reduced if, during the course of mining, unfavourable ground conditions or seismic activity are encountered, ore grades are lower than expected, the physical or metallurgical characteristics of the ore are less amenable than expected to mining or treatment or there is increased dilution. In three of the last five years, as a result of such adverse conditions, the Company has failed to meet production forecasts due to a rock fall, production drilling challenges and lower than planned mill recoveries in 2003, higher than expected dilution in 2004 and increased stress levels in a sill pillar requiring the temporary closure of production sublevels in 2005. Occurrences of this nature in future years may result in the Company's failure to achieve current or future production estimates.

The Company may experience operational difficulties at its projects in Finland and Mexico.

The Company's operations have been expanded to include mine construction projects in Finland and northern Mexico. These operations are exposed to various levels of political, economic and other risks and uncertainties that are different from those encountered at the Company's current operational base in Canada. These risks and uncertainties vary from country to country and may include: extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; the risks of war or civil unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licences, permits and contracts; illegal mining; corruption; changes in taxation policies; restrictions on foreign exchange and repatriation; hostage taking; and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. In addition, the Company will have to comply with multiple and potentially conflicting regulations in Canada, the United States, Europe and Mexico, including export requirements, taxes, tariffs, import duties and other trade barriers, as well as health, safety and environmental requirements.

Changes, if any, in mining or investment policies or shifts in political attitude in Finland or Mexico may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to matters including restrictions on production, price controls, export controls, currency remittance, income and other taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

In addition, the Company has no significant operating experience in Finland, Mexico or internationally. Finland and Mexico operate under significantly different laws and regulations and there exist cultural and language differences between these countries and Canada. Also, the Company will face challenges inherent in efficiently managing an increased number of employees over large geographical distances, including the challenges of staffing and managing operations in multiple locations and implementing appropriate systems, policies, benefits and compliance programs. These challenges may divert management's attention to the detriment of the Company's operations in Quebec. There can be no assurance that difficulties associated with the Company's expanded foreign operations can be successfully managed.

The Company may experience problems in executing acquisitions or managing and integrating any completed acquisitions with its existing operations.

The Company regularly evaluates opportunities to acquire shares or assets of other mining businesses. Such acquisitions may be significant in size, may change the scale of the Company's business, and may expose the Company to new geographic, political, operating, financial or geological risks. The Company's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, acquire them on acceptable terms and integrate their operations successfully with those of the Company. Any acquisition would be accompanied by risks, such as the difficulty of assimilating the operations and personnel of any acquired businesses; the potential disruption of the Company's ongoing business; the inability of management to maximize the financial and strategic position of the Company through the successful integration of acquired assets and businesses; the maintenance of uniform standards, controls, procedures and policies; the impairment of relationships with employees, customers and contractors as a result of any integration of new management personnel; and the potential unknown liabilities associated with acquired assets and businesses. In addition, the Company may need additional capital to finance an acquisition. Debt financing related to any acquisition may expose the Company to the risks related to increased leverage, while equity financing may cause existing shareholders to suffer dilution. The Company is permitted under the terms of its new unsecured revolving bank credit facility to incur additional unsecured indebtedness provided that it complies with certain covenants, including, that no default under the credit facility has occurred and is continuing, or would occur as a result of the incurrence or assumption of such indebtedness, the terms of such indebtedness are no more onerous to the Company than those under the credit facility and such indebtedness does not require principal payments until at least 12 months following the then existing maturity date of the credit facility. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

The Company's mine construction projects are subject to risks associated with new mine development, which may result in delays in the start-up of mining operations, delays in existing operations and unanticipated costs.

The Company commenced construction of the Goldex mine project in Quebec in 2005. The Company announced in June 2006 that it would initiate development of the LaRonde Mine extension, accelerate construction at the Lapa mine project in Quebec, and build the Kittila mine project in northern Finland. In April 2007, the Company acquired the development-stage Meadowbank mine project in Nunavut, Canada and in August 2007, the Company announced that it would build the Pinos Altos mine project in northern Mexico.

The Company believes that, on completion, the LaRonde Mine extension will be one of the deepest operations in the Western Hemisphere with an expected maximum depth of 3,110 metres. The operations of the LaRonde Mine extension will rely on a series of new systems for the hauling of ore and materials to the surface, including a winze (or internal shaft) and series of ramps linking mining deposits to the Penna Shaft that services current operations at the LaRonde Mine. The depth of the operations could pose significant challenges to the Company such as managing geomechanical risks and ventilation and air conditioning requirements, which may result in difficulties and delays in achieving gold production objectives.

The development of the LaRonde Mine extension and the Goldex, Lapa, Kittila and Pinos Altos mine projects require the construction of significant new underground mining operations. The construction of these underground mining facilities is subject to a number of risks, including unforeseen geological formations, implementation of new mining processes, delays in obtaining required construction, environmental or operating permits, and engineering and mine design adjustments. These risks may result in delays in the planned start up dates and in additional costs being incurred by the Company beyond those budgeted. Moreover, the construction activities at the LaRonde Mine extension will take place concurrently with normal mining operations at LaRonde, which may result in conflicts with, or possible delays to, existing mining operations.

The Company may experience difficulties in developing or operating its recently acquired Meadowbank mine project as a result of the project's remote location.

The Company's Meadowbank mine project is located in the Kivalliq District of Nunavut in northern Canada, approximately 70 kilometres north of Baker Lake. Though the Company has now substantially completed a 110 kilometre all-weather road from Baker Lake, which provides summer shipping access via

Hudson Bay, to the Meadowbank mine project, the Company's operations at the Meadowbank mine project will be constrained by the remoteness of the project, particularly as the port of Baker Lake is only accessible approximately 2.5 months per year. Some of the materials that the Company requires for the construction and operation of the Meadowbank mine project are currently in high demand due to the increased level of activity in the global mining industry and some of these items currently have extended order times. If the Company cannot identify and procure suitable equipment, within such timeframe as would permit transporting such equipment to the Meadowbank mine project, this may result in delays to the construction schedule of the Meadowbank mine project and may also delay the start-up of mining operations and/or increase estimated costs.

The remoteness of the Meadowbank mine project also necessitates its operation as a fly-in/fly-out camp operation which may have an impact on the Company's ability to attract and retain qualified mining personnel. If the Company is unable to attract and retain sufficient personnel or sub-contractors on a timely basis, this may have an adverse effect on the Company's future development plans and operations at the Meadowbank mine project.

The Company's total cash costs per ounce of gold production depend, in part, on external factors that are subject to fluctuation and, if such costs increase, some or all of the Company's activities may become unprofitable.

The Company's total cash costs per ounce of gold are dependent on a number of factors, including, primarily, the prices and production levels of byproduct zinc, silver and copper, the revenue from which is offset against the cost of gold production, the US dollar/Canadian dollar exchange rate, smelting and refining charges and production royalties, which are affected by all these factors and the gold price. Total cash costs per ounce from the Company's operations outside Canada will be affected by the exchange rates between the European Union Euro or the Mexican peso and the US dollar. All of these factors are beyond the Company's control. If the Company's total cash costs per ounce of gold rise above the market price of gold and remain so for any sustained period, the Company may experience losses and may curtail or suspend some or all of its exploration, development and mining activities.

Total cash costs per ounce is not a recognized measure under US GAAP and this data may not be comparable to data presented by other gold producers. Management uses this generally accepted industry measure in evaluating operating performance and believes it to be a realistic indication of such performance and useful in allowing year over year comparisons. The data also indicates the Company's ability to generate cash flow and operating income at various gold prices. This additional information should be considered together with other data prepared in accordance with US GAAP and is not necessarily indicative of operating costs or cash flow measures prepared in accordance with US GAAP. See "Item 5. Operating and Financial Review and Prospects — Results of Operations — Production Costs" for reconciliation of total cash costs per ounce and minesite costs per tonne to figures presented in the consolidated financial statements prepared in accordance with US GAAP.

The exploration of mineral properties is highly speculative, involves substantial expenditures and is frequently unproductive.

The Company's profitability is significantly affected by the costs and results of its exploration and development programs. As mines have limited lives based on proven and probable mineral reserves, the Company actively seeks to replace and expand its reserves, primarily through exploration and development and through strategic acquisitions. Exploration for minerals is highly speculative in nature, involves many risks and frequently is unsuccessful. Among the many uncertainties inherent in any gold exploration and development program are the location of economic ore bodies, the development of appropriate metallurgical processes, the receipt of necessary governmental permits and the construction of mining and processing facilities. In addition, substantial expenditures are required to pursue such exploration and development activities. Assuming discovery of an economic ore body, depending on the type of mining operation involved, several years may elapse from the initial phases of drilling until commercial operations are commenced and during such time the economic feasibility of production may change. Accordingly, there can be no assurance that the Company's current exploration and development programs will result in any new economically viable mining operations or yield new reserves to replace and expand current reserves.

Mineral reserve and mineral resource estimates are only estimates and such estimates may not accurately reflect future mineral recovery.

The figures for mineral reserves and mineral resources published by the Company are estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery of gold will be realized. The ore grade actually recovered by the Company may differ from the estimated grades of the mineral reserves and mineral resources. Such figures have been determined based on assumed metals prices, foreign exchange rates and operating costs. For example, the Company has estimated proven and probable mineral reserves based on, among other things, a \$583 per ounce gold price. While monthly average gold prices have been above \$583 per ounce since April 2006, for the five years prior to that, the market price of gold was, on average, below \$583 per ounce. Prolonged declines in the market price of gold (or other applicable metals prices) may render mineral reserves containing relatively lower grades of gold mineralization uneconomic to exploit and could materially reduce the Company's reserves. Should such reductions occur, the Company may be required to take a material write-down of its investment in mining properties or delay or discontinue production or the development of new projects, resulting in increased net losses and reduced cash flow. Market price fluctuations of gold (or other applicable metals prices), as well as increased production costs or reduced recovery rates, may render mineral reserves containing relatively lower grades of mineralization uneconomical to recover and may ultimately result in a restatement of mineral resources. Short-term factors relating to the mineral reserve, such as the need for orderly development of ore bodies or the processing of new or different grades, may impair the profitability of a mine in any particular accounting period.

Mineral resource estimates for properties that have not commenced production are based, in most instances, on very limited and widely spaced drill hole information, which is not necessarily indicative of conditions between and around the drill holes. Accordingly, such mineral resource estimates may require revision as more drilling information becomes available or as actual production experience is gained.

The Company may have difficulty financing its additional capital requirements for its planned mine construction, exploration and development.

The exploration and development of the Company's properties, including continuing exploration and development projects in Quebec, Nunavut, Finland, Mexico and Nevada and the construction of mining facilities and commencement of mining operations at the LaRonde Mine extension and the Goldex, Kittila, Lapa, Pinos Altos and Meadowbank mine projects will require substantial capital expenditures. In addition, the Company will have further capital requirements to the extent that it decides to expand its present operations and exploration activities or construct additional new mining and processing operations at any of its properties or take advantage of opportunities for acquisitions, joint ventures or other business opportunities that may arise. Also, the Company may incur major unanticipated expenses related to exploration, development or mine construction or maintenance on its properties. Failure to obtain any financing necessary for the Company's capital expenditure plans may result in a delay or indefinite postponement of exploration, development or production on any or all of the Company's properties. Historically, the Company has financed its expenditures through a combination of offerings of equity and debt securities, bank borrowing and cash flow generated from operations at the LaRonde Mine, and the Company expects to use such sources of funds to finance its anticipated expenditures. However, additional financing may not be available when needed or, if available, the terms of such financing may not be favourable to the Company and, if raised by offering equity securities, any additional financing may involve substantial dilution to existing shareholders. Failure to raise capital when needed or on reasonable terms may have a material adverse effect on the Company's business, financial condition and results of operations.

If the Company fails to comply with restrictive covenants in its bank credit agreement, the Company's loan availability could be limited and the Company may be in default under other debt agreements, which could harm the Company's business.

The Company's new unsecured \$300 million revolving bank credit facility limits, among other things, the Company's ability to incur additional indebtedness, permit the creation of certain liens, make investments in a business, or carry on business, unrelated to mining, dispose of the Company's material assets or, in certain circumstances, pay dividends. Further, the bank credit facility requires the Company to maintain specified

financial ratios and meet financial condition covenants. Events beyond the Company's control, including changes in general economic and business conditions, may affect the Company's ability to satisfy these covenants, which could result in a default under the bank credit facility. While there are currently no amounts of principal or interest owing under the bank credit facility, the Company anticipates that it will draw on the bank credit facility to fund part of the capital expenditures required in connection with its current development projects. If an event of default under the bank credit facility occurs, the Company would be unable to draw down on the facility, or if amounts were drawn down at the time of the default, the lenders could elect to declare all principal amounts outstanding thereunder at such time, together with accrued interest, to be immediately due. An event of default under the bank credit facility may also give rise to an event of default under existing and future debt agreements and, in such event, the Company may not have sufficient funds to repay amounts owing under such agreements.

The mining industry is highly competitive and the Company may not be successful in competing for new mining properties.

Many companies and individuals are engaged in the mining business, including large, established mining companies with substantial capabilities and long earnings records. There is a limited supply of desirable mineral lands available for claim staking, leasing or other acquisitions in the areas where the Company contemplates conducting exploration activities. The Company may be at a competitive disadvantage in acquiring mining properties, as it must compete with these individuals and companies, many of which have greater financial resources and larger technical staff than the Company. Accordingly, there can be no assurance that the Company will be able to compete successfully for new mining properties.

Due to the nature of the Company's mining operations, the Company may face liability, delays and increased production costs from environmental and industrial accidents and pollution, and the Company's insurance coverage may prove inadequate to satisfy future claims against the Company.

The business of gold mining is generally subject to risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected rock formations, changes in the regulatory environment, cave-ins, rock bursts, rock falls, pit wall failures and flooding and gold bullion losses. Such occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. The Company carries insurance to protect itself against certain risks of mining and processing in amounts that it considers to be adequate but which may not provide adequate coverage in certain unforeseen circumstances. The Company may also become subject to liability for pollution, cave-ins or other hazards against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons, or the Company may become subject to liabilities which exceed policy limits. In these circumstances, the Company may be required to incur significant costs that could have a material adverse effect on its financial performance and results of operations.

The Company's operations are subject to numerous laws and extensive government regulations, which may cause a reduction in levels of production, delay or the prevention of the development of new mining properties or otherwise cause the Company to incur costs that adversely affect the Company's results of operations.

The Company's mining and mineral processing operations and exploration activities are subject to the laws and regulations of federal, provincial, state and local governments in the jurisdictions in which the Company operates. These laws and regulations are extensive and govern prospecting, development, production, exports, taxes, labour standards, occupational health and safety, waste disposal, toxic substances, environmental protection, mine safety and other matters. Compliance with such laws and regulations increases the costs of planning, designing, drilling, developing, constructing, operating, closing, reclaiming and rehabilitating mines and other facilities. New laws or regulations, amendments to current laws and regulations governing operations and activities of mining companies or more stringent implementation or interpretation thereof could have a material adverse impact on the Company, cause a reduction in levels of production and delay or prevent the development of new mining properties.

Under mine closure plans originally submitted to the Minister of Natural Resources in Quebec in 1996, the estimated reclamation costs for the LaRonde Mine and the adjacent Bousquet property are approximately \$44 million and \$3 million, respectively. Every five years mine closure plans must be amended to reflect any

changes in circumstances surrounding a property and resubmitted to the Minister of Natural Resources. These amended reclamation plans are subject to approval by the Minister of Natural Resources, and there can be no assurance that the Minister of Natural Resources will not impose additional reclamation obligations with attendant higher costs. In addition, the Minister of Natural Resources may require that the Company provide financial assurances to support such plans. At December 31, 2007, the Company had recorded an asset retirement obligation in its financial statements of \$45 million, including \$15.2 million allocated for the LaRonde Mine and \$7.4 million allocated for the Bousquet property.

Fluctuations in foreign currency exchange rates in relation to the US dollar may adversely affect the Company's results of operations.

The Company's operating results and cash flow are significantly affected by changes in the US dollar/Canadian dollar exchange rate. Exchange rate movements can have a significant impact as all of the Company's revenues are earned in US dollars but most of its operating costs and a substantial portion of its capital costs are in Canadian dollars. The US dollar/Canadian dollar exchange rate has varied significantly over the last several years. During the period from January 1, 2003 to December 31, 2007, the Noon Buying Rate fluctuated from a high of \$1.5750 to a low of \$0.9059. Historical fluctuations in the US dollar/Canadian dollar exchange rate are not necessarily indicative of future exchange rate fluctuations. Based on the Company's anticipated 2008 after-tax operating results, a 10% change in the US dollar/Canadian dollar exchange rate from the 2007 market average exchange rate would affect net income by approximately \$0.11 per share. To attempt to mitigate its foreign exchange risk and minimize the impact of exchange rate movements on operating results and cash flow, the Company has periodically used foreign currency options and forward foreign exchange contracts to purchase Canadian dollars. See "Item 5. Operating and Financial Review and Prospects — Outlook — Gold Production Growth" for a description of the assumptions underlying this sensitivity and the strategies used to mitigate the effects of risks. In addition, a significant portion of the Company's expenditures at the Kittila mine project and the Pinos Altos mine project will be denominated in European Union Euros and Mexican Pesos, respectively. Each of these currencies has varied significantly against the US dollar over the past several years. There can be no assurance that the Company's foreign exchange derivatives strategies will be successful or that foreign exchange fluctuations will not materially adversely affect the Company's financial performance and results of operations.

The use of derivative instruments for the Company's byproduct metal production may prevent gains from being realized from subsequent byproduct metal price increases.

While the Company's general policy is not to sell forward its future gold production, the Company has used, and may in the future use, various byproduct metal derivative strategies, such as selling future contracts or purchasing put options. The Company continually evaluates the potential short and long-term benefits of engaging in such derivative strategies based upon current market conditions. No assurance can be given, however, that the use of byproduct metal derivative strategies will benefit the Company in the future. There is a possibility that the Company could lock in forward deliveries at prices lower than the market price at the time of delivery. In addition, the Company could fail to produce enough byproduct metals to offset its forward delivery obligations, causing the Company to purchase the metal in the spot market at higher prices to fulfill its delivery obligations or, for cash settled contracts, make cash payments to counterparties in excess of byproduct revenue. If the Company is locked into a lower than market price forward contract or has to buy additional quantities at higher prices, its net income could be adversely affected. None of the current contracts establishing the byproduct metal derivatives positions qualified for hedge accounting treatment under US GAAP. See "Item 11. Quantitative and Qualitative Disclosures About Market Risk — Derivatives".

The trading price for Agnico-Eagle shares is volatile.

The trading price of the Company's common shares has been and may continue to be subject to large fluctuations and, therefore, the trading price of securities convertible into or exchangeable for the Company's common shares may also fluctuate significantly, which may result in losses to investors. The trading price of the Company's common shares may increase or decrease in response to a number of events and factors, including:

- current events affecting the economic situation in Canada, the United States and elsewhere;

- trends in the mining industry and the markets in which the Company operates;
- changes in the market price of the commodities the Company sells;
- changes in financial estimates and recommendations by securities analysts;
- acquisitions and financings;
- quarterly variations in operating results;
- the operating and share price performance of other companies that investors may deem comparable; and
- purchases or sales of blocks of the Company's common shares or securities convertible into or exchangeable for the Company's common shares.

Wide price swings are currently common in the stock market. This volatility may adversely affect the prices of the Company's common shares and the securities convertible into or exchangeable for the Company's common shares regardless of the Company's operating performance.

The Company may not be able to comply with the requirements of the Sarbanes Oxley Act.

In 2007, the Company documented and tested its internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 ("SOX"). As of December 31, 2006, SOX requires an annual assessment by management of the effectiveness of the Company's internal control over financial reporting. In addition, as of December 31, 2007, SOX also requires an annual attestation report by the Company's independent auditors addressing the effectiveness of the Company's internal control over financial reporting. The Company has successfully completed its Section 404 assessment and received the auditors' attestation as of December 31, 2007.

If the Company fails to maintain the adequacy of its internal control over financial reporting, as such standards are modified, supplemented, or amended from time to time, the Company may not be able to ensure that it can conclude on an ongoing basis that it has effective internal controls over financial reporting in accordance with Section 404 of SOX. The Company's failure to satisfy the requirements of Section 404 of SOX on an ongoing, timely basis could result in the loss of investor confidence in the reliability of its financial statements, which in turn could harm the Company's business and negatively impact the trading price of its common shares. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's operating results or cause it to fail to meet its reporting obligations. Future acquisitions of companies may provide the Company with challenges in implementing the required processes, procedures and controls in its acquired operations. Acquired companies may not have disclosure controls and procedures or internal control over financial reporting that are as thorough or effective as those required by securities laws currently applicable to the Company.

No evaluation can provide complete assurance that the Company's internal control over financial reporting will detect or uncover all failures of persons within the Company to disclose material information otherwise required to be reported. The effectiveness of the Company's controls and procedures could also be limited by simple errors or faulty judgments. In addition, as the Company continues to expand, the challenges involved in implementing appropriate internal controls over financial reporting will increase and will require that the Company continue to improve its internal control over financial reporting. Although the Company intends to devote substantial time and incur substantial costs, as necessary, to ensure ongoing compliance, the Company cannot be certain that it will be successful in continuing to comply with Section 404 of SOX.

Potential unenforceability of civil liabilities and judgments.

The Company is incorporated under the laws of the Province of Ontario, Canada. The majority of the Company's directors and officers and certain of the experts named in this Form 20-F are residents of Canada. Also, almost all of the Company's assets and the assets of these persons are located outside of the United States. As a result, it may be difficult for shareholders to initiate a lawsuit within the United States against these non-United States residents, or to enforce judgments in the United States against the Company or these persons which are obtained in a United States court. The Company's Canadian counsel has advised the Company that a monetary judgment of a U.S. court predicated solely upon the civil liability provisions of U.S. federal securities laws would likely be enforceable in Canada if the U.S. court in which the judgment was obtained had a basis for jurisdiction in the matter that was recognized by a Canadian court for such purposes. The Company cannot provide assurance that this will be the case. It is less certain that an action could be brought in Canada in the first instance on the basis of liability predicated solely upon such laws.

ITEM 4. INFORMATION ON THE COMPANY

History and Development of the Company

The Company is an established Canadian gold producer with mining operations located in northwestern Quebec, mine construction projects in northwestern Quebec, northern Finland, Nunavut and northern Mexico and exploration activities in Canada, Finland, Mexico and the United States. The Company's operating history includes over three decades of continuous gold production primarily from underground operations. Since its formation in 1972, the Company has produced over 5.0 million ounces of gold. For definitions of certain technical terms used in the following discussion, see "— Property, Plant and Equipment — Mineral Reserve and Mineral Resource".

The Company believes it is currently one of the lowest total cash costs per ounce producers in the North American gold mining industry. In 2007, the Company produced 230,992 ounces of gold at a total cash costs per ounce of *minus* \$365, that is, net of revenues received from the sale of silver, zinc and copper byproducts. For 2008, the Company expects total cash costs per ounce of gold produced to be approximately \$48. These expected higher costs compared to 2007 are due to lower assumed prices for byproduct metals from the LaRonde Mine than those realized in 2007 and higher production costs associated with gold sourced from new mines at the Goldex mine project and the Kittila mine project, which do not contain any byproduct metals. See "Note to Investors Concerning Certain Measures of Performance" for a discussion of the use of the non-US GAAP measure total cash costs per ounce. The Company has traditionally sold all of its production at the spot price of gold due to its general policy not to sell forward its future gold production.

The Company's strategy is to focus on the continued exploration, development and expansion of its properties in the Abitibi region of Quebec in which the LaRonde Mine and the Goldex and Lapa mine projects are situated, with a view to increasing annual gold production and gold mineral reserves. In addition, the Company will continue exploration, development and construction at its Kittila mine project in northern Finland, Pinos Altos mine project in northern Mexico and Meadowbank mine project in Nunavut. The Company also plans to pursue opportunities for growth in gold production and gold reserves through the acquisition or development of advanced exploration properties, development properties, producing properties and other mining businesses in the Americas or Europe.

The Company operates through four regional units: the Quebec Region, the European Region, the Mexican Region and the Nunavut Region. The Quebec region includes the LaRonde Mine, the LaRonde Mine extension project and the Goldex and Lapa mine projects, each of which is held directly by the Company. The Company's operations in the European Region are conducted through its indirect subsidiary, Riddarhyttan Resources AB ("Riddarhyttan"), which indirectly owns the Kittila mine project in Finland. The Company's operations in the Mexican Region are conducted through its subsidiary, Agnico Eagle Mexico S.A. de C.V., which owns the Pinos Altos mine project. The Nunavut Region is comprised of the Meadowbank mine project, which is administered from an office in Vancouver, British Columbia and is held directly by the Company. In addition, the Company has an international exploration office in Reno, Nevada.

The LaRonde Mine currently accounts for all of the Company's gold production, though production from mines at the Goldex mine project and the Kittila mine project is expected to commence in April 2008 and September 2008, respectively. Since the commissioning of the mill in 1988, the LaRonde Mine has produced over 4.0 million ounces of gold. In March 2000, the Company completed the Penna Shaft at the LaRonde Mine to a depth of 2,250 metres. Production was expanded at the LaRonde Mine to 6,350 tonnes of ore treated per day in October 2002 and the milling complex has been operating well above this level for the last four years. In May 2006, the Company initiated construction of the LaRonde Mine extension, additional infrastructure to extend the LaRonde Mine below Level 245 (previously referred to as the LaRonde II project).

The Company expects production from the LaRonde Mine extension to commence in 2011. The Company has initiated several other additional projects anticipated to begin production over the next three years. In July 2005, the Company began construction at the Goldex mine project, where initial production is expected to commence in April 2008. In June 2006, the Company initiated construction of the Kittila mine project and announced on June 5, 2006 that it would accelerate construction of the Lapa mine project, with the Kittila mine project expected to commence production in September 2008 and the Lapa mine project in 2009. In April 2007,

the Company acquired Cumberland Resources Ltd. ("Cumberland"), which owned the development-stage Meadowbank mine project, which is expected to commence production in 2010. In March 2006, the Company acquired the Pinos Altos property in northern Mexico and in August 2007, the construction of a mine at Pinos Altos was approved. Production from the Pinos Altos mine project is expected to begin in 2009.

The Company's exploration program focuses primarily on the identification of new mineral reserve, mineral resource and development opportunities in proven gold producing regions. Current exploration activities are concentrated in northwestern Quebec, Nunavut, northern Finland, northern Mexico and Nevada. Several other projects were evaluated during the year in different countries where the Company believes the potential for gold occurrences is excellent and which the Company believes to be politically stable and supportive of the mining industry. The Company currently manages several projects which it owns or has an interest in. Currently, the Company manages exploration on 80 properties in central and eastern Canada, seven properties in Nevada and Idaho in the United States, two properties in Finland, and two properties in Mexico. In 2006, the Company opened administrative offices in Chihuahua, Mexico and in Helsinki and Kittila, Finland and, in 2007, in Vancouver, Canada.

In addition, the Company continuously evaluates opportunities to make strategic acquisitions. In the second quarter of 2004, the Company acquired an approximate 14% ownership interest in Riddarhyttan, a Swedish precious and base metals exploration and development company that was at the time listed on the Stockholm Stock Exchange. In November 2005, the Company completed a tender offer (the "Riddarhyttan Offer") for all of the issued and outstanding shares of Riddarhyttan that it did not own. The Company issued 10,023,882 of its shares and paid and committed an aggregate of \$5.1 million cash as consideration to Riddarhyttan shareholders in connection with the Riddarhyttan Offer. The Company, through wholly-owned subsidiaries, currently holds 100% of Riddarhyttan. Riddarhyttan, through its wholly-owned subsidiary, Agnico-Eagle AB, is the 100% owner of the Kittila mine project, located approximately 900 kilometres north of Helsinki near the town of Kittila in Finnish Lapland.

In the first quarter of 2005, the Company entered into an exploration and option agreement with Industrias Penoles S.A. de C.V. ("Penoles") to acquire the Pinos Altos project in northern Mexico. The Pinos Altos property is comprised of approximately 11,000 hectares in the Sierra Madre gold belt, approximately 225 kilometres west of the city of Chihuahua in the state of Chihuahua in northern Mexico. In February 2006, the Company exercised the option and the Company acquired the Pinos Altos property on March 15, 2006. Under the terms of the exploration and option agreement, the purchase price of \$66.8 million was comprised of \$32.5 million in cash and 2,063,635 shares of the Company.

In February 2007, the Company announced that it and its wholly-owned subsidiary, Agnico-Eagle Acquisition Corporation ("Agnico Acquisition") had signed an agreement with Cumberland, a pre-production development stage company listed on the Toronto Stock Exchange (the "TSX") and American Stock Exchange, under which the Company and Agnico Acquisition agreed to make an exchange offer (the "Cumberland Offer") for all of the outstanding shares of Cumberland not already owned by the Company. In May 2007, the Company announced that it had acquired over 92% of the issued and outstanding shares of Cumberland that it did not previously own and in July 2007, the Company completed the acquisition of all Cumberland shares by way of a compulsory acquisition. The Company issued 13,768,510 of its shares and paid \$8.6 million cash as consideration to Cumberland shareholders in connection with the Cumberland Offer.

In 2007, the Company's capital expenditures were \$511 million. The 2007 capital expenditures included \$87 million at the LaRonde Mine (which was comprised of \$34 million of sustaining capital expenditure and \$53 million comprised mostly of expenditures on the LaRonde Mine extension and the ramp below Level 215), \$105 million at the Goldex mine project, \$29 million at the Lapa mine project, \$82 million at the Kittila mine project and \$170 million at the Meadowbank mine project. In addition, the Company spent \$26 million on exploration activities at the Company's grassroots exploration properties. Budgeted 2008 exploration and capital expenditures of \$591 million include \$68 million at the LaRonde Mine (including \$33 million on sustaining capital expenditures and \$35 million on the LaRonde Mine extension), \$25 million at the Goldex mine project, \$78 million at the Lapa mine project, \$96 million at the Kittila mine project, \$184 million at the Meadowbank mine project and \$140 million at the Pinos Altos project. In addition, the Company plans exploration expenditures on grassroots exploration projects of approximately \$29 million. The financing for these

expenditures is expected to be from internally generated cash flow from operations, from the Company's existing cash balances and from drawdowns of the Company's new bank credit facility. Depending on the success of the exploration programs at these and other properties, the Company may be required to make additional capital expenditures for exploration, development and preproduction.

Capital expenditures by the Company in 2006 and 2005 were \$149 million and \$70 million, respectively. In 2006, these capital expenditures included \$47 million at the LaRonde Mine (including the LaRonde Mine extension), \$62 million at the Goldex mine project and \$14 million at the Lapa mine project. Capital expenditures in 2005 were comprised of \$43 million at the LaRonde Mine (including the LaRonde Mine extension), \$14 million at the Goldex mine project and \$13 million at the Lapa mine project.

The Company was formed by articles of amalgamation under the laws of the Province of Ontario on June 1, 1972 as a result of the amalgamation of Agnico Mines Limited ("Agnico Mines") and Eagle Gold Mines Limited ("Eagle"). Agnico Mines was incorporated under the laws of the Province of Ontario on January 21, 1953 under the name "Cobalt Consolidated Mining Corporation Limited". Eagle was incorporated under the laws of the Province of Ontario on August 14, 1945.

On December 19, 1989, Agnico-Eagle acquired the remaining 57% interest in Dumagami Mines Limited not already owned by it as a consequence of the amalgamation of Dumagami Mines Limited with a wholly-owned subsidiary of Agnico-Eagle, to continue as one company under the name Dumagami Mines Inc. ("Dumagami"). On December 29, 1992, Dumagami transferred all of its property and assets, including the LaRonde Mine, to Agnico-Eagle and was subsequently dissolved. On December 8, 1993, the Company acquired the remaining 46.3% interest in Goldex Mines Limited not already owned by it, as a consequence of the amalgamation of Goldex Mines Limited with a wholly-owned subsidiary of the Company, to continue as one company under the name Goldex Mines Limited. On January 1, 1996, the Company amalgamated with two wholly-owned subsidiaries, including Goldex Mines Limited.

In October 2001, pursuant to a plan of arrangement, the Company amalgamated with an associated corporation, Mentor Exploration and Development Co., Limited ("Mentor"). In connection with the arrangement, the Company issued 369,348 common shares in consideration for the acquisition of all of the issued and outstanding shares of Mentor that it did not already own.

On August 1, 2007, the Company, Agnico Acquisition, Cumberland and a wholly-owned subsidiary of Cumberland, Meadowbank Mining Corporation, amalgamated under the laws of the Province of Ontario and continued under the name of Agnico-Eagle Mines Limited.

The Company has an approximately 13.1% interest in Stornoway Diamond Corporation ("Stornoway"), a public company listed on the TSX under the symbol "SWY". Stornoway is a diamond exploration company with an extensive property portfolio in northern Canada and Botswana. Stornoway is incorporated under the laws of the Province of British Columbia. The Company acquired a portion of its interest in Stornoway in connection with a share exchange take-over bid made by Stornoway for Contact Diamond Corporation ("Contact"), which was at the time a TSX-listed exploration and development company with diamond properties in Ontario, Quebec and the Northwest Territories. The Company acquired 4,968,747 common shares of Stornoway through the tender of its entire interest (approximately 31%) in Contact to this offer. The rest of the Company's interest in Stornoway was obtained through the purchase of subscription receipts of Stornoway for \$22.5 million through which the Company acquired an additional 17,629,084 common shares of Stornoway on September 19, 2006, pursuant to a note assignment agreement dated February 12, 2007 between the Company, Stornoway and Contact whereby the C\$4,009,825 debt owed to the Company was satisfied by the issuance to the Company of 3,207,861 common shares of Stornoway and the remainder were issued to the Company in satisfaction of interest payment obligations of Stornoway under convertible debentures held by the Company. On January 17, 2007, Stornoway completed its acquisition of Contact by way of a compulsory acquisition.

The Company's executive and registered office is located at Suite 400, 145 King Street East, Toronto, Ontario, Canada M5C 2Y7; telephone number (416) 947-1212; website: <http://www.agnico-eagle.com>. The information contained on the website is not part of this Form 20-F. The Company's principal place of business in the United States is located at 5470 Louie Lane, Suite 102, Reno, Nevada 89511.

Business Overview

The Company believes that it has a number of key operating strengths that provide distinct competitive advantages.

First, the Company and its predecessors have over three decades of continuous gold production, experience and expertise in metals mining. The Company's operations and exploration and development projects are located in areas that are supportive of the mining industry. The Company's current mine and three of its construction projects are located in northwestern Quebec, one of North America's principal gold-producing regions. The Company's Meadowbank mine project in Nunavut, Kittila mine project in northern Finland and Pinos Altos mine project in northern Mexico are each located in regions which the Company believes are also supportive of the mining industry.

Second, the Company believes that it is one of the lowest total cash costs per ounce producers in the North American gold mining industry, with total cash costs per ounce of gold produced of *minus* \$365 in 2007. The Company has achieved significant improvements in this measure through the strength of its byproduct revenue, the economies of scale afforded by its large single shaft mine and its dedication to cost-efficient mining operations. In addition, the Company believes its highly motivated work force contributes significantly to continued operational improvements and to the Company's low cost producer status.

Third, the Company's existing operations at the LaRonde Mine provide a strong economic base for additional mineral reserve and production development at the property and in the Abitibi region of northwestern Quebec and for the development of its projects in Nunavut, Finland and Mexico. The experience gained through building and operating the LaRonde Mine is expected to assist with the Company's development of its other mine projects. In addition, the extensive infrastructure associated with the LaRonde Mine is expected to support the mine construction projects at the nearby Goldex and Lapa properties, and the construction of the LaRonde Mine extension.

Fourth, the Company's senior management team has an average of approximately 20 years of experience in the mining industry. Management's significant experience has underpinned the Company's historical growth and provides a solid base upon which to expand the Company's operations. The geological knowledge that management has gained through its years of experience in mining and developing the LaRonde Mine is expected to benefit the Company's current expansion program in Quebec, Nunavut, Finland and Mexico.

The Company believes it can benefit not only from the existing infrastructure at its mine, but also from geological knowledge that it has gained in mining and developing its properties. The Company's strategy is to capitalize on its mining expertise to exploit fully the potential of its properties. The Company's goal is to apply the proven operating principles of the LaRonde Mine to each of its existing and future properties.

The Company continues to focus its resources and efforts on the exploration and development of its properties in Quebec, Nunavut, Finland and Mexico with a view to increasing annual gold production and gold mineral reserves. In 2005, the Company initiated construction of the Goldex mine project. In 2006, the Company accelerated construction of the Lapa mine project and initiated construction of the LaRonde Mine extension and the Kittila mine project in northern Finland. In 2007, the Company began construction of the Pinos Altos mine project in northern Mexico and acquired the Meadowbank mine project in Nunavut.

The Company's growth strategy has been to pursue the expansion of its development base through the acquisition of additional properties in the Americas and Europe. Historically, the Company's producing properties have resulted from a combination of investments in early-stage exploration companies and primary exploration activities. By investing in early-stage exploration companies, the Company believes that it has been able to acquire control of exploration properties at favourable prices. The Company's approach to property acquisition has evolved to include joint ventures and partnerships and the acquisition of development and producing properties.

Mining Legislation and Regulation

Canada

The mining industry in Canada operates under both federal and provincial or territorial legislation governing prospecting and the exploration, development, operation and decommissioning of mines and mineral processing facilities. Such legislation relates to the method of acquisition and ownership of mining rights, labour, occupational or worker health and safety standards, royalties, mining, exports, reclamation, closure and rehabilitation of mines, and other matters.

The mining industry in Canada is also subject to extensive laws and regulations at both the federal and provincial or territorial levels concerning the protection of the environment. The primary federal regulatory authorities with jurisdiction over the Company's mining operations in respect of environmental matters is the Department of Fisheries and Oceans (Canada) and Environment Canada. The construction, development and operation of a mine, mill or refinery requires compliance with applicable environmental laws and regulations and/or review processes including obtaining land use permits, water permits, air emissions certifications, industrial depollution attestations, hazardous substances management and similar authorizations from various governmental agencies. Environmental laws and regulations impose high standards on the mining industry to reduce or eliminate the effects of waste generated by mining and processing operations and subsequently deposited on the ground or affecting the air or water. Laws and regulations regarding the decommissioning, reclamation and rehabilitation of mines may require approval of reclamation plans, the provision of financial guarantees and the long-term management of closed mines.

Quebec

In Quebec, mining rights are governed by the *Mining Act* (Quebec). A claim entitles its holder to explore for minerals on the subject land. It remains in force for a term of two years from the date it is registered and may be renewed indefinitely subject to continued exploration works in relation thereto. In order to retain title to mining claims, in addition to paying a small bi-annual rental fee, exploration work (or an equivalent value cash payment) has to be completed in advance (either on the claim or on adjacent mining claims, concessions or leases) and filed with the Ministry of Natural Resources and Wildlife (Quebec). The amount of exploration work (and bi-annual rental fee) required bi-annually currently ranges from C\$48 to C\$3,600 per claim depending on its location, area and period of validity (the rate is fixed by Quebec Government regulations). In 1966, the mining concession system set out for lands containing mineralized zones by the *Mining Act* (Quebec) was replaced by a system of mining leases but the mining concessions sold prior to such replacement remained in force. A mining lease entitles its holder to mine and remove valuable mineral substances from the subject land, providing it pays the annual rental set by Quebec government regulations, which currently range from C\$19 (on land privately held) to C\$39 (on land within the domain of the State) per hectare. Leases are granted initially for a term of 20 years and are renewable up to three times, each for a duration of 10 years. After the third renewal, the Minister of Natural Resources and Wildlife may grant an extension thereof on the conditions, for the rental and for the term he determines.

In Quebec, the primary provincial regulatory authorities with jurisdiction over the Company's mining operations in respect of environmental matters are the Ministry of Sustainable Development, Environment and Parks (Quebec) and the Ministry of Natural Resources and Wildlife (Quebec).

Nunavut

As a result of the Nunavut Land Claims Agreement (the "Land Claims Agreement") of July 1993, ownership of large tracts of land was granted to the Inuit. These Inuit owned lands ("IOL") include areas with high mineral potential. Further, as a result of other rights granted to the Inuit in the Land Claims Agreement, managerial responsibility with respect to natural resources and environment in the Nunavut Territory is shared between the federal government and Inuit organizations. Under the Land Claims Agreement, the Inuit own surface rights to certain lands representing approximately 16% of Nunavut. For a portion of the Inuit owned lands representing approximately 2% of Nunavut, the Inuit also own mineral (subsurface) rights in addition to the surface rights.

In Nunavut, the Crown's mineral rights are administered by the Department of Indian and Northern Affairs (Canada) in accordance with the *Northwest Territories and Nunavut Mining Regulations* (the "Territorial Mining Regulations") under the *Territorial Lands Act* (Canada). The Inuit mineral rights in subsurface Inuit owned lands are owned and administered by Nunavut Tunngavik Incorporated ("Nunavut Tunngavik"), an Inuit birthright corporation.

Future production from Nunavut Tunngavik-administered mineral claims is subject to production leases which includes a 12% net profits interest royalty from which annual deductions are limited to 85% of gross revenue. Production from Crown mining leases is subject to a royalty of up to 14% of adjusted net profits, as defined in the Territorial Mining Regulations.

The Kivalliq Inuit Association (the "KIA") is the Inuit organization that holds surface rights to the Inuit owned lands in the Kivalliq region and is responsible for administering surface rights on these lands on behalf of the Inuit of the region. In order to conduct exploration work on Inuit owned lands, the Company is required to submit a project proposal or work plan. Such a proposal is subject to KIA approval for surface land tenure and to review by other boards established by the Land Claims Agreement to determine environmental effects and, if needed, to grant water rights. Federal and territorial government departments participate in the reviews conducted by these boards. For mine development, the Company will require a surface lease and water compensation agreement with the KIA and a licence for the use of water, including the deposit of waste.

During mine construction and operations, the Company will be subject to additional Nunavut and federal government regulations related to environmental, safety, fire and other operational matters.

Finland

Mining legislation in Finland consists of the *Mining Act* and the *Mining Decree*, which are currently being reformed. The reform is still in its early stages, and the eventual draft for a Government proposal will be circulated widely for comment before being passed on to the Parliament. In Finland, any individual, corporation, or foundation having its principal place of business or central administration within the European Economic Area is entitled to the same rights to carry out prospecting, to stake a claim and to exploit a deposit as any Finnish citizen or corporation.

The Ministry of Employment and the Economy ("MEE") is primarily responsible for mining legislation and administration as well as granting concessions. If there are no impediments to granting a claim, the MEE is obliged to grant the applicant a prospecting licence. The MEE has no power of discretion as to the material merits of the mining operation. A prospecting licence, which is in force for one to five years, depending on the scope of the search for mineable minerals, gives the holder the right to examine the area in order to determine the size and scope of the deposit. In order to obtain the rights to the mineable minerals located on the claim, the claimant must apply to the MEE for the appropriation of a mining patent. When the mining patent procedure has become final (i.e., unappealable) regarding all matters other than compensation, the MEE must issue the mining operator a mining certificate which gives the holder the right to fully exploit all mineable minerals found in the mining patent.

Mining operations must be carried out in accordance with a number of laws and regulations concerning conservation and environmental protection issues. Under the *Environmental Protection Act*, mining activities require an environmental permit which is issued either for a definite, or for an indefinite, period of time. The Act is based on the principles of prevention and minimising of damages and hazards, application of the best available technology, application of the best environmental practice and "polluter pays".

The *Act on Compensation for Environmental Damage* includes provisions on the compensation for damage to a person or property resulting from pollution of water, air or soil, noise, vibration, radiation, light, heat or smell, or other similar nuisance caused by an activity carried out at a fixed location. This Act is based on the principle of strict liability, that is liability without fault if the causal relation between the activity and the damage can be established.

In addition to the environmental permit, mining operators require several other permits and obligations under environmental protection legislation.

According to the *Land Use and Building Act*, the buildings and constructions required in mining will require building permits. Furthermore, according to the *Act on Environmental Impact Assessment Procedure*, certain projects always require compliance with an environmental impact assessment procedure. These include major projects with a considerable impact on the environment, such as the excavation, enrichment and handling of metals and other minerals in cases where the excavated material is estimated to exceed 550,000 tonnes annually. A permit authority may not give its approval to an activity covered by the scope of the *Act on the Environmental Impact Assessment Procedure* without having taken an environmental impact assessment report into consideration.

Mexico

Mining in Mexico is subject to the *Mining Law*, a federal law. Under the Mexican Constitution, all minerals belong to the Mexican Nation. Private parties may explore and extract them pursuant to mining concessions granted by the executive branch of the Mexican Federal Government, as a general rule to whoever first claims them. While the *Mining Law* touches briefly upon labour, occupational or worker health and safety standards, these are primarily dealt with by the *Federal Labour Law*, also a federal statute. The *Mining Law* also briefly addresses environmental matters, which are primarily regulated by the *General Law of Ecological Balance and Protection of the Environment*, also of federal jurisdiction.

The primary agencies with jurisdiction over mining activities are the Ministry of the Economy, the Ministry of Labor and Social Welfare and the Ministry of the Environment and Natural Resources. The National Water Commission has jurisdiction regarding the granting of water rights and the Ministry of Defense as concerns the use of explosives.

Concessions are for 50 years, renewable once. The main obligations to keep them current are the semi-annual payment of mining duties (taxes), based on the surface area of the concession, and the performance of work in the areas covered by the concessions, which is evidenced by minimum expenditures or by the production of ore.

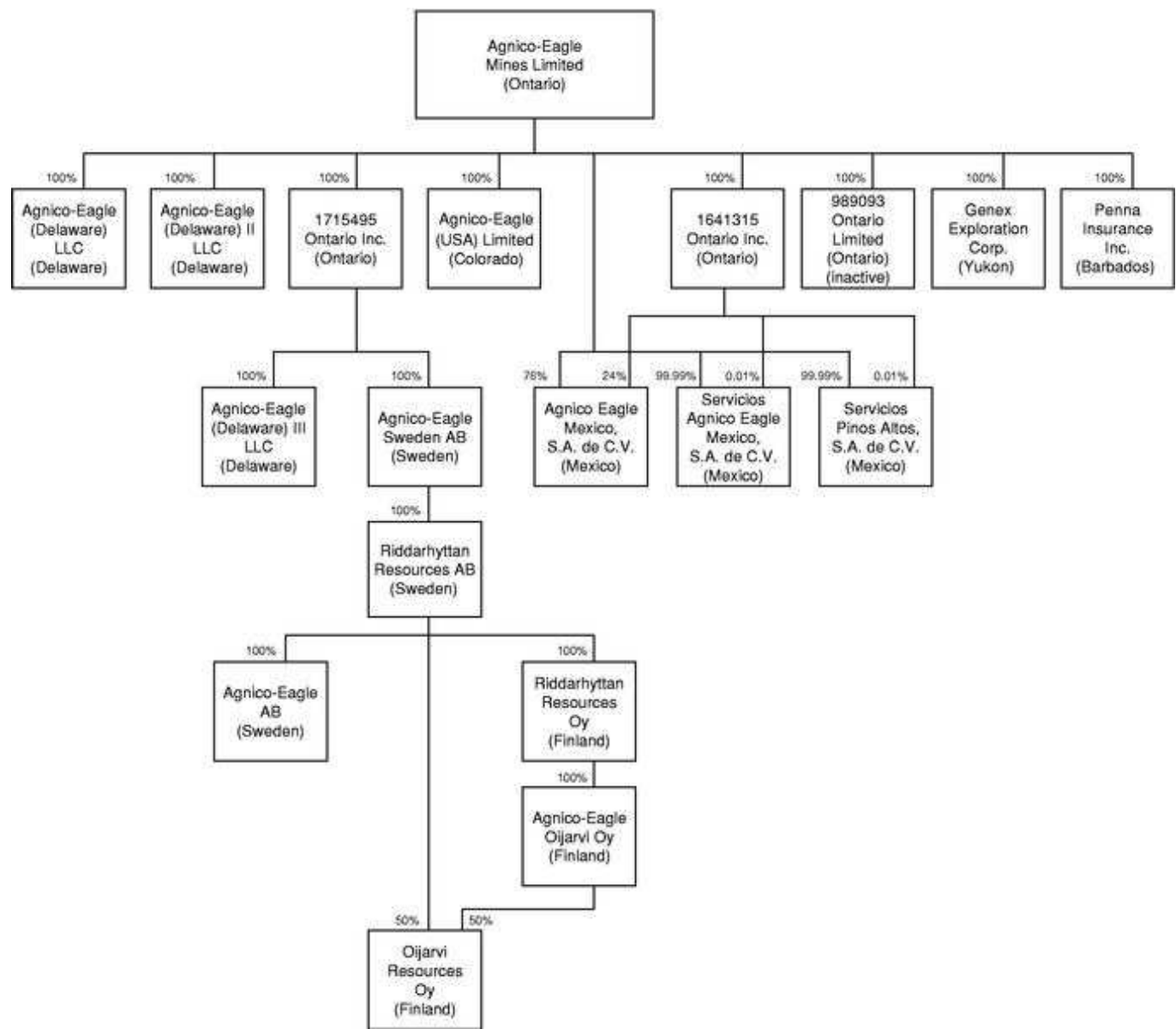
Organizational Structure

The Company's significant subsidiaries (all of which are wholly owned, unless otherwise indicated) include Riddarhyttan, 1715495 Ontario Inc., which owns all of the shares of Agnico-Eagle Sweden AB, Agnico-Eagle Sweden AB, a Swedish company through which the Company holds its interest in Riddarhyttan, and Agnico-Eagle AB, a Swedish company through which Riddarhyttan holds its interest in the Kittila mine project. In addition, the Company's interest in the Pinos Altos mine project in northern Mexico is held through its wholly-owned Mexican subsidiary, Agnico Eagle Mexico S.A. de C.V., which is owned, in part, by 1641315 Ontario Inc. The Company's only other significant subsidiaries are Agnico-Eagle (Delaware) LLC, Agnico-Eagle (Delaware) II LLC and Agnico-Eagle (Delaware) III LLC, each a limited liability company organized under the laws of Delaware. The LaRonde Mine (including the LaRonde Mine extension), the Goldex mine project, the Lapa mine project and the Meadowbank mine project are each owned directly by the Company.

The Company's wholly-owned subsidiaries Servicios Agnico Eagle Mexico, S.A. de C.V. and Servicios Pinos Altos, S.A. de C.V. provide services in connection with the Company's operations in Mexico. Riddarhyttan Resources Oy provides services in connection with the Company's operations at the Kittila mine project in Finland. The Company's operations in the United States are conducted through Agnico-Eagle (USA) Limited.

In addition, the Company has an approximate 13.1% interest in Stornoway, a TSX listed diamond exploration company, organized under the laws of British Columbia. See "— History and Development of the Company".

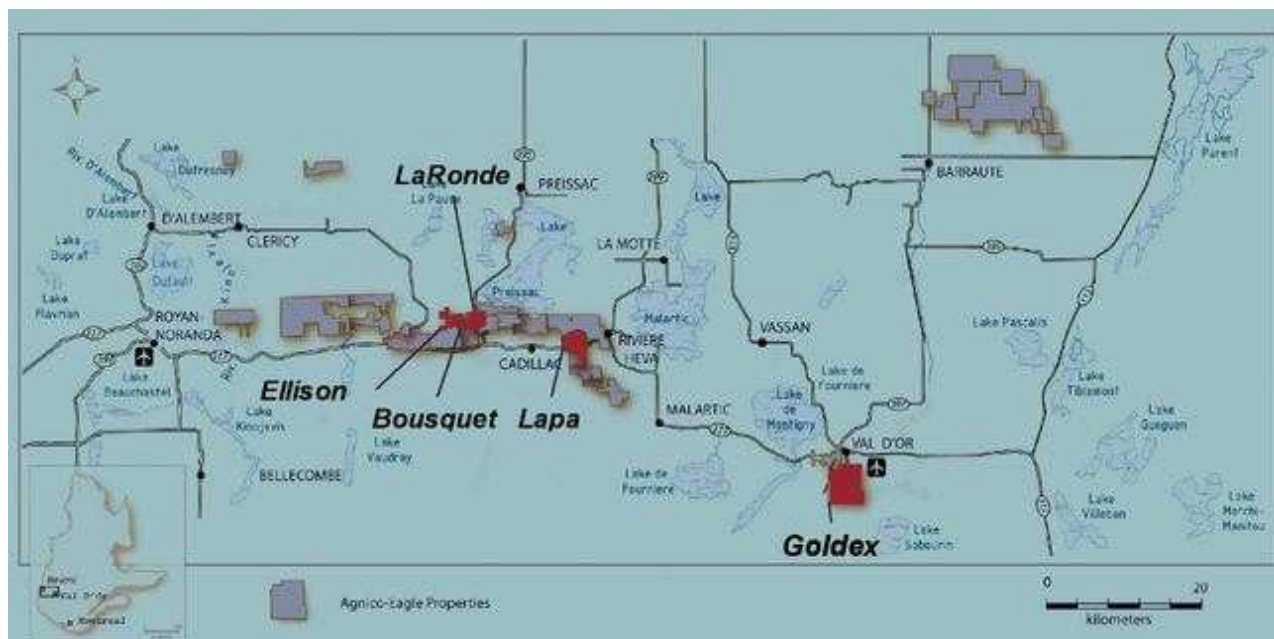
The following chart sets out the corporate structure of the Company together with the jurisdiction of incorporation of each of the Company's subsidiaries as at March 14, 2008:



Property, Plant and Equipment

Quebec Region

The LaRonde Mine and the Goldex and Lapa mine projects and the Bousquet and Ellison properties are located in the Abitibi region of northwestern Quebec. The Abitibi region is characterized by an availability of experienced mining personnel. The climate of the region is continental and the average annual rainfall is 64 centimetres and the average annual snowfall is 318 centimetres. The average monthly temperatures range from a minimum of -23 degrees Celsius in January to a maximum of 23 degrees Celsius in July. Under normal circumstances, mining operations are conducted year round without interruption due to weather conditions.



LaRonde Mine

The LaRonde Mine is situated approximately 60 kilometres west of the City of Val d'Or in northwestern Quebec (approximately 650 kilometres northwest of Montreal, Canada) in the municipalities of Preissac and Cadillac. At December 31, 2007, the LaRonde Mine was estimated to contain proven mineral reserves of approximately 416,000 ounces of gold comprised of 4.7 million tonnes of ore grading 2.77 grams per tonne and probable mineral reserves of 4.5 million ounces of gold comprised of 30.2 million tonnes of ore grading 4.67 grams per tonne. The Company's LaRonde Mine consists of the LaRonde property, and the adjacent El Coco and Terrex properties, each of which is 100% owned and operated by the Company. The LaRonde Mine can be accessed from either Val d'Or in the east or Rouyn-Noranda in the west, which are located approximately 60 kilometres from the LaRonde Mine via Quebec provincial highway No. 117. The LaRonde Mine is situated approximately two kilometres north of highway No. 117 on Quebec regional highway No. 395. The Company has access to the Canadian National Railway at Cadillac, Quebec, approximately six kilometres from the LaRonde Mine. The elevation is 337 metres above sea level. All of the LaRonde Mine's power requirements are supplied by Hydro-Quebec through connections to its main power transmission grid. Water used in the LaRonde Mine's operations is sourced from Lac Preissac and is transported approximately four kilometres to the mine site through a surface pipeline.

The LaRonde Mine operates under mining leases obtained from the Quebec Ministry of Natural Resources and under certificates of approval granted by the Quebec Ministry of the Environment. The LaRonde property consists of 35 contiguous mining claims and one provincial mining lease and covers in total approximately 884.1 hectares. The El Coco property consists of 22 contiguous mining claims and a provincial mining lease and covers in total approximately 356.7 hectares. The Terrex property consists of 20 mining claims that cover in total approximately 408.4 hectares. The mining leases on the LaRonde and El Coco properties expire in 2008 and 2021, respectively, and are automatically renewable for three further ten-year terms on payment of a small fee. The LaRonde leases are expected to be renewed in early 2008. The Company also has two surface rights leases covering approximately 122.3 hectares that relate to the water pipeline right of way from Lake Preissac and the eastern extension of the LaRonde tailings pond #7 on the El Coco property. The surface rights leases are renewable annually.

The LaRonde Mine includes underground operations at the LaRonde and El Coco properties that can both be accessed from the Penna Shaft, a mill, treatment plant, secondary crusher building and related facilities. The El Coco property was acquired from Barrick Gold Corporation ("Barrick") in June 1999 and is subject to a 50% net profits interest on future production from approximately 500 metres east of the LaRonde property

boundary. The remaining 1,500 metres is subject to a 4% net smelter return royalty. This area of the property is now substantially mined out and the Company has not paid royalties since 2004 and does not expect to pay royalties in 2008. In 2003, exploration work started to extend outside of the LaRonde property on to the Terrex property where a down plunge extension of the 20 North gold zone was discovered. The Terrex property is subject to a 5% net profits royalty to Delfer Gold Mines Inc., a 1% net smelter return royalty to Breakwater Resources Ltd. and a 2% net smelter return royalty to Barrick. In addition, the Company owns 100% of the Sphinx property immediately to the east of the El Coco property.

Mining and Milling Facilities

The LaRonde Mine was originally developed utilizing a 1,207 metre shaft (Shaft #1) and an underground ramp access system. The ramp access system is available down to the 25th Level of Shaft #1 and then continues down to Level 242 at the Penna Shaft. The mineral reserve accessible from Shaft #1 was depleted in September 2000 and Shaft #1 is no longer in use. A second production shaft (Shaft #2), located approximately 1.2 kilometres to the east of Shaft #1, was completed in 1994 down to a depth of 525 metres and was used to mine Zones #6 and #7. Both ore zones were depleted in March 2000 and the workings were allowed to flood up to the 6th Level (approximately 280 metres). A third shaft (the Penna Shaft) located approximately 800 metres to the east of Shaft #1, was completed down to a depth of 2,250 metres in March 2000. The Penna Shaft is used to mine Zones 20 North, 20 South, 7 and 6. As part of the LaRonde Mine extension, the Company is currently sinking an 835 metre internal shaft from Level 215 to access the ore below Level 245. At December 31, 2007, this internal shaft extended 20 metres below Level 215 and will eventually reach a total depth of 2,865 metres below surface.

Four mining methods have historically been used at the LaRonde Mine: open pit for the three surface deposits, sublevel retreat, longitudinal retreat with cemented backfill and transverse open stoping with both cemented and unconsolidated backfill. The primary source of ore at the LaRonde Mine continues to be from underground mining methods. During 2007, two mining methods were used: longitudinal retreat with cemented backfill and transverse open stoping with both cemented and unconsolidated backfill. In the underground mine, sublevels are driven at 30 metre and 40 metre vertical intervals, depending on the depth. Stopes are undercut in 15 metre panels. In the longitudinal method, panels are mined in 15 metre sections and backfilled with 100% cemented rock fill or paste fill. In the transverse open stoping method, 50% of the ore is mined in the first pass and filled with cemented rock fill or paste fill from the paste backfill plant completed in 2000 and located on the surface at the processing facility. On the second pass, the remainder of the ore is mined and filled with unconsolidated waste rock fill or cemented paste backfill.

Surface facilities at the LaRonde Mine include a processing plant with a daily capacity of 6,350 tonnes of ore, which has been expanded four times from the original 1,630 tonnes of ore treated per day rate. The expansion to 6,350 tonnes per day was completed in October 2002 and the milling complex has been operating well above this level for the past four years. This expansion consisted of additions to the grinding and precious metals circuits and modifications to the copper and zinc flotation circuits. An ore handling system was completed at the end of 1999. It included a truck dump linked by a new conveyor gallery to a coarse ore bin with a capacity of 4,500 tonnes. The coarse ore bin feeds a SAG mill that was installed at the end of 1999. Ore from the Penna Shaft is transported to the ore handling facility by 32 tonne trucks.

The milling complex consists of a grinding, copper flotation, zinc flotation, and a precious metals recovery circuit and refinery. A copper concentrate containing approximately 73% of the gold plus byproduct silver and copper is recovered. The zinc flotation circuit produces a zinc concentrate containing approximately 5% of the gold. The remaining 14% is recovered by the precious metals circuit, including a refinery using the Merrill Crowe process, and it is shipped as dore bars. Both the zinc and copper flotation circuits consist of a series of column and mechanical cells that sequentially increase the zinc concentrate and copper concentrate quality. In 2007, zinc recoveries averaged 87% and zinc concentrate quality averaged 54% zinc. In 2007, copper recoveries averaged 86% and copper concentrate quality averaged 11% for the year.

Since 1991, gold recoveries have averaged 93%. During 2007, gold recoveries averaged approximately 91% and silver recoveries averaged 88%. During 2007, the mill processed approximately 2.67 million tonnes of ore, averaging approximately 7,324 tonnes of ore treated per day and operating at 93% of available time.

The following table sets out the metal recoveries, concentrate grades and contained metals for the 2.67 million tonnes of ore extracted by the Company at the LaRonde Mine in 2007.

	Head Grades	Copper Concentrate (74,887 tonnes produced)		Zinc Concentrate (155,886 tonnes produced)		Dore Produced	Overall Metal Recoveries	Payable Production
		Grade	Recovery	Grade	Recovery			
Gold	2.95 g/t	77.2 g/t	72.7%	2.6 g/t	5.1%	34,871 oz	91.21%	230,992 oz
Silver	75.4 g/t	1,678 g/t	62.4%	167 g/t	13.2%	643,936 oz	87.51%	4,919,427 oz
Zinc	3.63%	7.7%	—	53.6%	86.8%	—	86.80%	71,577 t
Copper	0.36%	10.8%	86.2%	—	—	—	86.20%	7,482 t

Currently, water is treated at various facilities at the LaRonde Mine operations. Water contained in the tailings to be used as underground backfill is treated to degrade cyanide using a sulphur dioxide and air process (Inco). The tailings entering the tailings pond are first decanted and the clear water subjected to natural cyanide degradation. This water is then transferred to tailings pond #1 to undergo a secondary treatment at a plant located between tailings ponds #1 and #2 that uses a peroxy-silica process to destroy cyanide. As the LaRonde ore contains a lot of sulphur and that the process water was recirculated at more than 80% rate, a thiocyanate build-up in pond #2 resulted in a toxicity problem in the late 1990s. Thiocyanate is a very difficult compound to oxidise and, in 2000, the Company decided to operate at a 100% water recirculation rate while a solution to the toxicity problem was being developed. The Company determined that a biological treatment process was optimal. A biological treatment plant was placed in service in January 2004. Operation of the tailings pond with zero effluent in the interim period required raising the dykes in 2002 and again in 2004 because of the rising water levels. Prior to dyke raising in 2004, the Company advised the Quebec Ministry of the Environment that some water had to be released to permit dyke raising using the upstream method. The Quebec Ministry of the Environment sent a notice of infraction in respect of this release of slightly toxic water in March 2005. The Federal government permitted the release under a transitional discharge permit. However, the operation of the tailings pond at 100% water recirculation rates continued to increase the thiocyanate concentration and a second phase to the biological treatment plant was placed in service in December 2004 to increase the treatment capacity. The higher contaminant concentration of the biological treatment plant feed made the treatment process more susceptible to disturbances and, in June 2005, the effluent failed the toxicity test for daphnia for one week and the suspended solids exceeded the monthly average limit. The Quebec Ministry of the Environment issued a notice of infraction related to these issues in September 2005, but indicated that the infractions would not lead to any fines or sanctions. The Company engaged consultants to assist the LaRonde staff in process optimisation. The process is now more stable and the effluent remained non-toxic for 2006 and 2007. A Certificate of Authorization was granted by the Quebec Ministry of the Environment in 2006 to carry out an ammonia stripping operation of an effluent partially treated by the biological treatment plant. This allowed an increase in treatment flowrate, while keeping the final effluent toxicity free. The Certificate of Authorization was renewed in 2007 for an indefinite period.

In addition to the above-mentioned process water treatment, water from mine dewatering and drainage water are treated to remove metals prior to discharge at a lime treatment plant located at the LaRonde mill.

The tailings pond occupies an area of about 120 hectares and waste rock that is not used underground for backfill is brought up to surface and stored in close proximity to the tailings pond to be used for dyke raising. A waste rock pile containing approximately 1.5 million cubic metres of waste and occupying about nine hectares is located west of the mill.

Development

In 2007, a total of 10,667 metres of lateral development was completed. Development was focused on stope preparation of mining blocks for production in 2007 and 2008, especially the preparation of the new lower mine production horizon, Level 233. A total of 1,200 metres of development work was completed for the LaRonde Mine extension mainly on Levels 170, 194, 215 and 233 for ventilation infrastructure. This development work also included construction work on a ramp from Level 215 to Level 218 for the new internal shaft.

A total of 11,000 metres of lateral development is planned for 2008. The main focus of development work continues to be stope preparation. The Company plans to develop down to Level 245 and prepare the access to Zone 20 South on three levels, Level 203, Level 206 and Level 209. Finally, the Company will continue construction of a ramp up from Level 94 to Level 92. There are 400 metres of exploration drift development planned in 2008 on the Level 215 exploration drift. This new area will be used to test the new target west of the Zone 20 North below the Bousquet II shaft. For LaRonde, a total of 420 metres of development is planned mainly to complete infrastructure around the new shaft and for the future ventilation infrastructure for the LaRonde Mine extension. A total of 464 metres of shaft sinking is planned for 2008.

Geology and Diamond Drilling

Geologically, the LaRonde Mine property is located near the southern boundary of the Archean-age (2.7 billion years old) Abitibi Sub-Province and the Pontiac Sub-Province within the Superior Province of the Canadian Shield. The most important regional structure is the Cadillac-Larder Lake fault zone (the "CLL Fault Zone") marking the contact between the Abitibi and the Pontiac sub-provinces, located approximately two kilometres to the south of the LaRonde property.

The geology that underlies the LaRonde Mine consists of three east-west trending, steeply south dipping and generally southward facing regional lithological units (geological Groups). The units are, from north to south: (i) 400 metres of the Kewagama Group which is made up of a thick band of interbedded wacke; (ii) 1,500 metres of the Blake River Group, a volcanic assemblage which hosts all the known economic mineralisation on the property; and (iii) 500 metres of the Cadillac Group, made up of a thick band of wacke interbedded with pelitic schist and minor iron formation.

Zones of strong sericite and chlorite alterations, which enclose massive to disseminated sulphide mineralization (in which gold, silver, copper and zinc are mined at the LaRonde Mine), follow steeply dipping, east-west trending, anastomosing shear zone structures within the Blake River Group volcanic units from east to west across the property. These shear zones comprise a larger structure, the Doyon-Dumagami Structural Zone, which hosts several important gold occurrences (including the Doyon gold mine and the former Bousquet mines) and has been traced for over 10 kilometres within the Blake River Group from the LaRonde Mine westward to the Mouska gold mine.

The gold bearing zones at the LaRonde Mine are lenses of disseminated, stringer through to massive, aggregates of coarse pyrite with zinc, copper and silver content. Ten zones that vary in size from 50,000 to 40,000,000 tonnes have been identified, of which four are (or are believed to be) economic. Gold content is not proportional to the total sulphide content but does increase with copper content. Gold values are also higher in areas where the pyrite lenses are cross-cut by tightly spaced north-south fractures.

These historical relationships are maintained at the Penna Shaft zones. The zinc-silver (i.e. Zone 20 North) mineralization with lower gold values, common in the upper mine, grades into gold-copper mineralization within the lower mine. Gold value enhancement associated with cross-cutting north-south fractures also occurs within the LaRonde Mine. Predominant base metal sulphides within the LaRonde Mine are chalcopyrite (copper) and sphalerite (zinc).

The combined tonnage of proven and probable mineral reserves at the LaRonde Mine for year-end 2007 is 34.9 million tonnes which only represents a 2% decrease in the amount compared to year-end 2006. This 34.9 million tonnes of mineral reserves includes the replacement of 2.6 million tonnes that were mined in 2007. The Company's ability to sustain its level of proven and probable mineral reserves was primarily due to continued successful exploration results at depth.

The LaRonde Mine 2007 exploration program was a continuation of the diamond drilling from the Level 215 exploration drift, approximately 2,150 metres below the surface. This drift, completed in 2005 west of the Penna Shaft, provides access for deep drilling along 2,000 metres of the Bousquet-LaRonde stratigraphy. Much of the 2007 drilling was undertaken to define the western limit of the deposit below Level 245, consequently the western and eastern edges of the reserves below Level 245 are now known; however, the deposit remains open at depth. Another important focus of the drilling was to continue exploration below and down plunge of the Bousquet II deposit at 2,000 to 3,000 metres below surface. Systematic drilling along the

Bousquet stratigraphy has been successful in the past, notably the discovery of the LaRonde deposit. Finally, some in-fill drilling was also completed within selected areas of the resource envelope below Level 245 to confirm continuity. In addition, some definition and delineation drilling was completed to assist in final mining stope design mainly of Zone 20 North.

A summary of the diamond drilling completed on the LaRonde Mine property is set out below:

LaRonde Target for Diamond Drilling	Number of Holes Drilled		Length Drilled (m)	
	2007	2006	2007	2006
Production Stope Delineation	136	136	8,587	7,631
Definition	27	50	6,052	10,614
Deep Exploration (below Level 245, Zone 20 North)	32	38	20,680	22,135
TOTAL	195	224	35,319	40,380

Expenditure on diamond drilling at the LaRonde Mine during 2007 was approximately \$2.8 million including \$0.9 million in definition and delineation drilling expenses charged to operating costs at the LaRonde Mine. Expenditures on exploration in 2007 were \$1.9 million and are expected to be \$2.9 million in 2008.

Zone 20 North was the main focus of the drilling completed in 2007. The Company believes that Zone 20 North is one of the largest gold bearing massive sulphide mineralized zones known in the world and one of the largest mineralized zones known in the Abitibi region of Ontario and Quebec. The following table summarizes Zone 20 North's contribution to the LaRonde Mine's mineral reserve:

Proven and Probable Mineral Reserves	
Total LaRonde Property	34,896,734 tonnes
Zone 20 North	33,479,342 tonnes

The following table summarizes Zone 20 North's contribution to the LaRonde Mine's mineral resources (see "Note to Investors Concerning Estimates of Mineral Resources"):

Measured and Indicated Mineral Resources	
Total LaRonde Property	5,642,935 tonnes
Zone 20 North	4,351,418 tonnes

Inferred Mineral Resources	
Total LaRonde Property	4,722,901 tonnes
Zone 20 North	4,484,903 tonnes

Zone 20 North initially occurs at a depth of 700 metres below surface and has been traced down to a depth of 3,100 metres below surface. With increased access on the lower levels of the mine (i.e., Levels 170, 194, 215 and 224), the transformation from a "zinc/silver" ore body to a "gold/copper" deposit continued during 2007.

Zone 20 North can be divided into an upper zinc/silver-enriched zone and a lower gold/copper-enriched zone. The zinc zone has been traced over a vertical distance of 1,700 metres and a horizontal distance of 570 metres, with thicknesses approaching 40 metres. The gold zone has been traced over a vertical distance of over 2,200 metres and a horizontal distance of 600 metres, with thicknesses varying from three metres to 30 metres. The zinc zone consists of massive zinc/silver mineralization containing 50% to 90% massive pyrite and 10% to 50% massive light brown sphalerite. The gold zone mineralization consists of 30% to 70% finely disseminated to massive pyrite containing 1% to 10% chalcopyrite veinlets, minor disseminated sphalerite and rare specks of visible gold. Gold grades are generally related to the chalcopyrite or copper content. This is the same historical relationship noted at Shaft #1's Main Zone. At depth, the massive sulphide lens becomes richer in gold and copper. During 2007, 2.5 million tonnes of ore grading 2.97 grams of gold per tonne, 79.6 grams of silver per tonne, 0.40% copper and 4.30% zinc were mined from Zone 20 North.

The results of 2007 in-fill drilling in Zone 20 North below Level 245 combined with the higher metal prices used for the 2007 year-end reserve and resource estimate contributed to an increase of probable mineral reserves by 185,645 ounces of gold (1.1 million tonnes of ore grading 5.3 grams of gold per tonne) below Level 245. The table below shows the most significant results encountered in 2007 in the resource-reserve envelope below Level 245 at the LaRonde Mine.

Drill Hole	True Thickness (m)	Interval (m)		Gold (g/t) (Cut 41.43 g/t)	Silver (g/t)	Copper (%)	Zinc (%)
		From:	To:				
3215-114B	6.2	1064.7	1073.5	10.45	9.57	0.01	0.02
3215-117A	22.2	905.0	931.8	12.06	26.01	0.16	0.01
3215-146D	10.0	966.8	977.8	9.93	1.86	0.01	0.02

Step-out drilling west of the known resource-reserve envelope below Level 245 has intersected anomalous results along the Zone 20 North horizon underneath and down plunge from the Bousquet II deposit. These results from late 2007 remain untested, open at depth and towards the west and are potentially part of a significant mineralized horizon. In 2008, the Company plans to extend the Level 215 exploration drift by approximately 240 metres to provide access for the continuation of exploration drilling further west of the current reserves below Level 245. The table below shows the most significant results from this area encountered in 2007.

Drill Hole	True Thickness (m)	Interval (m)		Gold (g/t) (Cut 41.43 g/t)	Silver (g/t)	Copper (%)	Zinc (%)
		From:	To:				
3215-141	3.5	526.2	530.9	3.86	8.12	0.05	0.22
3215-147C	2.8	904.2	908.2	0.88	1.08	0.02	0.02

Historically, increased drill hole density has improved initial mineral reserve and mineral resource estimates based on widely spaced drill holes usually drilled from the shaft stations. Ultimately, development within the ore zones has confirmed the original estimates.

Zone 20 South is located approximately 150 metres south of Zone 20 North. It consists of at least two known disseminated to massive sulphide gold/copper/zinc-bearing lenses made up of 80% to 90% pyrite, 5% to 10% sphalerite and 1% to 3% chalcopyrite. The Zone 20 South horizon has been traced over a vertical distance of 1,615 metres and a horizontal distance of up to 255 metres, with a mineralized thickness varying from three metres to 12 metres. The El Coco property contains the eastern extension of Zone 20 South. The current mineral reserve position on Zone 20 South on the LaRonde property is 117,000 ounces of probable mineral reserves (1.0 million tonnes grading 3.5 grams of gold per tonne); there are no mineral reserves on the El Coco property. In 2007, approximately 346 tonnes grading 2.4 grams of gold per tonne were mined from Zone 20 South on the LaRonde property.

Mineralization of Zone 20 South in this lower area of the Penna Shaft appears to be very similar to what was initially encountered in Zone 20 South near Level 146 where the mineralization is narrow, high-grade but more difficult to define. Additional high-grade gold mineralization at depth could have a significant impact on the long-term mine plan. High grade mineralization just above Level 215 has not yet been factored into the long-term mine plan.

The significance of Zone 20 South production can be summarized as follows:

- Zone 20 South is characterized by higher-grade mineralization frequently accompanied by coarse visible gold.
- Reserves on the El Coco property were substantially depleted as at December 31, 2003 and production since then has come from royalty-free areas of Zone 20 South lens production.
- Unlike the typical LaRonde massive sulphide model, higher gold grades are frequently accompanied by higher-grade silver/zinc mineralization. In the LaRonde geological model, higher-grade gold mineralization is normally accompanied by corresponding higher copper values.

- Mineralization is continuous down to Level 154 (1,540 metres below surface). Economic mineralization reoccurs at the Level 170 horizon (1,700 metres below surface) and is open at depth. Mineralization has been traced to a depth of 2,377 metres.

Some delineation drilling was conducted in a small part of Zone 20 South in 2007 from the Level 212 access drift. The results were generally lower than the initial holes and the reserve grade of Level 209 to Level 215 blocks decreased but were still economic at the 2007 year-end metal prices. This zone will require significantly more delineation drilling with tighter spacing. Ore development is also planned for 2008 on Level 209 and Level 212.

Capital Projects and Expansion

In May 2006, the Company initiated construction to extend the infrastructure at the LaRonde Mine to access the ore below Level 245, referred to as the LaRonde Mine extension. Construction of the LaRonde Mine extension is currently underway with production from this part of the LaRonde Mine expected to commence in 2011. Once commenced, production is estimated to be approximately 340,000 ounces per year at total cash costs per ounce of approximately \$150, with an estimated mine life of nine years. The Company has commenced sinking a new 835 metre internal shaft starting from Level 206, to a total depth of approximately 2,865 metres, to access the deposit. An internal winze system will be used to hoist ore from depth to facilities on Level 215, approximately 2,150 metres below surface, where it will be transferred to the Penna Shaft hoist. Excavation of the underground mining facilities is in progress and, as of December 31, 2007, the shaft has been sunk to a depth of 20 metres below Level 215.

Capital expenditures at the LaRonde Mine during 2007 were approximately \$87 million, which included \$34 million on sustaining capital expenditure and \$53 million comprised mostly of expenditures on the LaRonde Mine extension and ramp development below Level 215. Budgeted 2008 capital expenditures at the LaRonde Mine are \$68 million, including \$33 million on sustaining capital expenditures and \$35 million on the LaRonde Mine extension, which will consist mostly of shaft sinking and upgrades to the ventilation system. Total capital cost of construction of the LaRonde Mine extension is estimated to be \$293 million, of which the Company had incurred \$43 million at the end of 2007.

Lapa Mine Project

The Lapa mine project is a pre-production stage development property located approximately 11 kilometres east of the LaRonde Mine near Cadillac, Quebec and is accessible by provincial highway. At December 31, 2007, the Lapa mine project was estimated to contain probable mineral reserves of 1.1 million ounces of gold comprised of 3.8 million tonnes of ore grading 8.86 grams per tonne and approximately 1,000 ounces of proven gold reserves from 2,800 tonnes of ore grading 10.65 grams per tonne. The Lapa property is made up of the Tonawanda property, which consists of 43 mining claims covering an aggregate of approximately 705.8 hectares and the Zulapa property, which consists of one mining concession of approximately 93.5 hectares. The Company's initial interest in the Lapa property was acquired in 2002, through an option agreement with Breakwater Resources Ltd. ("Breakwater"). The Company undertook an aggressive exploration program, and discovered a new gold deposit almost 300 metres below the surface. In 2003, the Company purchased the Lapa property from Breakwater for a payment of \$8.925 million, and a 1% net smelter return royalty on the Tonawanda property and a 0.5% net smelter return royalty on the Zulapa property. In addition, both the Zulapa and Tonawanda properties are subject to a 5% net profit royalty payable to Alfer Inc. and René Amyot. In 2004 an additional claim of 9.4 hectares (the "Additional Lapa Claim") was added to the Company's holdings at the Lapa mine project. The Additional Lapa Claim is not subject to any royalty interests. An additional \$1.0 million is payable to Breakwater if the published inferred mineral resource at the Lapa property reaches 2.0 million ounces of gold. Of the total potential cash consideration of \$9.925 million, \$2 million may be used by the Company as a credit to offset net smelter return royalties payable.

In July 2004, the Company initiated sinking an 825 metre deep production shaft at the Lapa property. On June 5, 2006, the Company announced that on the basis of the recent drilling results and a revised feasibility study, it would accelerate construction of the Lapa mine project. This construction included the extension of the 4.9 metre diameter concrete lined shaft to a depth of approximately 1,370 metres which was completed in

October 2007. Lateral mine development on three horizons began in November 2007 and over 400 metres was completed by December 31, 2007. Infrastructure on the property includes the former LaRonde shaft #1 headframe and shafthouse, which were both refurbished, a service building housing the hoist and compressors, temporary offices and settling ponds for waste water. A services building houses engineering and operations staff along with dry facilities. An ore bin and a diesel reservoir have been completed at the site and a new mine access road was opened during the summer of 2007. The Lapa cement plant is currently under construction. In 2006, an application for a mining lease covering 69.9 hectares was submitted to the Ministry of Natural Resources. Land surveying activities in respect of the property were completed in 2007 and the application is currently under review. The certificates of authorization to proceed with mine production and with mill construction were issued by the Quebec Ministry of the Environment respectively in October and December 2007. The Lapa site will host the underground mining operation and the ore will be trucked to the processing facility at the LaRonde Mine, which will be modified to treat, recover the gold and store the residues. An application for a certificate of authorization for the deposition of tailings from the Lapa mine project in the tailings pond at the LaRonde Mine is expected to be submitted to the Quebec Ministry of the Environment in 2008.

Capital costs at the Lapa mine project are \$165 million, of which the Company incurred approximately \$29 million in 2007 and expects to incur approximately \$78 million in 2008. Based on current estimates of mineral reserves and resources and grade, the Company anticipates a seven-year mine life, with full production levels of 125,000 ounces of gold annually by early 2010 at total cash costs per ounce of approximately \$300.

Geology and Diamond Drilling

Geologically, the Lapa property is similar to LaRonde and is also located near the southern boundary of the Archean-age (2.7 billion years old) Abitibi Sub-Province and the Pontiac Sub-Province within the Superior Province of the Canadian Shield. The most important regional structure is the CLL Fault Zone marking the contact between the Abitibi and the Pontiac sub-provinces, which passes through the property from west to east. The CLL Fault Zone is marked by schists and mafic to ultramafic volcanic flows that comprise the Piché Group (up to approximately 300 metres in thickness in the mine area). The CLL Fault Zone is generally east-west trending but on the Lapa property, it curves southward abruptly before returning to its normal trend; the flexure defines a "Z" shaped fold to which all of the lithological groups in the region conform. Feldspathic dykes cut the Piché Group (more often in the sector of the fold). To the north of the Piché Group lies the Cadillac Group sedimentary group, which consists of approximately 500 metres or more of well-banded wacke, conglomerate and siltstone with intercalations of iron formation. The Pontiac Group sedimentary rocks (up to approximately 300 metres thickness) that occur to the south of the Piché Group are similar to the Cadillac Group but do not contain conglomerate nor iron formation. Minor Proterozoic age (2.0 billion years) diabase dykes cut all of the rocks in a northwest direction.

All of the known gold mineralization along the CLL Fault Zone is epigenetic (late) vein type and mineralization is controlled by structure; mineralization is associated with the fault zone and occurs all or immediately adjacent to the Piché Group rocks. Although gold mineralization also occurs throughout the Piché Group at Lapa, except for the Contact and the satellite zones, it is generally discontinuous and has low economic potential.

The Lapa deposit is comprised of the Contact Zone and five satellite zones. The ore zones are made up of multiple quartz veins and veinlets, often smokey and anastomosing, within a sheared and altered envelope (with minor sulphides and visible gold). The Contact Zone is generally located at the contact between the Piché Group and the Cadillac Group sediments. The satellite zones are located within the Piché Group at a distance varying from 10 to 50 metres from the north contact with the sediments except for the Contact North zone which is located approximately 10 metres north of the Contact Zone within the sediment unit. The ore envelope is not always in the same volcanic unit since the Piché/Cadillac contact is discordant. The sheared envelope consists of millimetre-thick foliation bands of biotite or sericite with silica (depending on the rock type that hosts the alteration). Sericitization predominates when the zone is in sedimentary rocks while biotization and silicification predominates when the envelope affects the Piché Group volcanics. Quartz veins and millimetre-sized veinlets that are parallel to the foliation (structural fabric) account for 5% to 25% of the mineralization. Visible gold is common in the veins and veinlets but can also be found in the altered host rock. Sulphides account for 1% to 3%

of the mineralization; the most common sulphide is, in order of decreasing importance, arsenopyrite, pyrite, pyrrhotite and stibnite. Graphite is also rarely observed as inclusions in smokey quartz veins.

The Contact Zone (and the satellite zones) is a tabular shaped mineralized envelope that is oriented east-west and dips very steeply (-87 degrees) to the north, turning south at depth. The economic portion of the zone has been traced from roughly 450 metres below surface to below 1,500 metres depth, has an average strike length of 300 metres and varies in thickness between 2.8 to 5.0 metres and is open at depth. Locally some thicker intervals have been intercepted but their continuity have not been demonstrated. This zone accounts for approximately 65% of the reserves.

The satellite zones (North, FW, Center, South 1 and South 2) are also steeply dipping and are oriented sub-parallel or slightly oblique to the Contact Zone. The thicknesses are similar to the Contact Zone.

Drilling in 2007 concentrated on confirming and expanding the known ore bodies (Contact Zone and the other satellite zones). The results are incorporated in the December 31, 2007 reserve/resource estimate set out under " — Mineral Reserve and Mineral Resource" below.

Goldex Mine Project

The Goldex mine project is a pre-production stage development property located in the municipality of Val d'Or, Quebec, approximately 60 kilometres east of the LaRonde Mine. At December 31, 2007, the Goldex mine project was estimated to contain proven mineral reserves of approximately 18,000 ounces comprised of 0.3 million tonnes of ore grading 2.23 grams per tonne and probable mineral reserves of 1.6 million ounces of gold comprised of 22.8 million tonnes of ore grading 2.20 grams per tonne.

The Goldex mine project is held under 22 claims, covering an aggregate of approximately 267.78 hectares. The claims are renewable every second year upon payment of a small fee. The Company has a 100% working interest in the Goldex property. The Goldex property is made of three claim blocks: the Probe block (ten claims, 122.38 hectares); the Dalton block (one claim, 10.4 hectares); and the Goldex Extension block (11 claims, 135.0 hectares). The Goldex Extension Zone, which is the gold deposit on which the Company is currently focusing its exploration and development efforts, was discovered in 1989 on the Goldex Extension claim block (although a small portion of the deposit is interpreted to occur on both the Dalton and Probe claim blocks). Probe Mines Ltd. holds a 5% net smelter return royalty interest on the Probe claim block. Should commercial production commence on the Goldex mine project, 18,000 shares of the Company will be issued to the estate of John Michael Dalton Jr.

The Goldex mine project is accessible by provincial highway. The elevation is approximately 302 metres above sea level. All of the Goldex mine project's power requirements are supplied by Hydro-Quebec through connections to its main power transmission grid. All of the water required at the Goldex mine project will be sourced directly by aqueduct from the Thompson River immediately adjacent to the project.

In 1997, the Company completed a mining study that showed that the deposit was not economically viable to mine at the then prevailing gold price using the mining approach chosen and drill-hole indicated grade, the property was placed on a care and maintenance basis and the workings were allowed to flood. Throughout 2003, the Company re-evaluated the Goldex project reviewing mining methods and grade estimation methods. In February 2004, based on a new reserve and resource estimate for the Goldex Extension Zone and revised feasibility study the Company decided to undertake a \$4.7 million underground bulk sampling program to provide additional geological and sampling information to increase the level of confidence in the gold grade. The bulk sample was processed during the first quarter of 2005 and returned a grade of 2.78 grams of gold per tonne, nearly 10% higher than the bulk sample processed in 1997.

In February 2005, a new reserve and resource estimate was completed for the Goldex Extension Zone which, coupled with a revised feasibility study, led to a probable reserve estimate of 1.6 million ounces of gold contained in 20.1 million tonnes of ore grading 2.54 grams of gold per tonne. The Goldex Extension Zone resource model was revised and in March 2005, the Company approved a revised feasibility study and the construction of the Goldex mine. Annual gold production is expected to average 170,000 ounces over a 10-year mine life commencing in April 2008.

At the time the Company determined to initiate construction of the Goldex mine project, the surface facilities at the Goldex mine project included a headframe, a hoistroom, a surface building containing a mechanical shop, a warehouse and an office. In addition, the Goldex property had a 790-metre deep shaft, which provides access to underground workings. At the end of 2007, the new surface facilities on the new construction site included an electrical sub-station, a compressor building, a service building for administration and changing rooms, a warehouse building, a concrete headframe above Shaft #2 and a sinking hoist room. Also, the processing plant building was 75% enclosed. A sedimentation pond for mine water treatment and sewage facilities has also been built. Environmental permits for the construction and operation of an ore extracting infrastructure at the Goldex project were received from the Quebec Ministry of the Environment in October 2005 and in the same month work started on the production shaft collar and surface facilities at the new construction site. The sinking of the new production shaft was completed by the end of 2007. This new 5.5 metre diameter concrete lined shaft reached a final depth of 865 metres. Underground development and construction commenced in August 2005, with access provided by underground workings from the existing 790-metre shaft. During 2007, approximately 5,800 metres lateral and vertical development were completed.

Plant construction at the Goldex mine project commenced in the second quarter of 2006 and was completed in the first quarter of 2008. The Company anticipates that grinding at the Goldex mill will be done through a two-stage circuit comprising of a SAG mill and a ball mill. It is estimated that two-thirds of the gold will be recovered through a gravity circuit, passed over a shaking table and smelted on site. The target size for grinding will be 80% of a diameter of 106 microns or less, before the remainder of the gold and pyrite are recovered by a flotation process. The concentrate will then be thickened and trucked to the mill at the LaRonde Mine where it will be further treated by cyanidation. The treated concentrate will then be processed through the existing Merrill-Crowe circuit at the LaRonde mill and gold recovered will be consolidated with precious metals from the LaRonde Mine. The Company is targeting an average gold recovery of 93.6%. In November 2006, the Company and the Quebec government signed an agreement regarding the disposition of the Goldex tailings at the Manitou mine site, a tailings site formerly used by an unrelated third party and abandoned to the Quebec government. There is acid drainage from the Manitou mine site and the proposed construction of tailings facilities by the Company is hoped to help remedy the negative effects of the existing environmental damage. Under the agreement, the Company manages the construction of the tailings facilities and the government pays all additional cost above the Goldex budget set out in the Goldex mine project feasibility study. The Quebec government has retained responsibility for all environmental contamination at the Manitou tailings site and for final closure of the facility. In addition, the Company has built a separate tailings deposition area (auxiliary tailings pond) near the mine. Environmental permits for the construction and operation of the auxiliary tailings pond of the Goldex project were received in March 2007.

Estimated capital costs to bring Goldex into production are \$183 million, of which \$105 million was spent in 2007. Approximately \$95 million was budgeted for the new shaft, underground development and construction and mining equipment while an additional \$60 million was budgeted for the processing plant and tailings facility. The remainder has been budgeted for the surface plant and working capital. At the end of 2007, a total of \$160 million had been spent on the project. The Company expects capital expenditures at Goldex in 2008 to be approximately \$23 million, most of which will be used for the completion of the mill and construction of the underground crushing and hoisting facility.

Geology and Diamond Drilling

Geologically, the Goldex property is similar to Lapa and LaRonde and is located near the southern boundary of the Archean-age (2.7 billion years old) Abitibi Sub-Province, a typical granite-greenstone terrane located within the Superior Province of the Canadian Shield. The southern contact of the Abitibi Sub-Province with the Pontiac Sub-Province is marked by the east-southeast trending CLL Fault Zone, the most important regional structural feature. The Goldex deposit is hosted within a quartz diorite sill, the Goldex "Granodiorite", located in a succession of mafic to ultramafic volcanic rocks that are all oriented generally west-northwest (and because the stratigraphic tops are to the South) and are geologically overturned steeply to the North (75 to 85 degrees).

Gold mineralization at Goldex corresponds to the quartz-tourmaline vein deposit type. The Goldex gold-bearing quartz-tourmaline-pyrite veins and veinlets are the result of a strong structural control; the most

significant structure directly related to mineralization is a discrete shear zone, the Goldex Mylonite, that is up to five metres in thickness and occurs within the Goldex Granodiorite, just south of the Goldex Extension Zone (which hosts all of the current mineral reserves) and other gold occurrences. Oriented west-northwest and also dipping 65 to 75 degrees North (and to a lesser extent 60 to 80 degrees South), minor fracture zones (that display reverse movement, North to South) that are developed parallel but to the North of the Goldex Mylonite, control the quartz-tourmaline-pyrite vein mineralization. Three vein sets (all oriented west northwest but with different dips) are developed within the Goldex Extension Zone. The most important vein set are extensional-shear veins that dip 30 degrees South and are usually less than 10 centimetres in thickness; synchronous and conjugate with the latter veins are less abundant extensional-shear veins (also generally less than 10 centimetres in thickness) that dip 30 to 45 degrees to the North. The third vein set is made up of shear zone veins up to a metre in thickness that occasionally occur within the steep North dipping fracture zones. The vein sets (and alteration associated with them) combine to form stacked envelopes up to 30 metres thick that also dip approximately 30 degrees South (parallel to the main vein orientation) but which always conform to the orientation (75 degree North dip) of the Goldex Granodiorite and the main fracture zones.

The Goldex Extension Zone extends from 500 to 800 metres below the surface and is entirely hosted by the Goldex Granodiorite. The limits of the zone are defined by the intensity of the quartz vein stockwork envelope and assays rather than by individual veins. The zone is almost egg-shaped (flattened in the orientation of the sill) and elongated almost horizontally (also parallel to the west-northwest trending sill and fracture zones); it is over 300 metres tall by 450 metres long (in a west-northwest direction) and its thickness increases rapidly from 25 metres along the east-west edges to almost 150 metres in the centre. Exploration results have essentially delimited the Goldex Extension Zone both at its summit and at its base but is not well defined at either point (the mineralization is inferred to extend above the reserve limit for approximately 50 metres and below 800 metres depth where inferred mineralization may extend down an additional 50 metres). Inferred mineralization in the eastern portion of the property extends the Goldex Extension Zone 175 metres east and 125 metres below the current envelope of probable reserves. The Goldex Extension Zone is open above Level 73 to the east-southeast for approximately 300 metres.

Strong albite-sericite alteration of the quartz-diorite (giving it a pale "granodiorite" look) surrounds the quartz-tourmaline-pyrite veins and covers almost 80% of the mineralized zone; outside of the envelopes, prior chlorite alteration affects the quartz diorite and gives it a darker grey-green colour. Occasionally enclaves of relatively unaltered medium grey-green coloured quartz diorite (with no veining or gold) are found within the Goldex Extension Zone (they are included exceptionally as internal waste to allow for a smooth shape required for mining purposes).

Most of the gold occurs as microscopic particles that are almost always associated with pyrite (generally adjacent to grains and crystals but also 20% included in the pyrite) that occurs in the quartz-tourmaline veins and in narrow fractures in the sericite-albite altered quartz diorite (but generally immediately adjacent to the veins); less than 1.5% of the gold occurs as Calaverite (a gold telluride).

Bousquet and Ellison Properties

The Bousquet property is located immediately west of the LaRonde Mine and consists of two mining leases covering 73.09 hectares and 31 claims covering 384.85 hectares. The property, along with various equipment and other mining properties, was acquired from Barrick in September 2003 for \$3.9 million in cash, \$1.5 million in common shares of the Company, and the assumption of specific reclamation and other obligations related to the Bousquet property. The property is subject to a 2% net smelter return royalty interest in favour of Barrick. The Ellison property is located immediately west of the Bousquet property and consists of eight claims covering 101.10 hectares. The property was acquired in August 2002 for C\$0.5 million in cash and a commitment to spend C\$0.5 million in exploration over four years. The commitment was fulfilled in 2004 and the property is 100% owned by the Company. The property is subject to a net smelter return royalty interest in favour of Yorbeau Resources Inc. that varies between 1.5% and 2.5% depending on the price of gold. Should commercial production from the Ellison property commence, Yorbeau Resources Inc. will receive an additional C\$0.5 million in cash.

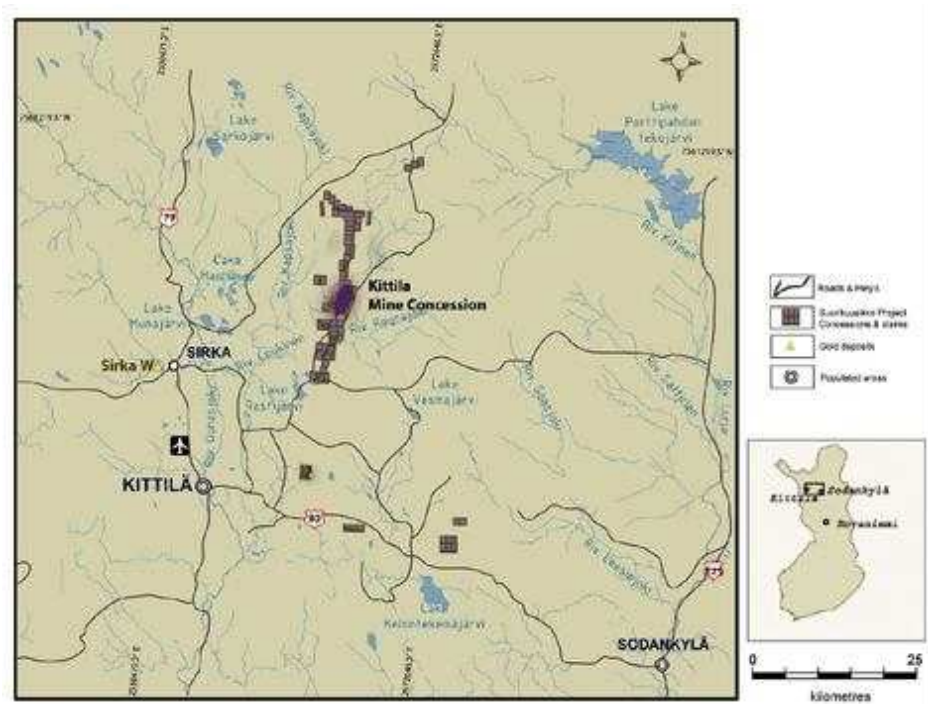
In 2007, the Company recovered 77,629 tonnes of ore grading 5.67 grams per tonne from two small ore blocks at Bousquet. The mining of these areas was completed in 2007.

The 2007 indicated mineral resource at the Bousquet property is approximately 1.7 million tonnes grading 5.63 grams of gold per tonne. The inferred mineral resource is 1.7 million tonnes grading 7.45 grams of gold per tonne. The December 31, 2007 indicated mineral resource at Ellison is 0.4 million tonnes grading 5.68 grams of gold per tonne, and the inferred resource is 0.8 million tonnes grading 5.81 grams of gold per tonne.

Kittila Mine Project

The Kittila mine project is located approximately 900 kilometres north of Helsinki and 50 kilometres northeast of the town of Kittila, in northern Finland. At December 31, 2007, the Kittila mine project was estimated to contain probable mineral reserves of 3.0 million ounces comprised of 18.2 million tonnes of ore grading 5.12 grams per tonne. The Kittila mine project is accessible by paved road to the village of Kiistala, which is located on the southern portion of the main claim block. The gold deposit is located near the small village of Rouravaara, approximately 10 kilometres north of the village of Kiistala, accessible via a good quality all-weather gravel road. The project is subject to a 2.0% net smelter return royalty payable to the Republic of Finland after commencement of commercial exploitation. The property is close to infrastructure, including hydro power, an airport, the town of Kittila, and mining and construction contractors. The project also has access to a qualified labour force.

Location Map of Kittila Mine Project



The Kittila mine project is comprised of 103 individual tenements covering an aggregate area of approximately 8,341 hectares and one mining licence covering approximately 847 hectares. The mineral titles form three distinct blocks. The main block comprises the Suurikuusikko mining licence and 84 contiguous tenements. The centroid of this block is located at 25.4110 degrees longitude East and 67.9683 degrees latitude North. It excludes three small circular areas 0.78 hectares in size and six narrow linear strips covering roads. Other tenements form isolated blocks comprising four to 16 contiguous tenements located in the vicinity of the main Suurikuusikko block. The boundary of the mine licence is determined by ground surveyed points whereas the boundaries of the other tenements are not required to be surveyed. All of the tenements in the Kittila mine project are registered in the name of Agnico-Eagle AB, an indirect, wholly-owned subsidiary of the Company. According to the Finnish Government land tenure records, all tenements are in good standing. The expiry dates of the tenements vary from May 2008 to May 2012. Tenements are valid between three and five years, providing

a small annual fee is paid to maintain title and extensions can be granted for three years or more. Applications for extensions to tenements that expired in October 2006 (17 tenements totalling 1,486 hectares) were lodged on October 3, 2006. Only three of these applications for extensions were granted in 2007, however the Company expects the remainder to be granted in 2008.

The project area is scarcely populated and is situated between 200 and 245 metres elevation above sea level. The topography is characterized by low rolling forested hills separated by marshes, lakes and interconnected rivers. The gold deposit is situated on an area of land that has no special use at present and there is sufficient land available for tailings facilities. Water requirements for the Kittila mine project will be sourced from the nearby Seurujoki River, recirculation of water from pit dewatering and tailings pond water. Unemployment in the area is high. Municipal leaders are currently supportive of future mining operations.

The project is located within the Arctic Circle but the climate is moderated by the Gulf Stream off the coast of Norway such that northern Finland's climate is comparable to that of eastern Canada. Winter temperatures range from -10 to -30 degrees Celsius, whereas summer temperatures range from 10 degrees to the mid-20s. Exploration and mining work can be carried out year round. Because of its northern latitude, winter days are extremely short with brief periods of 24-hour darkness around the winter solstice. Conversely, summer days are very long with a period of 24-hour daylight in early summer around the summer solstice. Annual precipitation varies between five and 50 centimetres, one-third of which falls as snow. Snow accumulation usually begins in November and remains until March or April.

The Company acquired its interest in the Kittila mine project through a tender offer for all of the shares of Riddarhyttan that it did not own that was completed in November 2005. See "— History and Development of the Company". The Company, through wholly-owned subsidiaries, owns all of the issued and outstanding shares of Riddarhyttan. At the time of the tender offer, Riddarhyttan was an exploration stage mining company focussed on exploration and development of what is now the Kittila mine project at the Suurikuusikko property. Riddarhyttan was established under Swedish corporate law in 1996 and commenced operations in 1997 when it was listed on the Stockholm Stock Exchange. In 1998, Riddarhyttan won the public international tender conducted by the Finnish Government for the Suurikuusikko project (now referred to as the Kittila mine project).

In June 2006, on the basis of an independently reviewed feasibility study, the Company approved construction of the Kittila mine and mine construction began immediately. The Kittila mine project will initially be an open pit mining operation followed by underground mining via ramp access, feeding a 3,000 tonne per day surface processing plant. Annual gold production is currently expected to average 150,000 ounces over a 14-year mine life at total cash costs of \$250 per ounce, with initial gold production anticipated to commence in September 2008.

Current estimated capital costs of construction of the Kittila mine project are \$190 million, of which a total of \$100 million had been incurred by the end of 2007 and \$90 million are expected to be incurred in 2008. Anticipated sustaining capital expenditures at the Kittila mine project are estimated to be approximately \$5 million annually.

As of December 2007, construction had progressed according to schedule for commencement of open pit mining operations in the third quarter of 2008. Waste rock mining, construction and site infrastructure work had been completed in the area of the main Suurikuusikko deposit. To prepare for the open pit mining, 263,000 cubic metres of overburden and approximately 2.6 million tonnes of waste rock has been removed and excavated, respectively. Work on the ramp to access the underground reserves has started and total underground development to date is about 3,000 metres. The construction of the tailings dam is well advanced with the tailings dam completed in October 2007 and installation of a waterproof bottom layer now in progress. A high voltage power line connects the site to the main Finnish power grid. The office service buildings have been completed. The process plant building frame is completed, as well as concrete floors and structures for heavy plant equipment inside the building. Work on mill offices, control room and HVAC is ongoing. Concrete foundation structures for the ore crusher, conveyor and ore bin are ongoing, or near completion. Work on the foundations for the tank farm and oxygen plant commenced in June 2007.

The Company currently holds a mining licence and an environmental permit in respect of the Kittila mine project. The Company has submitted an application to Finnish authorities for an amendment to the environmental permit to allow the change from a biological oxidization process to a pressure oxidation process, which will allow the Company to use significantly smaller quantities of cyanide. The application for the amendment is currently being processed by the Finnish regulatory authorities and the Company understands from the authorities that the amendment is likely to be granted in the first half of 2008.

Geology, Deposit Type and Mineralization

The Kittila mine project is situated within the Lapland Greenstone belt. The geology and metallogeny of this area is very similar to that of the Canadian Shield. In this portion of northern Finland, bedrock is typically covered by a thin but uniform blanket of unconsolidated glacial till. Bedrock exposures are scarce and irregularly distributed.

The project area is underlain by late Proterozoic mafic volcanic and sedimentary rocks metamorphosed to greenschists assemblages (chlorite-carbonate) and ascribed to the Kittila Greenstone belt. The major rock units trend north to north-northeast and are near vertical. Volcanic rocks were further sub-divided into iron-rich (Kautoselka Formation) and magnesium-rich (Vesmajarvi Formation) tholeiites, respectively located to the west and to the east. The contact between the Kautoselka and Vesmajarvi formations consists of a transitional zone (Porkenen Formation) comprising mafic tuffs, graphitic metasedimentary rocks, black chert and banded iron formations. It varies in thickness between 10 and 50 metres and is characterized by strong heterogeneous penetrative strain, narrow shear zones, breccia zones and intense hydrothermal alteration (carbonate-albite-sulphide) and gold mineralization. The Porkenen Formation defines what is referred to as the Suurikuusikko Trend and is the major host for the gold mineralization. Its internal geometry is very complex and exhibits features consistent with that observed in major brittle-ductile deformation suggesting that this rock unit represents a significant structural discontinuity. This shear zone represents the principal metallogenic target at the Kittila mine project.

The known gold mineralization on the Suurikuusikko Trend is associated with strong sulphide mineralization (principally arsenopyrite and lesser pyrite) and associated hydrothermal alteration and is hosted in the extensive brittle-ductile shear zone. The gold at the Kittila mine project is almost exclusively refractory. Gold particles are locked inside fine-grained arsenopyrite (approximately 73%) or pyrite (approximately 23%). What remains is "free gold", which is manifested as extremely small grains in pyrite. Most of the free gold is found in the outer, oxidized or eroded sections of the ore. Small amounts of copper pyrite, pyrrhotite, sphalerite, galena, gersdorffite, tetrahedrite, jamesonite, bornite, gudmundite and rutile are also present. The gold deposit is intersected at several locations by small massive bands containing the antimony mineral stibnite. The characteristics of the known gold mineralization are similar to a class of hydrothermal gold deposits referred to as "orogenic" gold deposits, which typically exhibit a strong relationship with regional arrays of major shear zones.

The Suurikuusikko deposit is hosted by a north-south oriented shear zone (the Suurikuusikko Trend) containing multiple mineralized lenses, which have been traced over a strike length of over 15 kilometres. Most of the exploration work has been focused on the 4.5 kilometres which host the known gold reserves and resources.

History and Exploration

In 1986, the discovery of coarse visible gold in quartz-carbonate veining along a road cut near the village of Kiistala alerted the Geological Survey of Finland ("GTK") to the gold exploration potential of the area. Following this discovery, GTK initiated regional exploration over the area and deployed a wide range of indirect exploration tools to explore this poorly exposed area. Low-altitude airborne geophysical surveys (magnetic, electromagnetic, radiometric), ground geophysical surveys and various soil and till sampling programs were carried out over a wide area encompassing the original bedrock gold discovery.

By 1987, well-defined geochemical anomalies around the Suurikuusikko area presented obvious targets that were tested by a reconnaissance drilling program, confirming the existence of gold mineralization in bedrock. Between 1989 and 1991, GTK drilled a total of 72 diamond drill holes (9,031 metres in length) and five reverse

circulation bore holes (approximately 288 metres in length) to investigate soil anomalies and delineate the gold mineralization uncovered. Exploration resumed in 1998 under Riddarhyttan management. Between 1999 and 2005, 462 core boreholes (more than 136,278 metres) were drilled by Riddarhyttan over a strike length of 5.5 kilometres to investigate the main auriferous structure. Mineralogical, petrographic and structural studies were completed on unoriented and limited oriented drill core to further the understanding of the geological and structural setting of the gold mineralization. In conjunction with the drilling, ground geophysical surveys were carried out to improve the imaging of the host rocks and structural patterns. Throughout this period, Riddarhyttan continued to investigate the metallurgical properties of the refractory gold mineralization with the objective of demonstrating its recoverability and assessing suitable processing scenarios. Riddarhyttan initiated engineering and environmental studies to investigate other aspects and assess the feasibility of a mining project.

In 2006, the Company performed pilot-plant testing based on a pressure oxidation process for gold extraction. In June 2006, the Company approved a feasibility study and the construction of the Kittila mine project. The study was based on an open pit mining scenario followed by underground mining via ramp access and mining of one million tonnes of ore per annum to be processed in a surface plant.

The Company continued in-fill and exploration drilling throughout 2006 on the mining licence area to test the deeper portions of the main zones and to explore extensions to other zones. Exploration outside of the mining licence area was initiated with encouraging preliminary results. The results indicated two new gold zones to the north of the mine construction site, the Rimminvuoma South and the Hakokodanmaa areas, located one kilometre and four kilometres north of the main Suurikuusikko area, respectively. Systematic geochemical sampling and drilling of old geochemical anomalies to the north of the mining licence area were carried out and a high-quality, low altitude airborne survey covering the entire Suurikuusikko structure was completed. In total, the Company completed 190 diamond drill holes totalling 53,000 metres on the Kittila mine project.

The 2007 diamond drilling program on the mining licence area focused on in-fill drilling, resource conversion and deep exploration below the main Suurikuusikko zones. Results from the deep exploration were very encouraging as they indicated that the Suurikuusikko zones may extend at least down to 1,000 metres below the surface. In total, 158 diamond drill holes totalling 31,995 metres were completed on the mining licence area in 2007. Systematic geochemical sampling also continued outside of the mining licence area on targets along the Suurikuusikko Trend and a number of new targets were tested by diamond drilling. Encouraging results were received from a new gold zone in the Kuotko area located approximately 10 kilometres north of the mine construction site. A total of 113 diamond drill holes totalling 26,806 metres were drilled on exploration targets outside of the mining licence area.

Exploration and Drilling

The deposit at the Kittila mine project is hosted by a north-south oriented shear zone containing multiple mineralized lenses, which have been traced over a strike length of 15 kilometres. Most of the work has been focused on the 4.5 kilometres which host the known gold reserves and resources. From north to south, the zones are Rimminvuoma, North Rouravaara ("Roura-N"), Central Rouravaara ("Roura-C"), Suurikuusikko ("Suuri"), North Suurikuusikko ("Suuri-N"), Etela and Ketola. The Suuri and Suuri-N zones include three parallel zones that have previously been named Main East, Main Central and Main West. The Suuri zone hosts approximately 53%, Suuri-N about 24%, Roura-C about 16% and Roura-N about 3% of the probable gold reserve estimate on contained gold basis. Most of the recent work has focused on the Suuri and Rouravaara zones. Up to the end of December 2007, a total of 891 drill holes, comprising 237,519 metres, have been completed on the property. Since the beginning of 2007, between two and five drills have been in operation on the property: one to three drills on in-fill drilling; one or two drills on exploration; and one or two drills on resource conversion drilling.

The Suuri Zone

Some of the highlights from the 2007 drilling are set out below:

Drill Hole	True Thickness (m)	Interval (m)		Gold (g/t) (Cut 110 g/t)
		From:	To:	
SUBH 06032	9.8	425.0	439.0	11.9
SUBH 06091	12.6	132.0	150.0	9.2
SUBH 06044	20.6	77.4	106.8	9.0
SUBH 07003	15.1	1054.4	1075.9	8.3
SUBH 07007	19.9	62.0	90.4	10.0
SUBH 07004	23.3	117.0	150.3	15.6

The Suuri and Suuri-N zones extend 1,300 metres horizontally and down to a vertical depth of approximately 800 metres below surface and are known to contain two to six parallel, gold bearing lenses. The thickness of the lenses varies generally between five and ten metres. Current drilling in the Suuri and Suuri-N zones is focused on resource to reserve conversion drilling in the area between 400 metres and 800 metres below surface and exploration drilling in the area between 800 metres and 1,100 metres below surface to test the extension of the deposit at depth.

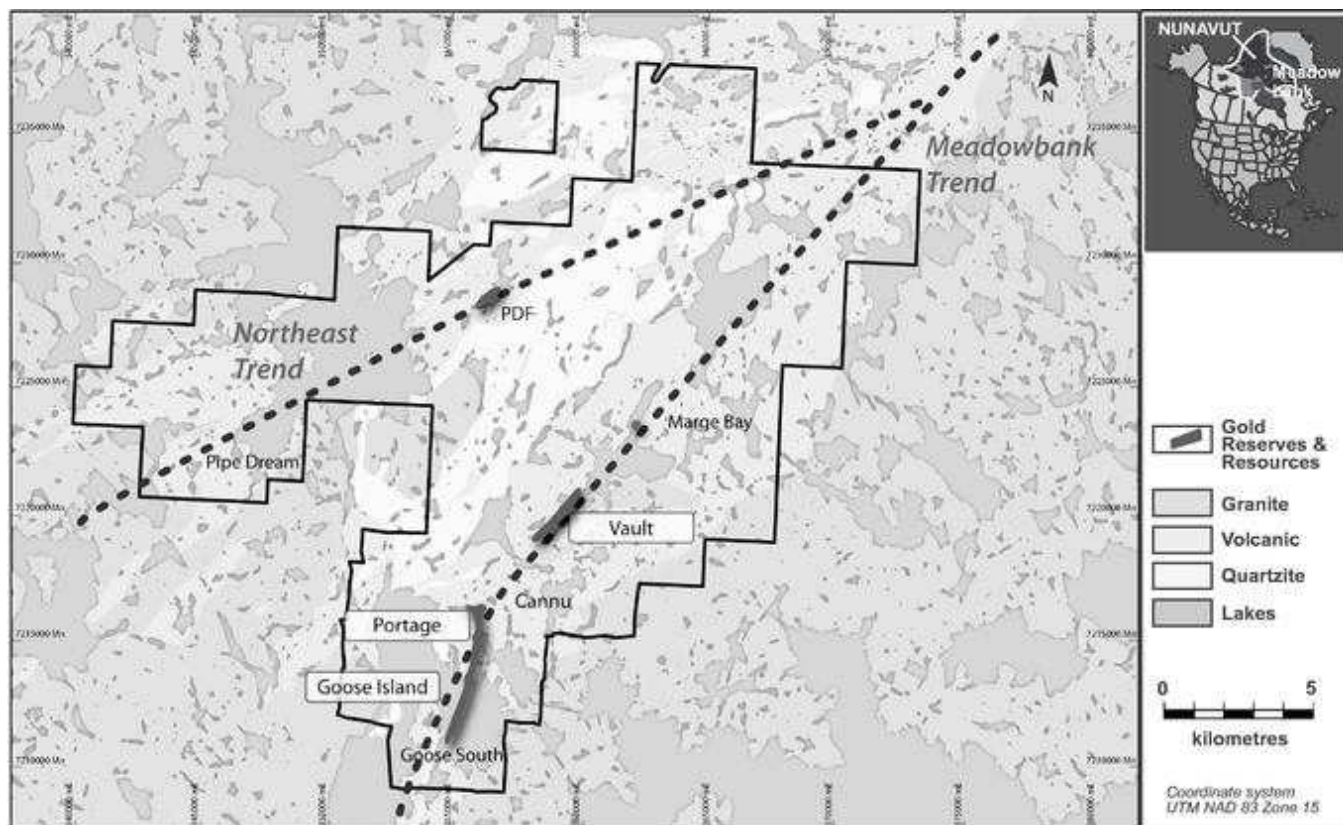
Of the probable reserves of approximately 3.0 million ounces at the Kittila mine project, about 20% are located in the Suuri and Suuri-N open pit areas and 57% in the Suuri and Suuri-N underground area.

The Roura-C and Roura-N Zones

The Roura-C and Roura-N zones extend 1,200 metres horizontally and to a vertical depth of approximately 650 metres below surface. About 19% of the mineral reserves are located within the Roura-C and Roura-N zones. These zones contain one to three parallel, gold bearing lenses. The thickness of these lenses is generally between 10 and 40 metres. Current drilling in these zones is focused on resource to reserve conversion drilling in the area between 400 metres and 600 metres below surface and exploration drilling below 700 metres below surface to test the extension of the deposit at depth.

Meadowbank Mine Project

The Meadowbank mine project is a pre-production stage development property located in the Third Portage Lake area in the Kivalliq District of the Nunavut Territory of northern Canada, approximately 70 kilometres north of Baker Lake. At December 31, 2007, the Meadowbank mine project was estimated to contain probable mineral reserves of 3.5 million ounces of gold comprised of 29.2 million tonnes of ore grading 3.67 grams of gold per tonne.



The Meadowbank mine project is held under ten Crown mining leases (the "Meadowbank Leases"), three exploration concessions (the "Meadowbank Concessions") and a Crown claim (the "Meadowbank Claim"). The Meadowbank Leases, which include the Portage, Goose Island, Goose South and Cannu deposits, are administered under federal legislation. There are no annual work commitments in respect of these leases, however annual rent of C\$18,272 must be paid. The Meadowbank Leases cover approximately 7,400 hectares and each of the leases expires in either 2016 or 2019. Production from areas covered by the Meadowbank Leases is subject to a royalty of up to 14% of adjusted net profits, as defined in the Territorial Mining Regulations. In order to conduct exploration work on the Inuit owned lands, the Company is required to submit a proposal of work annually that must be approved by the KIA, the body that holds the surface rights in the Kivalliq District, and various boards that administer land use, including the Nunavut Water Board, which will provide a recommendation to the Ministry of Indian Affairs and Northern Development (Canada) whether to grant the construction and operating licences. The licence is expected in mid-2008. In order to construct a mine at the Meadowbank mine project the Company must obtain additional approvals and licences, as described below in "— Environmental Permitting & Inuit Impact Benefit Agreement".

The Meadowbank Concessions cover approximately 23,000 hectares and are granted by Nunavut Tunngavik, an Inuit birthright corporation responsible for administering subsurface mineral rights on Inuit owned lands in Nunavut Territory. The Meadowbank Concessions, which include the Vault deposit, are explored under an agreement with Nunavut Tunngavik. For 2008, the Meadowbank Concessions require the Company to pay C\$58,000 for land fees and incur exploration expenses of approximately C\$416,000. During the exploration phase, lands within the Meadowbank Concessions can be held for up to 20 years and the concessions can be converted into a production lease with an annual fee of C\$1.00 per hectare and no requirements for further exploration expenditure. Production from the Meadowbank Concessions is subject to a 12% net profits interest royalty from which annual deductions are limited to 85% of gross revenue. The Meadowbank Claim covers approximately 8,400 hectares and, for 2008, requires the Company to pay fees of approximately C\$2,000 and incur expenditure of approximately C\$83,000.

The Kivalliq region in which the Meadowbank mining project is located has an arid arctic climate. The Meadowbank mine project site is at 134 metre elevation in low lying topography with numerous lakes. Water

requirements for the Meadowbank mine project will be sourced from Third Portage Lake. Operations at the Meadowbank mine project are expected to be year-round with only minor weather-related interruptions to mining operations; however, these interruptions are not expected to affect ore availability for milling operations or other operating activities.

The Meadowbank mine project is accessible from Baker Lake, located 70 kilometres to the south, over a substantially completed 110 kilometre all-weather road. Baker Lake provides 2.5 months of summer shipping access via Hudson Bay and year-round airport facilities. The Meadowbank mine project also has a 1,100 metre long gravel airstrip, permitting access by air. The Company anticipates that it will use ocean transportation for fuel, equipment, bulk materials and supplies from Montreal, Quebec (or Hudson Bay port facilities) via barges and ships into Baker Lake during the summer port access period that starts in mid-July of each year. Fuel and supplies will be transported to the site from Baker Lake by conventional tractor trailer units. Transportation for personnel and air cargo will be provided on scheduled or chartered flights. The permanent base for employees from which to service the Meadowbank mine project has not been determined yet.

The existing exploration camp at the Meadowbank mine project consists of a wood framed office/kitchen/dry facility and all-weather structures and tents that can accommodate up to 60 people. Plant site facilities to be constructed include a mill building with an attached maintenance facility, separate office and dry facilities, assay lab and heavy vehicle maintenance shop. A separate crusher structure will flank the main process complex. Power will be supplied by an 26.4 MW diesel electric power generation plant with heat recovery and an on site fuel storage and distribution system. A pre-fabricated modular type accommodation complex for 344 persons will be supported with a sewage treatment, solid waste disposal and potable water plant. The mill-service-power complex will be connected to the accommodation complex with enclosed corridors. In addition, the Company will build peripheral infrastructure including tailings and waste impoundment areas and a 7 kilometre haul road to the Vault open pit.

Facilities to be constructed at Baker Lake include a barge landing site located several kilometres east of the community. A storage compound consisting of open storage area, a cold storage building and a fuel storage and distribution complex with a 40 million litre capacity will be constructed next to the barge landing facility. The all-weather conventional access road linking the Baker Lake storage facilities to the mine site is now substantially completed.

Environmental Permitting and Inuit Impact & Benefit Agreement

The development of the Meadowbank mine project was subject to an extensive environmental review process under the Nunavut Land Claims Agreement administered by the Nunavut Impact Review Board ("NIRB"). This was a multi-year assessment involving both federal and territorial regulatory agencies, the Inuit landowners, as represented by the KIA and Nunavut Tunngavik, and the local communities of the Kivalliq Region. A production decision regarding the Meadowbank project was made by Cumberland in September 2006. The NIRB recommended to the Minister of Indian Affairs and Northern Development (Canada) that the project could be constructed without resulting in significant adverse environmental impact considering the proposed mitigation measures and that the project should be allowed to proceed to the permitting phase. In November 2006 the Federal Minister of Indian Affairs and Northern Development accepted the positive NIRB recommendation.

On December 30, 2006, Cumberland received the Project Certificate from the NIRB. The issuance of the Project Certificate, which includes the terms and conditions to ensure the integrity of the development process, is the final stage of the NIRB review process for the environmental assessment of the Meadowbank mine project. Following receipt of the Project Certificate, Cumberland obtained land access and quarry permits in January and February 2007 from the Government of Nunavut, the Department of Indian Affairs and Northern Development and the KIA to commence and advance road construction to Meadowbank. Additional licences were received from Natural Resources Canada and other Territorial departments to commence construction. On February 22, 2007, Cumberland announced it had received a Water Licence Type B from the Nunavut Water Board, the final licence required for road construction to the Meadowbank mine project.

In February 2007, a subsidiary of Cumberland and the Nunavut government signed a Development Partnership Agreement ("DPA") with respect to the Meadowbank mine project. The DPA provides a framework

for stakeholders including the federal and municipal governments and the KIA to maximize the long-term socio-economic benefits of the Meadowbank mine project to Nunavut.

During 2005, Cumberland commenced formal discussions and negotiations with the KIA relating to the Inuit Impact Benefit Agreement ("IIBA") for the Meadowbank mine project, which Cumberland and the KIA ultimately signed in March 2006. The IIBA will ensure that local employment, training and business opportunities arising from all phases of the project are accessible to the Kivalliq Inuit. The IIBA also outlines the special considerations and compensation that Cumberland will provide for Inuit regarding traditional, social and cultural matters. In December 2007, the Company provided the KIA with a production notice under the IIBA.

The Company currently holds an exploration lease from the KIA (exploration lease KVCL303H305) that expires December 31, 2010. The Company is currently negotiating with the KIA to convert this lease into a commercial production lease and to arrange for either a separate regional exploration lease or to incorporate the regional exploration activity into the commercial production lease. Agreement has been reached on the commercial production lease payment amounts and schedule and a final commercial production lease is expected to be in place before mid-2008.

In January 2008, the Company and KIA reached agreement on a water compensation agreement for the Meadowbank mine project addressing Inuit rights under the Land Claims Agreement respecting compensation for water use and water impacts associated with the project. The agreement was ratified by the KIA Board of Directors in February 2008. In addition, the Company has now reached agreement with the KIA regarding the land lease.

There are a number of further permits and authorizations required to allow for the construction, operation and ultimate reclamation of the Meadowbank mine project. The key items are set out below:

- a Type A Water Licence from the Nunavut Water Board;
- listing the proposed tailings impoundment on Schedule 2 of the Metal Mining Effluent Regulation under the *Fisheries Act* (Canada);
- authorization from the Department of Fisheries and Oceans (Canada) regarding the alteration of fish habitat and the tailings impoundment system;
- approval from Transport Canada under the *Navigable Waters Protection Act* (Canada) covering construction of the dewatering dykes and the tailings impoundment; and
- a permit from the Department of Natural Resources (Canada) relating to the mixing of open pit explosives on site in a designated explosives plant.

The Company submitted an application in respect of the Type A Water Licence in September 2007 and a final public hearing in respect of the application is scheduled for April 2008. The Company has initiated procedures to have the proposed tailings impoundment listed on Schedule 2 to the *Metal Mining Effluent Regulation*, and the proposed regulation amendment has been published. In November 2007, the Company submitted a proposed compensation plan to the Department of Fisheries and Oceans (Canada) to offset the fish habitat affected by the project through creation of new habitat in Second Portage Lake and an agreement in principle has been reached. Once the Schedule 2 amendment and the compensation plan are completed, the Department of Fisheries and Oceans (Canada) will be in a position to issue the required habitat alteration authorizations for the Meadowbank mine project and the required authorizations relating to the tailings impoundment.

In November 2007, the Company submitted applications to Transport Canada for the required approvals under the *Navigable Waters Protection Act* (Canada). Application to Department of Natural Resources (Canada) for the required explosives permits is being undertaken by the explosives supply contractor on the Company's behalf.

History and Exploration

In the 1980s, regional grassroots exploration programs outlined gold-bearing Archean greenstone belts in the Baker Lake area. In 1985, a joint venture was established between Asamera Minerals Inc. ("Asamera") (60%) and Comaplex Minerals Corp. ("Comaplex") (40%) and commenced evaluating several targets in the area through diamond drilling and other studies. In 1987, the Third Portage deposit was discovered — the first of the five gold deposits currently known at the Meadowbank mine project. In 1994, Cumberland acquired Asamera's 60% interest in the joint venture, and continued drilling and geophysical programs through to 1997. This work further delineated the Third Portage deposit and outlined the Goose Island deposit. The North Portage deposit was also discovered and delineated during this period. In 1997, Cumberland acquired Comaplex's 40% interest and became the 100% owner of the project.

In 1999, extensive surface trenching at the Third Portage deposit was completed and the Company acquired three Nunavut Tunngavik exploration concessions on land contiguous with the existing mining leases. Also in 1999, Cumberland commissioned an independent pre-feasibility study on the Bay Zone, Goose Island, North Portage and Third Portage deposits. The work involved a mineral resource estimate and a preliminary mine plan with a combination of open pit and underground mining.

Exploration work on the newly acquired exploration concessions resulted in the discovery of the Vault deposit in 2000. The 2001 exploration program also focussed on the Vault deposit. In November 2001, Cumberland commissioned an independent mineral resource estimate on the Vault deposit.

Additional drilling was completed at Vault in 2002 to improve confidence levels in preparation for a feasibility study to be completed on the Meadowbank property and which also identified a new zone of mineralization, the PDF deposit. In 2003, further infill drilling was completed in all of the deposits to improve confidence levels for future resource estimates. In 2005, Cumberland's drilling program expanded the size of the Goose Island deposit, intersected encouraging mineralization in the Goose Island South area, and resulted in the discovery of the new Cannu zone, which is the northward extension of the mineralization delineated in the proposed Portage open pit.

During 2006, Cumberland drilled approximately 2,270 metres in 12 holes at the Goose South zone and approximately 5,940 metres in 46 holes at the Cannu zone. During 2007, the Company drilled approximately 2,173 metres in seven holes at the Goose South zone and approximately 688 metres in six holes at the Cannu zone.

In 2007, exploration expenditure of \$8.1 million was budgeted for drilling at the Meadowbank mine project. The main purpose of the drilling program was to convert mineral resource into mineral reserves within or immediately adjacent to the Meadowbank open pit zones and also to identify extensions of the Goose Island and Portage deposits. A portion of the summer exploration program was conducted on the large property along the prospective horizons; a regional airborne magnetic survey was also completed over the entire project area. Up to three drills operated throughout the exploration season from March to October. In 2007, a total of 117 drill holes were completed for a total of 18,183 metres.

Goose South

Early in the 2007 drilling season, seven drill holes (for a total of 2,173 metres) successfully linked the mineralization at moderate to shallow depth from the Goose South discovery northward for almost 300 metres to the Goose Island deposit. A section of continuous mineralization almost 1.2 kilometres long was also defined from the Goose Island deposit south to Goose South zone. Some of the more significant results are set out below.

Drill Hole	Zone	True Width (m)	Interval (m)		Gold (g/t) (Cut 100 g/t)
			From:	To:	
G07-675	Goose South	11.3	236.96	261.87	11.84
and	Goose South	2.5	302.57	307.86	8.26
G07-685	Goose South	5.0	213.25	220.00	8.87
and	Goose South	12.0	260.50	278.80	6.40

Goose Island

Seventeen drill holes, totalling 4,652 metres, were completed in 2007 on the Goose Island deposit in order to convert mineral resource to mineral reserve and explore for extensions of the deposit at depth. Some of the more significant gold results are set out in the table below and include 19.5 grams of gold per tonne over 12.0 metres in hole G07-683 that tested resource within the proposed open pit outline. In addition, approximately 100 metres below the previously planned pit, hole G07-692 returned 5.5 grams of gold per tonne over 9.5 metres.

Drill Hole	Zone	True Width (m)	Interval (m)		Gold (g/t) (Cut 100 g/t)
			From:	To:	
G07-676	Goose Island	18.5	164.0	185.0	5.84
including	Goose Island	4.8	164.0	170.0	9.16
including	Goose Island	5.0	179.11	185.0	10.12
G07-679	Goose Island	8.0	152.52	161.84	15.25
G07-683	Goose Island	12.0	76.0	90.0	19.45
including	Goose Island	6.0	77.0	84.0	31.7
G07-692	Goose Island	9.5	258.0	269.60	5.49

Portage

The majority of the 2007 drilling campaign at the Meadowbank mine project, with 59 holes totalling 5,887 metres, targeted the main Portage deposit and its northern and southern extensions, Cannu and Bay zones, respectively. Already 2.5 kilometres in length, exploration success at Portage, especially at the Bay zone suggests the potential for the Portage deposit to possibly connect with the Goose Island deposit 400 metres to the south. Continuous mineralization potentially could be traced for over 3.5 kilometres spanning Portage, Goose Island and Goose South. Some of the more significant results are set out below.

Drill Hole	Zone	True Width (m)	Interval (m)		Gold (g/t) (Cut 100 g/t)
			From:	To:	
TP07-694	Bay Zone	5.0	84.0	90.0	8.98
and	Bay Zone	9.0	97.0	108.0	22.98
including	Bay Zone	5.7	101.0	108.0	34.60
TP07-695	Bay Zone	7.5	108.55	120.60	13.76
including	Bay Zone	3.2	115.50	120.60	20.11
TP07-704	Bay Zone	3.0	16.30	19.80	31.76
and	Bay Zone	2.8	27.50	30.50	12.81
TP07-706	Portage	4.6	68.4	73.0	4.34
TP07-726	Portage	4.5	73.0	77.5	4.42
NP07-721	Portage	6.0	77.0	83.0	3.72
and	Portage	1.0	89.0	90.0	100.0
NP07-731	Portage	5.1	78.0	83.1	4.98
NP07-734	Portage	7.4	95.2	102.6	10.18

The focus of exploration in 2008 will be to extend the Portage and Goose Island zones to the south, the Cannu zone to the north and the Goose South zone at depth. Exploration expenditure of \$10 million is planned on these zones for 2008. The Vault deposit, approximately seven kilometres to the north will also be tested. Additionally, surface regional programs will be executed to follow up recently identified gold and base metal showings on the property.

Geology and Mineralization

Meadowbank comprises a series of Archean-aged gold deposits hosted within polydeformed rocks of the Woodburn Lake Group, part of a series of Archean supracrustal assemblages forming the Western Churchill supergroup in northern Canada. Three of the four known gold deposits are currently planned to be mined. The

Goose Island and Portage deposits are hosted by highly deformed magnetite rich iron formation rocks while intermediate volcanic rock assemblages host the majority of the mineralization at the more northerly Vault deposit. In all deposits, gold mineralization is commonly associated with intense quartz flooding, and the presence of iron sulphide minerals (pyrite and/or pyrrhotite). Arsenopyrite is typically absent.

Defined over a 1.85 kilometre strike length and across lateral extents ranging from 100 metres to 230 metres, the geometry of the Portage gold deposit consists of a north north-west striking recumbent fold with limbs that extend to the west. The mineralization in the lower limb of the fold is typically six to eight metres in true thickness, reaching up to 20 metres in the hinge area.

The Goose Island deposit is similar in setting to the Portage deposit, but exhibits different geometry, with a north north-south trend and a steep westerly dip. Mineralized zones typically occur as a single unit near surface, splaying into several limbs at depth. The deposit is currently defined over a 750 metre strike length and down to 500 metres at depth (mainly in the southern end); with true thicknesses of ten metres to 12 metres (reaching up to 20 metres locally).

The Vault Deposit is a planar and shallow dipping with a defined strike of 1,100 metres. It remains open down-dip to the northeast; but has been defined for at least 700 metres, down dip. The deposit has been disturbed by two sets of normal faults striking east-west and north-south and dipping moderately to the southeast and steeply to the east respectively. The main lens has an average true thickness (based on one gram per tonne shell) of eight metres to 12 metres, reaching as high as 18 metres locally. The hanging wall lenses are typically three metres to five metres, and up to seven metres, in true thickness.

Mining and Metallurgy

Mining at the Meadowbank mine project will be done by trucks and excavators and has been projected over an eight plus year mine life. Ore will be extracted conventionally using drilling and blasting with truck haulage to a primary gyratory crusher located adjacent to the mill. Waste rock will be hauled to one of two waste storage areas on the property or used for dyke construction, fill material or dumped into selective areas of the open pits that have previously been mined out. Mining will initially be concentrated in the Portage pit area. Waste material from the pre-stripping will be used as bulk construction materials for dykes, as well as for construction fill material around the site.

During pre-production, ore grade material will be stockpiled close to the primary crusher. During year one, all of the ore material is scheduled to come from the Portage pit. Waste material will be used to complete the construction of the Goose Island dykes, with the remaining waste hauled to the primary dump north of the Second Portage Lake.

With the completion of the Goose Island dyke, the Goose Island pit will be brought into production and will augment the ore flow from the Portage pit. The Company anticipates that these two pits will operate concurrently for a period of four years, from years two through five. Waste stripping is scheduled to commence in the Vault pit in year four, with the start of ore mining anticipated year four as the Goose pit comes to a close. During the last two and half years of the project life, mining will be exclusively from the Vault pit.

Equipment at the site for the project includes blasthole drills, mass excavators, hydrolic shovels, front end loaders, haulage trucks, tracked dozers and graders.

The recovery of gold from ore within the Portage, Goose and Vault open pit designs is based on detailed metallurgical test work of the materials from the Meadowbank mine project over the course of three years. The sampling of the deposits was extensive and test work was completed using only drill core from ore zones which fall within the proposed mining plan. The sample materials were selected by qualified persons, and the materials best represent geological materials planned to be mined. The metallurgical test program was completed in 2003 and 2004, with gold recovery studies by SGS Lakefield Research Ltd.

The process design is based on a conventional gold plant flowsheet consisting of primary gyratory crushing, grinding, gravity concentration, cyanide leaching and gold recovery in a carbon-in-pulp ("CIP") circuit. The mill will be designed to operate 365 days per year with a design capacity of 3.1 million tonnes of ore per year

(8,500 tonnes per day). The overall gold recovery is projected to be approximately 93.2%, based on projections from metallurgical test work, with about 40% typically recovered in the gravity circuit.

The crushed ore is fed to a coarse ore stockpile and then reclaimed to a SAG mill operating in closed circuit with a pebble crusher. The SAG mill operates together with a ball mill to reduce the ore to about 80% passing 60-90 microns, depending on the ore type and its hardness. The ball mill operates in closed circuit with cyclones. The grinding circuit incorporates a gravity process to recover free gold and the free gold concentrate will be leached in an intensive cyanide leach-direct electrowinning recovery process.

The cyclone overflow is thickened prior to pre-aeration with air and leaching in agitated tanks. The leached slurry is directed to a six-tank CIP system for gold recovery. Gold in solution from the leaching circuit is recovered on carbon and subsequently stripped and then recovered from the strip solution by electrowinning, followed by smelting and the production of a dore bar.

The CIP tailings will be treated for the destruction of cyanide using the standard sulphur-dioxide-air process. The detoxified tailings will be pumped to the permanent tailings facility. The tailings storage is designed for zero discharge, with all process water being reclaimed for re-use in the mill to minimize the water requirements for the project.

Current facilities on the Meadowbank mine project consist of the original Cumberland exploration camp with capacity for 65 employees. During 2007, most of the work was on the 110 kilometre all-weather road between Baker Lake and the Meadowbank mine project site. Construction of the road has essentially been completed with 1.5 kilometres remaining to be completed. Transport of material on to the site started in December 2007 using a temporary ice road for the last 8.0 kilometres. Currently, construction of the permanent 350 person camp is nearing completion.

A total of \$173 million has been budgeted to be spent at the Meadowbank mine project in 2008, including over \$56 million on process plant construction and process equipment and \$42 million on mining preproduction and the mining fleet. Approximately 25% of the mining equipment has already been delivered to Baker Lake. Mining preproduction will include the rock work associated with the construction of the perimeter dykes around the Portage open pit. In addition, \$18 million has been budgeted for power plant construction and \$13 million for site infrastructure including the camp, service facilities and fuel storage.

The mine is expected to start production in early 2010. Current estimated capital costs of construction of the Meadowbank mine project are approximately \$390 million, of which a total of \$160 million had been incurred by the end of 2007 and \$173 million are expected to be incurred in 2008.

Pinos Altos Mine Project

The Pinos Altos mine project is located on an 11,000 hectare property in the Sierra Madre gold belt, 285 kilometres west of the city of Chihuahua in the State of Chihuahua in northern Mexico. At December 31, 2007, the Pinos Altos mine project was estimated to contain probable mineral reserves of 2.5 million ounces of gold and 73.1 million ounces of silver comprised of 24.7 million tonnes of ore grading 3.21 grams of gold per tonne and 92.21 grams of silver per tonne. The Pinos Altos property is made up of three blocks, the Parrena Concessions (19 concessions, 6,041.1 hectares), the Madrono Concessions (17 concessions, 873.3 hectares) and the Pinos Altos Concession (one concession, 4,192.2 hectares).

The Madrono Concessions (which cover approximately 74% of the current mineral resource) are subject to a net smelter royalty of 3.5% payable to Minerales El Madrono S.A. de C.V. ("Madrono"). The Pinos Altos Concession (which covers approximately 26% of the current mineral resource) is subject to a 2.5% net smelter return royalty payable to the Consejo de Recursos Minerales, a Mexican Federal Government agency; after 20 years, this portion of the property will also be subject to a 3.5% net smelter return royalty payable to Madrono. In 2007, advance payments of \$0.14 million were paid to Madrono. The assets comprising the Pinos Altos mine project acquired by the Company are an assignment of rights under contracts to explore and exploit the Madrono Concessions and the Pinos Altos Concession, the right to use up to 400 hectares of land owned by Madrono for mining installations for a period of 20 years after formal mining operations have been initiated, sole ownership of the Parrena Concessions, possession rights under Mexican law to a 13.3 hectare parcel of land and rights to an environmental impact statement authorization issued by Mexican environmental authorities.

Water requirements for the Pinos Altos mine project will be obtained from ground water sources intercepted by the mine workings.

The Pinos Altos property is characterized by moderate to rough terrain with mixed forest (pine and oak) and altitude that varies from 1,770 metres to 2,490 metres above sea level. The climate is sub-humid, with about two-thirds of its average annual precipitation of approximately one metre occurring during the period from June through September. The average annual temperature is 18.3 degrees Celsius. The minimum monthly average temperature is 11.4 degrees Celsius in January and the maximum monthly average temperature is 25.5 degrees Celsius in June. Exploration and mining work can be carried out year round. The Pinos Altos mine project is located in an important mining area of northern Mexico and the Company anticipates skilled workers may be recruited from the local area and from the larger centers located near the region. The property is directly accessible by paved highway and within 10 kilometres of an extension of the state power grid.

Over 90% of the Pinos Altos mine project's mineral resource is located in the Santo Nino vein, along a regional fault zone that holds a number of other known deposits in the area. This Santo Nino vein zone has thicknesses of up to 40 metres over a length of 2.5 kilometres and a vertical extent that can reach 600 metres or more. It remains open to the west and at depth. Penoles', the previous owner of the project, work also included metallurgical testing and initial work on the permitting for a potential mining operation.

During 2006, the Company embarked upon a program to acquire surface rights, in addition to the underlying mineral rights which are already held by the Company, for approximately 7,215 hectares of land surrounding the Pinos Altos mine project.

As at the end of 2006, the Company had successfully concluded negotiations with communal land owners (ejidos) and others for the purchase of 5,745 hectares of land as follows:

Ejido Jesus del Monte	800 hectares
Ejido Gasachi	1,450 hectares
Ejido Basacheachi	1,250 hectares
Ejido Yepachi	1,480 hectares
Anexo El Portrero	765 hectares

In addition to the land purchases listed above, a temporary occupation agreement with a 30-year term was successfully negotiated with ejido Jesus del Monte in 2006 for an additional 1,470 hectares of land. Activity during 2007 was limited to the completion of agreed phased payments for the purchases referred to above. The acquisition of surface rights for the prospective lands within the district surrounding the Pinos Altos project will facilitate future exploration activity and any potential future mining development in these areas. The Company believes its land position is sufficient for construction of tailings facilities.

In August 2007, on the basis of an independently reviewed feasibility study, the Company approved construction of a mine at Pinos Altos. Annual gold production is expected to average 190,000 ounces of gold at total cash costs of \$210 per ounce, with initial gold production occurring in the third quarter of 2009. The life of mine plan for Pinos Altos is based on a gold price of \$566 per ounce and exchange rate of C\$1.15 for each \$1.00 and anticipates sustaining capital expenditures of approximately \$5 million per year. Estimated capital costs of construction of the Pinos Altos mine project are \$230 million, of which \$126 million are expected to be incurred in 2008.

In August 2007, the project received the necessary permit authorizations for construction and operation of a mine at Pinos Altos, including the Cambio de Uso de Suelo and Manifiesto de los Impactos Ambientales approvals from the Mexican environmental agency ("SEMARNAT"). As of the end of 2007, the project was operating under these permits, and minor modifications to allow for future expansion of facilities were under review by SEMARNAT.

Initial development of the underground mine was underway by December 2007, including more than 1,000 meters of lateral development. Purchase orders for the ball mill and SAG mill and mining equipment had been placed as at the end of 2007 and basic engineering for the project was nearly complete. During 2008, the major project activity is expected to include the detailed engineering, procurement, further pre-production

development of the underground mine, pre-production development of the surface mine, and civil and structural works related to the project and commencement of earthworks and construction of surface facilities.

Location Map of Pinos Altos Mine Project



Geology

The Pinos Altos mine project is in the north part of the Sierra Madre geologic province. The stratigraphic column for the region and project is as follows:

Series	Unit	Lithology	Age
Upper Volcanic Series	Buenavista Ignimbrite	570m-Pale brown grey, beige rhyodacite crystal lithic tuffs, and lapilli	<38Ma
	Frijolar andesite	420m-Brown, purple andesite lithic flow tuffs	
	Victoria Ignimbrite	400m- Buff, brownish-grey rhyolite and dacite crystal lithic ash flow tuffs	
Lower Volcanic Series	El Madrono Volcanics	250-750m-Interbedded greenish-grey andesite and rhyolite flows and volcanoclastics	<45Ma
	Navosaigame Conglomerate	420m-Mostly purple conglomerates, sandstones, shales	

Rhyolite and andesite dykes are emplaced along faults that cut the above series. There is a classic exposure of a rhyolite dome in the northwest edge of the Pinos Altos mine project. Future study may show a genetic relationship of the rhyolite dome to mineralization in the district. Structure in the Pinos Altos mine project is dominated by a ten kilometre by three kilometre horst, a fault-uplifted block structure, oriented west-northwest



that is bounded on the south by the Santo Nino fault dipping south and on the north by the Reyna de Plata fault dipping north. Quartz-gold vein deposits are emplaced along these faults and along transfer faults that splay northwest from the Santo Nino fault.

The Pinos Altos property is host to volcanic rocks belonging to both the Upper volcanic supergroup and the Lower volcanic complex. The drilling undertaken by the Company in 2005 intersected units belonging to the Upper volcanics. Units not seen in drill holes were briefly visited on outcrops.

- The Lower volcanic complex is represented on the property by the Navosaigame conglomerates and the El Madrono volcanics. These units represent episodes of erosion and andesite dominated volcanism. The Navosaigame conglomerate is made up of thinly bedded sandstone intercalated with siltstones and conglomerates. Clasts consist of andesite, limestone, granitoids and quartzofeldspathic gneisses. Some sandstone horizons also contain pumice fragments. The El Madrono volcanics consist of felsic tuffs and lavas intercalated with rhyolitic tuffs and sandy volcanoclastic and sediments. The andesitic tuffs are greenish grey. Feldspar and biotite phenocrysts are common as are lithic andesite and pumice fragments. The andesitic flows consist of intercalated horizons of agglomerates and massive porphyritic layers. Plagioclase and ferromagnesian oxides occur as phenocrysts in a light green aphanitic matrix. Intercalated within these flows are at least two rhyolitic tuff horizons, which can reach up to 50 metres in thickness. These horizons are commonly argillite altered and weakly oxidized. Thinly laminated medium to coarse grained sandstone horizons of less than 10 metres in thickness are also noted.
- The Upper volcanic supergroup discordantly overlies rocks of the Lower volcanic sequence. The Upper volcanic group is made up of the Victoria ignimbrites, the Frijolar andesites, and the Buenavista ignimbrites. Intermediate and felsic dykes as well as rhyolitic domes intrude all of these units. Lacustrine deposits are also locally recognized. The Victoria ignimbrites represent an explosive felsic volcanic event. Layers within this unit present numerous textural, compositional, and colour variations. Rocks within this unit include vitrocyrtalline and lithic tuffs of rhyolitic to dacitic composition, aphanitic vitric tuffs, pyroclastic lithic tuffs ranging up to lapilli tuffs with fragments of variable composition, and volcanic breccias. The Frijolar andesite are massive to flow banded, porphyritic, consisting of 70% plagioclase and hornblende phenocrysts in a brownish to purple aphanitic groundmass locally hosting pyrite and hematite. The Buenavista ignimbrite consists of a series of dacitic to rhyolitic pyroclastics. This unit was intersected in all of the Agnico-Eagle drill holes. From top to bottom, the layers encountered are: (1) Basaltic flows (blackish coloured, aphanitic and amygdaloidal), (2) Dacitic flows (purple to maroon in colour and for the most part aphanitic), (3) Lapilli and sandy tuffs, (4) Vitrocrystalline lithic welded tuffs (beige to pinkish beige colour, with quartz, feldspar and biotite phenocrysts and 10 to 25% lithic and pumice fragments), and (5) Rhyodacitic vitrocrystalline tuffs (beige to purple in colour, with quartz, feldspar, plagioclase and biotite phenocrysts). For the most part, massive breccias with fragments of equal composition as the matrix are developed near the base of the unit.

The Lacustrine deposits consist of layers of finely laminated fine grained, grey to black, silica rich beds intercalated with volcanic and limey layers.

The intrusive rocks are represented by the rhyolite and Santo Nino andesite units. The rhyolites are present as dykes and small domes. These units intrude the Victoria and Buenavista ignimbrites close to the Santo Nino and Reyna de Plata fault zones as well as close to other minor structures. The unit is pale white to reddish beige, aphanitic to porphyritic and with well developed flow banding. Pyrite, as fine grained disseminations, is commonly associated to these rhyolites. The Santo Nino andesite is a dyke which intrudes along the Santo Nino fault zone. It is of purple to greenish mauve colour, fine to medium grained and with plagioclase and hornblende phenocrysts.

Structure

The Pinos Altos property is centered on a horst structure striking at an azimuth of roughly 120 degrees. The horst is defined by the Reyna de Plata fault to the north and the Santo Nino fault to the south. Within this context, the principal veins and faults are grouped as follows:

- 1) West-northwest ("WNW"), pre-mineralization, numerous re-activation episodes;

- 2) North to northeast ("NNE"), pre- and post-mineralization;
- 3) North to north-northwest pre- and post-mineralization, low angle fault, seen only at the Carola fault; and
- 4) North to north-northwest post-mineralization, basin and range type structures.

The mineralization is controlled by the WNW and the NNE system. The Santo Nino and Reyna de Plata faults represent the WNW system. These faults run sub-parallel to each other and can be traced for up to seven kilometres. The principal gold occurrences on the property are hosted by the Santo Nino fault zone. Numerous episodes of movements are interpreted, including a pre-mineralization sinistral to normal movement during a north-northwest to south-southeast extension period and a post-mineralization dextral movement during a northeast to east-northeast extensional period. The north to northeast faults were also important to the emplacement of gold on the property. It is at the intersection of two structures, the Victoria and the El Comedero faults with the Santo Nino fault zone, that are respectively located in the Santo Nino and the Oberon de Weber ore shoots.

Deposit Type and Mineralization

Gold and silver mineralization at the Pinos Altos mine project consists of low sulphidation epithermal type hydrothermal veins and breccias. The Santo Nino structure outcrops over a distance of roughly six kilometres. It strikes at 060 degrees azimuth on its eastern portion and turns to strike roughly 090 degrees azimuth on its western fringe. The structure dips at 70 degrees towards the south. The four mineralized sectors hosted by the Santo Nino structure consist of discontinuous quartz rich lenses named from east to west: El Apache, Oberon de Weber, Santo Nino, and Cerro Colorado. All four mineralized sectors share a similar multi-episodic history. From oldest to most recent:

- 1) Intrusion of Santo Nino andesite dykes within the Santo Nino fault zone.
- 2) Formation of vuggy cockade textured breccias containing variable amounts of andesitic (Santo Nino) and rhyolitic (Victoria) fragments.
- 3) Formation of quartz-sericitic breccias. These breccias are usually strongly oxidized along fractures and are marked by fine pyrite disseminations (less than 1%). Visible gold is sometimes noted within these breccias. The quartz is host to andesitic and rhyolitic lithic fragments.
- 4) Formation of green quartz breccias. The quartz-adularia matrix is host to strongly silicified wallrock fragments from the Santo Nino andesites and the Victoria ignimbrites. The matrix consists of banded colloform and crustiform, locally drusitic green quartz. Traces of visible gold and pyrite are noted. Native silver and electrum were noted in higher grade sectors.
- 5) A late breccia event consisting of grey to yellowish green quartz with local amethyst. This quartz cements fragments of all units described above. Grey to blackish grey calcite is also associated to this event.
- 6) Late brittle fault gouges along the Santo Nino fault within which mineralized rock fragments are sporadically noted.

The El Apache is the most weakly mineralized. The area hosts a weakly developed white quartz dominated breccia. Gold values are low and erratic over its roughly 750 metre strike length. Past drilling suggests that this zone is of limited extent at depth.

The Oberon de Weber showing is followed on surface and by diamond drilling over an extent of roughly 500 metres. Shallow holes drilled by the Company show good continuity both in grade and thickness over roughly 550 metres. From previous drilling done by Penoles, continuity at depth appears to be erratic with a weakly defined western rake.

The Santo Nino lens is the most vertically extensive of these lenses. It has been traced to a depth of approximately 750 metres below surface. The vein is followed on surface over a distance of 550 metres and

discontinuously up to 650 metres. Beyond its western and eastern extents, the Santo Nino andesite is massive and only weakly altered. Gold grades found are systematically associated with green quartz brecciated andesite.

The Cerro Colorado lens is structurally more complex than the three described above. Near the surface, it is marked by a complex superposition of brittle faults with mineralized zones which are difficult to correlate from hole to hole. Its relation to the Santo Nino fault zone is not clearly defined. Two deeper holes done by Agnico-Eagle during this campaign suggest better grade continuity at depth.

The San Eligio zone is located approximately 250 metres north of Santo Nino. The host rock is brecciated Victoria Ignimbrite with, rarely, stockworks. There is no andesite in this sector. Unlike the other lenses, the San Eligio lens dips towards the north. The lateral extent seems to be continuous at 850 metres depth. Its average width is five metres and never exceeds 15 metres. Surface mapping and prospecting has suggested good potential for additional mineralization on strike and at depths below 150 metres. Visible gold has been seen in the drill core.

Mineralogy

The minerals present are indicative of an oxidized, epithermal, low sulphidation (and likely low sulphide) precious metals vein system rich in silver. The temperature of formation is thought to have been below 300 degrees Celsius, as no selenium minerals have been found to date. The presence of kaolinite and dickite are indicative of an acidic environment. The presence of hematite crystals in the center of acanthite indicates that the deposit was probably formed under oxidative conditions.

One sample from the hole PA-05-03 was submitted for a petrographic description. Ore minerals observed under the petrographic microscope were native silver, acanthite and native gold. The gangue included quartz, kaolinite, hematite and minor apatite and chrysocolla. Acanthite forms fill between quartz grains and crystals. Silver occurs as replacement rims on the acanthite. Gold occurs as small, sub-millimetre grains either as floaters in quartz matrix or rarely associated directly with silver minerals. Hematite and chrysocolla form by oxide replacement of early sulphide phases, hematite from pyrite and chrysocolla, presumably from stromeyerite or chalcopyrite.

Exploration Program

Based on the positive drilling results and growing precious metals resources, in 2007 the Company accelerated its work on the property and initiated a \$23 million exploration program. The objectives of the exploration program included: converting resources to reserves, expanding the resource by drilling in under-explored sectors along the strike and at depth, completing the feasibility study and developing an underground ramp to provide a deeper drilling platform and to expose the mineralization sampling. In 2007, 84 holes were drilled on the property for a total length of 38,191 metres. And at the end of 2007, five drills are operating on the property, focused largely on resource conversion at relatively shallow depths (less than 300 metres generally). The program has confirmed the open pit and the underground potential of both the Santo Nino and Oberon de Weber structures. The work to date has also confirmed that the Santo Nino and Cerro Colorado structures remain open along strike and at depth.

The exploration works focused on three known ore shoots, the Santo Nino, Oberon de Weber and Cerro Colorado Structures. The total strike length of the known mineralization is approximately eight kilometres. A summary of the best results from the recent drilling on the main Santo Nino zone is set out in the following table. These results have increased confidence that the overall gold and silver resource around Cerro Colorado and Santo Nino is likely to grow. One of the most significant results was in the hole PA-05-81 that returned 5.8 grams of gold per tonne and 42.0 grams of silver per tonne over 2.5 metres at a depth of approximately 625 metres. This hole is approximately midway between the Santo Nino and Cerro Colorado zones. This intersection suggests that these two zones may join at depth. Also significant are the intersections returned in hole PA-06-83 (16.2 grams of gold per tonne and 116.0 grams of silver per tonne over 3.2 metres) that confirms the depth potential along the steep east plunge of Santo Nino, and also in hole PA-06-111 (6.3 grams of gold per tonne and 105.0 grams of silver per tonne over 39.0 metres) that supports the open pit potential of Santo Nino.

Some of the most notable drill holes encountered in 2007 are set out below:

Pinos Altos

Drill Hole	True Thickness (m)	Interval (m)		Gold (g/t) (Cut 41 g/t)	Silver (g/t) (Cut 1500 g/t)	Horizontal Width
		From:	To:			
PA-06-113	7.3	282.2	290.2	5.83	196.6	7.9
PA-06-117	28.4	220.0	250.2	2.31	95.0	30.6
PA-06-122	52.3	244.5	311.0	2.91	103.0	56.4
PA-06-127	37.7	223.5	275.0	4.45	155.3	40.7
PA-06-132	0.6	17.3	33.5	6.79	102.9	0.0
PA-06-134	26.0	31.0	62.0	3.24	81.1	28.0
PA-06-146	37.6	586.7	629.0	4.47	129.2	40.6
PA-06-146	13.9	607.4	623.0	9.05	144.8	15.0
PA-06-147	40.0	457.3	501.9	6.15	138.0	43.1
PA-06-147	14.3	463.0	479.0	11.74	212.5	15.5
PA-06-147	11.6	488.9	501.9	5.91	176.5	12.6
PA-06-149	7.7	306.1	315.0	15.48	411.1	8.3
PA-06-151	20.8	293.9	317.6	3.70	162.6	22.5
PA-07-175	7.1	570.0	580.0	5.47	68.9	7.7

Exploration and resource conversion diamond drilling will now be focused at depths below 300 metres along the Santo Nino and Cerro Colorado zones and also along the San Eligio gold structure. San Eligio is located approximately 250 metres north of Santo Nino, where surface mapping and prospecting has suggested good potential for additional mineralization on strike and at depths below 150 metres. Assays from the initial round of drilling are expected to be completed shortly. Visual inspection of the drill core resulted in sightings of visible gold. The mineralization is very similar to that of Santo Nino geologically.

Creston/Mascota

A recent discovery was made in the Creston/Mascota area in the northwest quadrant of the Pinos Altos property, approximately seven kilometres from the main Santo Nino deposit. In the fall of 2006, surface mapping, sampling and trenching identified gold associated with at least two, shallowly-dipping zones of brecciated quartz vein and quartz stock work near surface. The mineralization of the two zones, Mascota and Creston-Colorado is similar to Santo Nino except in their orientation (generally north-south with a shallow west dip).

A north-south oriented almost vertical fault appears to separate the Creston Colorado and the Mascota zones. Drilling began in December 2006 and two drills are currently operating at the Creston Colorado zone.

The gold mineralization in this zone is now known to be approximately 900 metres long (north-south) with widths ranging between 50 metres and 200 metres (east-west) and thicknesses ranging between 10 metres and 60 metres. Some of the most notable drill holes encountered in 2006-2007 are set out in the table below. An

inferred resource was estimated at the end of 2007 to be 7.7 million tonnes grading 1.4 grams per tonne gold and 16.2 grams per tonne silver.

Drill Hole	True Thickness (m)	Interval (m)		Gold (g/t) (Cut 41 g/t)	Silver (g/t) (Cut 1500 g/t)	Vertical Thickness (m)
		From:	To:			
CM-06-001	10.9	0.0	11.0	2.43	57.8	14.2
CM-07-010	18.4	5.5	24.0	2.14	7.8	24.1
CM-07-010A	10.0	0.0	10.0	5.14	21.9	13.0
CM-07-010B	14.2	0.0	18.7	3.38	22.5	18.5
CM-07-011	39.0	15.6	54.9	2.33	15.0	50.9
CM-07-012	64.4	38.2	103.5	3.81	35.7	84.0
CM-07-031	66.7	61.5	128.5	1.92	25.4	87.1
CM-07-033	48.6	70.0	119.0	3.48	17.6	63.5
CM-07-034	28.5	162.7	191.3	1.67	12.0	37.2

Future Work

The 2008 work program will include building an exploration ramp which will be developed on the footwall of Santo Nino and Cerro Colorado to permit additional drilling at depth in the area of the Cerro Colorado and Santo Nino structures where there are suggestions that the two structures may join at depth. The main objectives of the program will be to convert the present inferred resource estimates along Cerro Colorado, San Eligio and El Apache and along the depth extension of the Santo Nino Zones, and test the potential target around the Pinos Altos area. A program of geotechnical drilling was also started in December 2006, in order to collect some technical data to design the future open pits. Exploration in 2008 at Creston/Mascota will test the zones further north for one kilometre and to the west. A scoping study will be initiated to evaluate the potential of the Creston/Mascota zone. Budgeted exploration expenditure for 2008 at the Pinos Altos mine project is \$10.3 million.

Construction at the Pinos Altos mine project will include the development of underground and open pit mines, installation of shops, warehouses, and other surface facilities; and installation of a process plant capable of processing approximately 1.5 million tonnes of ore per year. The surface mine will use traditional open pit mining techniques with bench heights of seven meters. The underground mine will utilize the long hole sublevel stoping method. The process plant will utilize single stage crushing followed by a conventional SAG/ball mill circuit with gravity separation. Ore will be ground to 80% passing 75 microns followed by cyanide leaching, counter-current decantation and Merrill Crowe recovery. Tailings will be detoxified and used for paste backfill in the underground mine or deposited as dry tailings in an engineered impoundment area.

Agnico-Eagle has opened a regional office in Chihuahua to develop and construct the Pinos Altos mine, to carry out further exploration at and around Pinos Altos, and to evaluate other opportunities in Mexico. Environmental reviews have been completed and applications for all major construction and applications for operating permits have been submitted to, or received from, the appropriate Mexican review agencies.

Agnico-Eagle has also engaged the local communities in the project area to ensure that the project provides long-term benefits to the residents living and working in the region. The Company received distinction as an "Empresa Socialmente Responsable 2008" (socially responsible company) by the Mexican non-governmental agency CEMEFI for these efforts in the community.

Exploration Activities

Agnico-Eagle continued to actively explore in Quebec, Ontario, Nunavut, Newfoundland, Nevada, Finland and Chihuahua, Mexico. At the end of December 2007, the land holdings of Agnico-Eagle in Canada consisted of 80 projects comprised of 2,928 mineral titles (claims, mining leases, etc.) covering an aggregate of 125,398 hectares. Land holdings in the United States consisted of seven properties covering 14,911 hectares. Land holdings in Finland consisted of two properties covering an aggregate of 9,360 hectares and 27 reservations covering 24,012 hectares. In Mexico, the holdings consisted of one property covering a total of 26,477 hectares and the Pinos Altos property, which covers 11,107 hectares. During 2007, the Company's Canadian exploration

activities were focused on the CLL Fault Zone between the Bousquet and Lapa areas in the Abitibi region of Quebec. The Company is conducting exploration activities in other parts of the Abitibi region, in Ontario and in Newfoundland and Labrador. The Company also has exploration property in northwestern Ontario. In Nevada, exploration activities during 2007 were concentrated on the Cortez-Battle Mountain trend and northeastern region of the State. With the acquisitions of the Pinos Altos and Kittila mine projects in Mexico and Finland, respectively, the Company began an aggressive exploration program at Pinos Altos in 2007 both within the Pinos Altos mine project area and also in the Creston/Mascota area in the northwest sector of the property. In Finland, exploration including diamond drilling continued along the Surrikuusikko Trend both to the north and south of the Kittila mining lease.

Mineral Reserve and Mineral Resource

Cautionary Note to Investors Concerning Estimates of Measured and Indicated Resources

This section uses the terms "measured resources" and "indicated resources". We advise investors that while those terms are recognized and required by Canadian regulations, the SEC does not recognize them. **Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves .**

Cautionary Note to Investors Concerning Estimates of Inferred Resources

This section uses the term "inferred resources". We advise investors that while this term is recognized and required by Canadian regulations, the SEC does not recognize it. "Inferred resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. **Investors are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally mineable .**

The information set forth below with respect to the mineral reserves at the LaRonde Mine (which includes mineral reserves at the LaRonde Mine extension), the Lapa, Goldex, Meadowbank, Kittila and Pinos Altos mine projects, and the Bousquet and Ellison properties has been prepared by the qualified people set out below in accordance with the Canadian Securities Administrators' National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("National Instrument 43-101"). The Company's Vice President, Project Development, Marc Legault, P.Eng, a "qualified person" under National Instrument 43-101, has supervised the preparation of and verified the information that forms the basis for the scientific and technical information in this Form 20-F. The Company's mineral reserve estimate was derived from internally generated data or audited reports.

Property	Qualified person responsible for mineral reserve estimates
LaRonde Mine	Francois Blanchet, Ing., Superintendent of Geology, LaRonde Mine
Goldex	Dyane Duquette, P. Geo., Assistant Superintendent, Technical Services, Goldex mine project
Lapa	Normand Bédard, P. Geo., Geology Superintendent, Lapa mine project
Meadowbank	Daniel Doucet, Ing., Principal Engineer, Technical Services Group
Kittila	Marc Legault, P. Eng., Vice President, Project Development
Pinos Altos	Daniel Doucet, Ing., Principal Engineer, Technical Services Group
Bousquet and Ellison	Francois Blanchet, Ing., Superintendent of Geology, LaRonde Mine

The criteria set forth in National Instrument 43-101 for reserve definitions and guidelines for classification of mineral reserve are similar to those used by the SEC Industry Guide No. 7, as interpreted by Staff of the SEC ("Guide 7"). However, the definitions in National Instrument 43-101 differ in certain respects from those under Guide 7. Under Guide 7, among other things, a mineral reserve estimate must have a "final" or "bankable" feasibility study. Guide 7 also requires the use of prices that reflect current economic conditions at the time of reserve determination which Staff of the SEC has interpreted to mean historic three-year average prices. In

addition to the differences noted above, Guide 7 does not recognize mineral resources. The assumptions used for the mineral reserves and resources estimate reported by the Company in this Form 20-F were based on three-year average prices for the period ending December 31, 2007 of \$583 per ounce gold, \$10.77 per ounce silver, \$1.19 per pound zinc, \$2.65 per pound copper and exchange rates of C\$1.14 per \$1.00, 10.91 Mexican pesos per \$1.00 and \$1.29 per €1.00. The assumptions for the mineral reserves and resources estimates reported by the Company for the period ending December 31, 2006 were \$486 per ounce gold, \$8.69 per ounce silver, \$0.89 per pound zinc, \$1.99 per pound copper and exchange rates of C\$1.21 per \$1.00, 11.02 Mexican pesos per \$1.00 and \$1.25 per €1.00. Set out below are the reserve estimates as calculated in accordance with National Instrument 43-101 and Guide 7, respectively (tonnages and contained gold quantities are rounded to the nearest thousand):

Property	National Instrument 43-101			Industry Guide 7		
	Tonnes	Grade (g/t)	Contained Gold (oz)	Tonnes	Grade (g/t)	Contained Gold (oz)
<i>Proven Reserve</i>						
Goldex	250,000	2.23	18,000	250,000	2.23	18,000
Lapa	3,000	10.63	1,000	3,000	10.63	1,000
LaRonde	4,672,000	2.77	416,000	4,672,000	2.77	416,000
Total Proven Reserve	4,924,000		435,000	4,924,000		435,000
<i>Probable Reserve</i>						
Goldex	22,849,000	2.20	1,616,000	22,849,000	2.20	1,616,000
Lapa	3,756,000	8.86	1,070,000	3,756,000	8.86	1,070,000
LaRonde	30,225,000	4.67	4,542,000	30,225,000	4.67	4,542,000
Kittila	18,206,000	5.12	2,996,000	18,206,000	5.12	2,996,000
Meadowbank	29,261,000	3.67	3,453,000	29,261,000	3.67	3,453,000
Pinos Altos	24,657,000	3.21	2,547,000	24,657,000	3.21	2,547,000
Total Probable Reserve	128,952,000		16,224,000	128,952,000		16,224,000
Total Proven and Probable Reserve	133,877,000		16,659,000	133,877,000		16,659,000

National Instrument 43-101 Definitions

National Instrument 43-101 requires mining companies to disclose reserves and resources using the subcategories of proven reserves, probable reserves, measured resources, indicated resources and inferred resources. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

A " **mineral reserve** " is the economically mineable part of a measured or indicated resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allows for losses that may occur when the material is mined. A " **proven mineral reserve** " is the economically mineable part of a measured resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. A " **probable mineral reserve** " is the economically mineable part of an indicated mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit.

A " **mineral resource** " is a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. A " **measured mineral resource** " is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing

information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity. An " **indicated mineral resource** " is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed. Mineral resources that are not mineral reserves do not have demonstrated economic viability. An " **inferred mineral resource** " is that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

A " **feasibility study** " is a comprehensive study of a mineral deposit in which all geological, engineering, legal, operating, economic, social, environmental and other relevant factors are considered in sufficient detail that it could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production. A " **preliminary feasibility study** " or " **pre-feasibility study** " is a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established, and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering, operating, economic factors and the evaluation of other relevant factors which are sufficient for a qualified person, acting reasonably, to determine if all or part of the mineral resource may be classified as a mineral reserve. " **Cut-off grade** " means (a) in respect of mineral resources, the lowest grade below which the mineralized rock currently cannot reasonably be expected to be economically extracted, and (b) in respect of mineral reserves, the lowest grade below which the mineralized rock currently cannot be economically extracted as demonstrated by either a preliminary feasibility study or a feasibility study. Cut-off grades vary between deposits depending upon the amenability of ore to gold extraction and upon costs of production and metal prices.

In the following tables setting out reserve information about the Company's mineral projects, tonnage information is rounded to the nearest 100,000 tonnes, total contained gold ounces stated do not include equivalent gold ounces for byproduct metals contained in the mineral reserve and the reported metal grades in the estimates represent in-place grades and do not reflect losses in the recovery process, that is, the metallurgical losses associated with processing the extracted ore. The mineral reserve and mineral resource figures presented in this Form 20-F are estimates, and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized.

LaRonde Mine Mineral Reserve and Resource

	As at December 31,		
	2007	2006	2005
Gold			
Proven — tonnes	2,800,000	3,400,000	3,800,000
Average grade — gold grams per tonne	3.98	3.91	4.21
Probable — tonnes	25,600,000	25,800,000	26,100,000
Average grade — gold grams per tonne	5.37	5.46	5.45
Zinc			
Proven — tonnes	1,900,000	2,400,000	2,900,000
Average grade — gold grams per tonne	1.06	1.15	1.27
Probable — tonnes	4,600,000	4,100,000	3,800,000
Average grade — gold grams per tonne	0.80	0.87	0.82
Total mineral reserve — tonnes	34,900,000	35,600,000	36,700,000
Total contained gold ounces	4,958,000	5,151,000	5,307,000

Notes:

- The proven and probable mineral reserves set forth in the table above are based on net smelter return cut-off value of the ore that varies between C\$61.00 per tonne and C\$73.00 per tonne depending on the deposit. The Company's historical metallurgical recovery rates at the LaRonde Mine from January 1, 2002 to December 31, 2007 were 91.6% for gold, 85.4% for silver, 79.8% for copper and 83.4% for zinc. For every 10% change in the gold price, there would be an estimated 1% change in proven and probable reserves.
- In addition to the mineral reserves set out above, at December 31, 2007, the LaRonde Mine had 5.6 million tonnes of indicated mineral resource grading 2.14 grams of gold per tonne and an inferred mineral resource of 4.7 million tonnes grading 6.26 grams of gold per tonne.
- The following table shows the reconciliation of mineral reserves (in nearest thousand tonnes) at the LaRonde Mine by category at December 31, 2007 with those at December 31, 2006.

	Proven	Probable	Total
December 31, 2006	5,779	29,863	35,642
Mined	(2,596)	—	(2,596)
Revision	1,489	362	1,851
December 31, 2007	4,672	30,225	34,897

- Complete information on the verification procedures, the quality assurance program, quality control procedures, parameters and methods and other factors that may materially affect scientific and technical information presented in this Form 20-F relating to the LaRonde Mine may be found in the 2005 LaRonde Mineral Resource & Mineral Reserve Estimate filed with Canadian securities regulatory authorities on SEDAR March 23, 2005.

Lapa Mineral Reserve and Mineral Resource

	December 31, 2007	December 31, 2006
Gold		
Proven — tonnes	2,800	—
Average grade — gold grams per tonne	10.65	—
Probable — tonnes	3,800,000	3,900,000
Average grade — gold grams per tonne	8.86	9.08
Total mineral reserve — tonnes	3,800,000	3,900,000
Total contained gold ounces	1,071,000	1,152,000

Notes:

- The 2007 mineral reserve and mineral resource estimate was calculated using metallurgical recoveries of 81.3% recovery and a cut-off grade of 4.8 grams per tonne. For every 10% change in the gold price, there would be an estimated 8% change in probable reserves. For the indicated mineral reserve models, a minimum in situ gold grade cut-off was 4.5 grams per tonne. The cost per tonne estimate for the Lapa mine project is C\$84.12.

- (2) In addition to the mineral reserves set out above, at December 31, 2007 the Lapa property contained 0.9 million tonnes of indicated mineral resource grading 4.48 grams of gold per tonne and 0.8 million tonnes of inferred mineral resource grading 8.96 grams of gold per tonne.
- (3) For the 2007 mineral reserve and mineral resource estimate, gold assays were cut to 120 grams per tonne for the Contact, FW and North zones and the other satellite zones that comprise the Lapa deposit (Center and South zones) were cut at 50 grams of gold per tonne.
- (4) Complete information on the verification procedures, the quality assurance program, quality control procedures parameters and methods and other factors that may materially affect scientific and technical information presented in this Form 20-F relating to the Lapa mine project may be found in the Technical Report on the Lapa Gold Project filed with Canadian securities regulatory authorities on SEDAR June 8, 2006.

Goldex Mineral Reserve and Mineral Resource

	December 31, 2007	December 31, 2006
Gold		
Proven — tonnes	250,000	100,000
Average grade — gold grams per tonne	2.23	2.25
Probable — tonnes	22,800,000	22,800,000
Average grade — gold grams per tonne	2.20	2.29
Total mineral reserve — tonnes	23,100,000	22,900,000
Total contained gold ounces	1,634,000	1,689,000

Notes:

- (1) The 2007 mineral reserve and mineral resource estimate was calculated using metallurgical recoveries of 93.6%. Mining costs at Goldex were estimated to be C\$18.67 per tonne. For a 10% change in the gold price, the Company estimates there would be no change in reserves. The cut-off grade used to evaluate drill intercepts at Goldex was 1.37 grams of gold per tonne over a minimum true thickness of approximately 15 metres.
- (2) The proven mineral reserve at the Goldex mine project is categorized as such as part of the underground development work at Goldex to prepare the project for future mine production during 2006 was within the Goldex Extension Zone probable mineral reserve envelope. Excavated rock from this area was stockpiled on the surface and was assigned to proven mineral reserves (at a grade measured by sampling) and the extracted ore was subtracted from the probable mineral reserves. The proven reserve stockpile also contained a minor amount of sampled rock from excavations through other mineralized zones that was above the Goldex Extension Zone gold grade cut-off (1.37 grams of gold per tonne cut-off as established by the feasibility study).
- (3) As at December 31, 2007, Goldex was estimated to contain 0.3 million tonnes of indicated mineral resource grading 2.75 grams of gold per tonne and 11.9 million tonnes of inferred mineral resource grading 2.35 grams of gold per tonne.
- (4) Complete information on the verification procedures, the quality assurance program, quality control procedures, parameters and methods and other factors that may materially affect scientific and technical information presented in this Form 20-F relating to the Goldex mine project may be found in the Technical Report on the Estimation of Mineral Resource and Reserves for the Goldex Extension Zone filed with the Canadian securities regulatory authorities on SEDAR October 27, 2005.

Kittila Mineral Reserve and Mineral Resource

	December 31, 2007	December 31, 2006
Gold		
Probable — tonnes	18,200,000	16,000,000
Average grade — gold grams per tonne	5.12	5.08
Total mineral reserve — tonnes	18,200,000	16,000,000
Total contained gold ounces	2,996,000	2,616,000

Notes:

- (1) The 2007 mineral reserve and mineral resource estimate was calculated using metallurgical recoveries of 83.5% in the first three years of operation and 87.0% thereafter. Gold cut-off grades used were 2.0 grams per tonne for open pit reserves and 2.4 grams per tonne for underground reserves. High gold values were cut to 50.0 grams per tonne. Open pit dilution was estimated to be 10% while underground dilution was set at 20%. The open pit operating cost is estimated to be €21.58 per tonne while the underground operating

cost is estimated to be €33.29 per tonne. For a 10% change in the gold price, the Company estimates that there would be a 1% change in probable mineral reserves.

- (2) Indicated mineral resources were 5.4 million tonnes grading 3.03 grams per tonne. In addition, the Kittila mine project had inferred mineral resources of 10.8 million tonnes of ore grading 3.39 grams per tonne.
- (3) The breakdown of reserves between planned open pit operations and underground operations at the Kittila mine project is (tonnages and contained ounces are rounded to the nearest thousand):

Mining Method	Category	Tonnes	Grade (g/t)	Contained Gold (oz)
Open pit	probable reserve	4,169,000	5.43	727,000
Underground	probable reserve	14,036,000	5.03	2,268,000
Total	probable reserve	18,205,000	5.12	2,996,000

- (4) Complete information on the verification procedures, the quality assurance program, quality control procedures, parameters and methods and other factors that may materially affect scientific and technical information presented in this Form 20-F relating to the Kittila mine project may be found in the Technical Report on the Estimation of Mineral Resource and Reserves on the Surrikuusikko Gold Project, Northern Finland filed with the Canadian securities regulatory authorities on SEDAR March 14, 2006.

Meadowbank Mineral Reserve and Mineral Resource

December 31, 2007

Gold	
Probable — tonnes	29,300,000
Average grade — gold grams per tonne	3.67
Total mineral reserve — tonnes	29,300,000
Total contained gold ounces	3,453,000

Notes:

- (1) The 2007 mineral reserve and mineral resource estimate was calculated using metallurgical recoveries of 93.50%. Minimum mining widths used were four metres for open pit. A cut-off of 1.50 grams of gold was used to determine the open pit reserves. A 12% dilution factor was applied for the open pit reserve estimate. The estimated operating cost used from the 2007 mineral reserve estimate was C\$27.09 per tonne. For a 10% change in the gold price, the Company estimates that there would be a 2% change in probable mineral reserves.
- (2) Indicated mineral resources were 14.6 million tonnes grading 2.30 grams of gold per tonne. In addition, the Meadowbank mine project property had inferred mineral resources of 3.4 million tonnes of ore grading 3.49 grams of gold.
- (3) Complete information on the verification procedures, the quality assurance program, quality control procedures, parameters and methods and other factors that may materially affect scientific and technical information presented in this Form 20-F relating to the Meadowbank mine project may be found in the Technical Report on the Meadowbank Gold Project, Nunavut — Technical Report filed with the Canadian securities regulatory authorities by Cumberland, a predecessor to the Company, on SEDAR March 31, 2005.

Pinos Altos Mineral Reserve and Resource

	December 31, 2007	December 31, 2006
Gold		
Probable — tonnes	24,700,000	18,600,000
Average grade — gold grams per tonne	3.21	3.07
Total mineral reserve — tonnes	24,700,000	18,600,000
Total contained gold ounces	2,547,000	1,837,000

Notes:

- (1) The 2007 mineral reserve and mineral resource estimate was calculated using metallurgical recoveries of 96.60%. Minimum mining widths used were either three metres for underground or four metres for open pit. A cut-off that varied between \$4.56 and \$28.50 per tonne was used to determine the mineral resource for open pit mining and underground mining, respectively. A cut-off that varied between \$6.08 and \$18.69 per tonne was used to determine heap-leach and milled reserves, respectively, while a cut-off of \$38 per tonne was used to determine the underground mining reserve estimate. A 10% dilution was applied for the open pit reserve estimate while a

dilution that averaged 13% was applied for the underground reserve estimate. The Company estimates that a 10% change in the gold price would result in no change in mineral reserves.

- (2) In addition to the probable mineral reserve set out above, at December 31, 2007, the Pinos Altos mine project was estimated to contain 73.1 million ounces of silver comprised of 24.7 million tonnes of ore grading 92.21 grams of silver per tonne. Indicated mineral resources were 6.2 million tonnes grading 1.36 grams of gold per tonne and 49.88 grams of silver per tonne. In addition, the Pinos Altos property had inferred mineral resources of 12.2 million tonnes of ore grading 1.44 grams of gold and 24.08 grams of silver per tonne.
- (3) Gold assays were cut to either 15 grams per tonne or 78 grams per tonne, depending on the rock type. Silver assays were either not cut, or cut to 4,580 grams per tonne depending on the rock type.
- (4) The breakdown of reserves between planned open pit operations and underground operations at the Pinos Altos mine project is (tonnages and contained ounces are rounded to the nearest thousand):

Mining Method	Category	Tonnes	Grade (g/t)	Contained Gold (oz)
Open pit	probable reserve	10,493,000	2.98	1,005,000
Underground	probable reserve	14,164,000	3.39	1,542,000
Total	probable reserve	24,657,000	3.21	2,547,000

- (5) Complete information on the verification procedures, the quality assurance program, quality control procedures, parameters and methods and other factors that may materially affect scientific and technical information presented in this Form 20-F relating to the Pinos Altos mine project may be found in the Pinos Altos Gold-Silver Project, Chihuahua State, Mexico, 2007 Technical Report on the Mineral Resources and Reserves filed with the Canadian securities regulatory authorities on SEDAR September 24, 2007.

Legal and Regulatory Proceedings

On November 4, 2004, the Company was advised that Ontario Securities Commission staff were investigating an officer of the Company for potential insider trading violations. On November 5, 2004, the Company suspended the officer with pay pending the outcome of an internal investigation into the allegations and, on December 7, 2004, the Company terminated the officer.

Risk Mitigation

Agnico-Eagle mitigates the likelihood and potential severity of the various risks it encounters in its day-to-day operations through the application of high standards in the planning, construction and operation of mining facilities. In addition, emphasis is placed on hiring and retaining competent personnel and developing their skills through training in safety and loss control. Agnico-Eagle's operating and technical personnel have a solid track record of developing and operating precious metal mines and the LaRonde Mine has been recognized for its excellence in this regard with various safety and development awards. Unfortunately, in spite of efforts to ensure the safety of employees, industrial accidents can occur. In the first quarter of 2008, an accident claimed the life of an employee at the Goldex mine project. Quebec's Commission de la santé et de la sécurité du travail has investigated this accident but has not delivered a report or recommendation to date. The Company's LaRonde Mine is one of the safest mines in Quebec with a lower accident frequency index than the provincial mining industry average. Nevertheless, the Company and its employees continue with a focused effort to improve workplace safety and the Company has placed additional emphasis on safety procedure training for both mining and supervisory employees.

Agnico-Eagle also mitigates some of the Company's normal business risk through the purchase of insurance coverage. An Insurable Risk Management Policy, approved by the Board, governs the purchase of insurance coverage and only permits the purchase of coverage from insurance companies of the highest credit quality. For a more complete list of the risk factors affecting the Company, please see "Item 3. Key Information — Risk Factors".

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Results of Operations

Revenues from Mining Operations

In 2007, revenue from mining operations decreased 7% to \$432 million from \$465 million in 2006. Production and sales of gold and zinc decreased compared to 2006 production and sales levels. The decrease in the production and sales volumes for these metals was partially offset by an increase in gold and silver prices, however, sharp price decreases for zinc and copper led to the overall decrease.

In 2007, sales of gold and silver accounted for 56% of revenues, up from 47% in 2006 and down from 66% in 2005. The increase in the percentage of revenues from precious metals when compared to 2006 is largely due to the sharp increase in gold prices and sharp decreases in prices of byproduct zinc and copper. Revenues from mining operations are accounted for net of related smelting, refining, transportation and other charges. The table below sets out net revenue, production volumes and sales volumes by metal:

	2007	2006	2005
Revenues from mining operations (thousands):			
Gold	\$ 171,537	\$ 159,815	\$ 117,888
Silver	70,028	58,262	41,808
Zinc	156,340	211,871	67,150
Copper	34,300	34,684	14,492
	<u>\$ 432,205</u>	<u>\$ 464,632</u>	<u>\$ 241,338</u>
Production volumes:			
Gold (ounces)	230,992	245,826	241,807
Silver (000's ounces)	4,920	4,956	4,831
Zinc (tonnes)	71,577	82,183	76,545
Copper (tonnes)	7,482	7,289	7,378
Sales volumes:			
Gold (ounces)	229,316	256,961	262,429
Silver (000's ounces)	5,171	4,739	5,221
Zinc (tonnes)	72,905	81,689	75,722
Copper (tonnes)	7,466	7,302	8,521

Revenue from gold sales increased \$12 million, or 7%, in 2007. Realized gold prices increased 20% in 2007 to \$748 per ounce from \$622 per ounce in 2006. Silver revenue increased \$12 million, or 20%, in 2007. The \$12 million increase was due to higher realized silver prices and increased silver sales volume.

Revenue from zinc sales decreased \$56 million, or 26%, in 2007. The decrease in zinc revenue was due to 20% lower realized prices as well as an 11% decrease in sales volume. Revenue from copper sales remained relatively steady when compared to 2006. A decrease of 15% in the realized sales price of copper was offset by a 29% decrease in copper smelting fees.

Gold production decreased to 230,992 ounces in 2007, down 6% from 245,826 ounces in 2006. The decrease is mainly attributable to the decrease in the gold grade of the ore processed as a result of the Company's decision to mine additional low-grade zinc ore during the year to capitalize on historically high zinc prices during the first half of the year.

Total fourth quarter revenue decreased in 2007 compared to 2006 mainly due to the significant decrease in zinc revenue resulting from a significant decline in zinc prices during the quarter.

Interest and Sundry Income

Interest and sundry income consists mainly of interest on cash balances. Interest and sundry income was \$25.1 million in 2007 compared to \$21.8 million in 2006. The \$3.3 million increase in interest income was attributable to the significantly higher average cash balance held during 2007 compared to 2006.

Gain on Sale of Available-for-sale Securities

From time to time, the Company takes minority equity positions in other mining and exploration companies. In 2007, the Company liquidated a portion of its portfolio of available-for-sale securities resulting in a gain before taxes of \$4.1 million compared to \$24.1 million in 2006. The larger gain in 2006 was a result of the Company liquidating a significant portion of its total portfolio.

Production Costs

In 2007, production costs increased 15% to \$166 million from \$144 million in 2006. In 2006, production costs increased 13% to \$144 million from \$127 million in 2005. The table below presents the components of production costs:

	2007	2006	2005
	(thousands)		
Definition drilling	\$ 691	\$ 473	\$ 667
Stope development	12,797	12,881	12,499
Mining	30,686	26,369	22,506
Underground services	52,252	44,888	38,236
Milling	43,326	40,518	36,621
Surface services	4,784	4,348	3,198
Administration	12,446	10,957	8,457
Minesite production costs	\$ 156,982	\$ 140,434	\$ 122,184
Accretion expense and reclamation costs	916	826	429
Inventory adjustments	8,206	2,493	5,978
Hedging gains	—	—	(1,226)
Production costs (per Consolidated Statements of Income)	\$ 166,104	\$ 143,753	\$ 127,365

Minesite production costs increased to \$157.0 million from \$140.4 million in 2006 primarily as a result of a stronger Canadian dollar and higher costs for fuel, chemical reagents used in the mill, mining labour and steel. Increases in the costs of the inputs have been seen throughout the mining industry. Underground services costs increased due to increased preventative maintenance to underground fixed and mobile equipment, increased ground support expenses associated with mining at depth and higher mining labour costs.

During 2007, LaRonde processed an average of 7,325 tonnes of ore per day compared to 7,324 tonnes per day recorded during 2006. While the design capacity of the plant is 6,350 tonnes per day, it has now been operating at an average of approximately 7,292 tonnes per day for over three years. Minesite costs per tonne were C\$65 in the fourth quarter compared to C\$63 in the fourth quarter of 2006. For the full year, the minesite costs per tonne were C\$66, as compared with C\$62 per tonne recorded for 2006. The fourth quarter increase is largely due to further increases in fuel, reagents, steel and mining labour. The full year increase is attributable to these factors and to the higher cost of processing of the low-grade ore extracted from Bousquet during the second quarter of 2007.

In 2007, total cash costs per ounce of gold increased to *minus* \$365 from *minus* \$690 in 2006 and \$43 in 2005. Total cash costs are comprised of minesite costs reduced by net silver, zinc and copper revenue. Total cash costs per ounce are affected by various factors such as the number of gold ounces produced, operating costs, C\$/US\$ exchange rates, quantity of byproduct produced and byproduct metal prices. The table below illustrates the variance in total cash costs per ounce attributable to each of these factors. The most significant factor

contributing to the increase in total cash costs per ounce in 2007 was lower byproduct revenue which resulted from lower zinc and copper prices.

	2007	2006
Total cash costs per ounce (prior year)	\$ (690)	\$ 43
Difference in gold production	40	11
Stronger Canadian dollar	49	38
Costs associated with increased fuel, reagent and steel costs	45	60
Byproduct revenue	191	(842)
Total cash costs per ounce (current year)	\$ (365)	\$ (690)

Total cash cost per ounce is not a recognized measure under US GAAP and this data may not be comparable to data presented by other gold producers. Management believes that this generally accepted industry measure is a realistic indication of operating performance and is useful in allowing year over year comparisons. As illustrated in the table below, this measure is calculated by adjusting production costs as shown in the Consolidated Statements of Income and Comprehensive Income for net byproduct revenues, royalties, inventory adjustments and asset retirement provisions and then dividing by the number of ounces of gold produced. Total cash cost per ounce is intended to provide investors with information about the cash generating capabilities of mining operations. Management uses this measure to monitor the performance of mining operations. Since market prices for gold are quoted on a per ounce basis, using this per ounce measure allows management to assess the mine's cash generating capabilities at various gold prices. Management is aware that this per ounce measure of performance is affected by fluctuations in byproduct metal prices and exchange rates. Management compensates for the limitations inherent in this measure by using it in conjunction with minesite cost per tonne (discussed below) as well as other data prepared in accordance with US GAAP. Management also performs sensitivity analyses in order to quantify the effects of fluctuating metal prices and exchange rates.

Minesite cost per tonne is not a recognized measure under US GAAP and this data may not be comparable to data presented by other gold producers. As illustrated in the table below, this measure is calculated by adjusting production costs as shown in the Consolidated Statement of Income and Comprehensive Income for royalties, inventory and hedging adjustments and asset retirement provisions and then dividing by tonnes of ore processed through the mill. Since total cash cost data can be affected by fluctuations in byproduct metal prices and exchange rates, management believes this measure provides additional information regarding the performance of mining operations and allows management to monitor operating costs on a more consistent basis as the per tonne measure eliminates the cost variability associated with varying production levels. Management also uses this measure to determine the economic viability of mining blocks. As each mining block is evaluated based on the net realizable value of each tonne mined, in order to be economically viable the estimated revenue on a per tonne basis must be in excess of the minesite costs per tonne. Management is aware that this per tonne measure is affected by fluctuations in production levels and thus uses this measure as an evaluation tool in conjunction with production costs prepared in accordance with US GAAP. This measure supplements production cost information prepared in accordance with US GAAP and allows investors to distinguish between changes in production costs resulting from changes in level of production versus changes in operating performance.

Both of these non-GAAP measures used should be considered together with other data prepared in accordance with US GAAP, and none of the measures taken by themselves is necessarily indicative of production costs or cash flow measures prepared in accordance with US GAAP. The tables presented below reconcile total cash costs per ounce and minesite costs per tonne to the production costs presented in the consolidated financial statements prepared in accordance with US GAAP.

Reconciliation of Total Cash Costs per Ounce to Production Costs

	2007	2006	2005
	(thousands, except as noted)		
Production costs per Consolidated Statements of Income and Comprehensive Income	\$ 166,104	\$ 143,753	\$ 127,365
Adjustments:			
Byproduct revenues, net of smelting, refining and marketing charges	(260,668)	(304,817)	(123,450)
Inventory adjustments ⁽ⁱ⁾	11,528	(7,607)	6,991
Accretion expense and other	(1,264)	(936)	(429)
Cash costs	\$ (84,300)	\$ (169,607)	\$ 10,477
Gold production (ounces)	230,992	245,826	241,807
Total cash costs (per ounce) ⁽ⁱⁱ⁾	\$ (365)	\$ (690)	\$ 43

Reconciliation of Minesite Costs per Tonne to Production Costs

	2007	2006	2005
	(thousands, except as noted)		
Production costs per Consolidated Statements of Income and Comprehensive Income	\$ 166,104	\$ 143,753	\$ 127,365
Adjustments:			
Inventory adjustments ⁽ⁱⁱⁱ⁾	916	2,494	(4,752)
Accretion expense and other	(1,264)	(936)	(429)
Minesite costs (\$)	\$ 165,756	\$ 145,311	\$ 122,184
Minesite costs (C\$)	\$ 177,735	\$ 164,459	\$ 147,834
Tonnes milled (000's tonnes)	2,673	2,673	2,672
Minesite costs per tonne (C\$) ^(iv)	\$ 66	\$ 62	\$ 55

Notes:

- (i) Under the Company's revenue recognition policy, revenue is recognized on concentrates when legal title passes. Since total cash costs per ounce are calculated on a production basis, this inventory adjustment reflects the sales margin on the portion of concentrate production for which revenue has not been recognized in the period.
- (ii) Total cash costs is not a recognized measure under US GAAP and this data may not be comparable to data presented by other gold producers. The Company believes that this generally accepted industry measure is a realistic indication of operating performance and is useful in allowing year over year comparisons. As illustrated in the table above, this measure is calculated by adjusting Production Costs as shown in the Consolidated Statements of Income and Comprehensive Income for net byproduct revenues, royalties, inventory adjustments and asset retirement provisions. This measure is intended to provide investors with information about the cash generating capabilities of the Company's mining operations. Management uses this measure to monitor the performance of the Company's mining operations. Since market prices for gold are quoted on a per ounce basis, using this per ounce measure allows management to assess the mine's cash generating capabilities at various gold prices. Management is aware that this per ounce measure of performance can be impacted by fluctuations in byproduct metal prices and exchange rates. Management compensates for the limitation inherent with this measure by using it in conjunction with the minesite costs per tonne measure (discussed below) as well as other data prepared in accordance with US GAAP. Management also performs sensitivity analyses in order to quantify the effects of fluctuating metal prices and exchange rates.
- (iii) This inventory adjustment reflects production costs associated with unsold concentrates.
- (iv) Minesite costs per tonne is not a recognized measure under US GAAP and this data may not be comparable to data presented by other gold producers. As illustrated in the table above, this measure is calculated by adjusting Production Costs as shown in the Consolidated Statements of Income and Comprehensive Income for inventory and hedging adjustments and asset retirement provisions and then dividing by tonnes processed through the mill. Since total cash costs data can be affected by fluctuations in byproduct metal prices and exchange rates, management believes minesite costs per tonne provides additional information regarding the performance of mining operations and allows management to monitor operating costs on a more consistent basis as the per tonne measure eliminates the cost variability associated with varying production levels. Management also uses this measure to determine the economic viability of mining blocks. As each mining block is evaluated based on the net realizable value of each tonne mined, in order to be economically viable the estimated revenue on a per tonne basis must be in excess of the minesite costs per tonne. Management is aware that this per tonne

measure is impacted by fluctuations in production levels and thus uses this evaluation tool in conjunction with production costs prepared in accordance with US GAAP. This measure supplements production cost information prepared in accordance with US GAAP and allows investors to distinguish between changes in production costs resulting from changes in production versus changes in operating performance.

The Company's operating results and cash flow are significantly affected by changes in the US dollar/Canadian dollar exchange rate. Exchange rate movements can have a significant impact as all of the Company's revenues are earned in US dollars but most of its operating costs and a substantial portion of its capital costs are in Canadian dollars. The US dollar/Canadian dollar exchange rate has varied significantly over the last several years. During the period from January 1, 2002 to December 31, 2007, the noon buying rate, as certified by the Federal Reserve Bank of New York, fluctuated from a high of \$1.6128 to a low of \$0.9168. In addition, a significant portion of the Company's expenditures at the Kittila mine project and the Pinos Altos mine project are denominated in Euros and Mexican Pesos, respectively. Each of these currencies has varied significantly against the US dollar over the past several years.

Loss on Derivative Financial Instruments

During 2007, the Company recorded a \$5.8 million loss on derivative financial instruments. This loss consisted entirely of the mark-to-market loss on a gold derivative purchased by the Company during the first quarter of 2007, prior to the full acquisition of Cumberland Resources to neutralize an existing gold derivative held by Cumberland Resources.

Exploration and Corporate Development Expense

In 2007, the Company continued its significant exploration and corporate development activities including:

- Significant Canadian grassroots exploration accounting for \$5.3 million in exploration expenditures, a significant portion of the \$5.3 million of which was spent on exploration activities in the Nunavut area around the Meadowbank mine project acquired by the Company during the year. Positive drill results have been reported both inside and outside of the current open pit and estimated reserves have increased 20% from 2.9 million ounces to 3.5 million ounces.
- Extensive exploration activities continued at the Pinos Altos mine project during 2007 accounting for \$6.0 million in exploration expenditures compared to \$8.0 million in 2006. These expenditures included exploration on the promising Mascota, Santa Nino and Cerro Colorado gold zones. The high potential of these gold zones has resulted in significant planned exploration activities and budgets for 2008.
- Deep drilling continued throughout the year at the Kittila mine project area and the results are encouraging. Drilling results indicate that the Suurikuusikko main zones continue at depths down to 1000 metres from surface. A major drill program is being carried out in 2008 to further test grades and dimensions of the Suurikuusikko zones at depth. Exploration outside of the Mining License area has focused on testing targets along the Suurikuusikko trend to the north and south of the mining license area with positive results. In addition, drilling at the Oijärvi property returned several new encouraging gold intersections within the Kylväkoski zone and on other targets in the area. Follow-up drilling will continue in 2008. In January 2008, the Company purchased Troy Resources NL's 50% interest in the Oijärvi property for \$0.9 million and Oijärvi is now 100% owned by Agnico-Eagle.
- The Company is currently conducting exploration in proven gold producing areas of Nevada and incurred in exploration expenditures of \$5.1 million during 2007, an increase of \$1.3 million compared to 2006. The increase is attributable to additional drilling of high grade gold intercepts at the West Pequop project. In addition, there was increased drilling in newly discovered areas containing gold mineralization, which required the purchase of additional claims, leases and road building.
- Agnico-Eagle's corporate development team continued to be active in 2007 evaluating many new properties and possible corporate development opportunities resulting in a \$0.2 million increase in corporate development expense compared to 2006.

The table below illustrates exploration expense by country and corporate development expense:

	2007	2006	2005
	(thousands)		
Finland	5,719	9,843	3,174
Mexico	6,047	8,017	4,161
Canada	5,276	6,276	7,963
United States	5,084	3,780	2,893
Corporate development expense	3,381	3,161	1,289
	<u>\$ 25,507</u>	<u>\$ 31,077</u>	<u>\$ 19,480</u>

General and Administrative Expenses

General and administrative expenses increased to \$38.2 million in 2007 from \$25.9 million in 2006. A number of factors contributed to this increase including an increased stock option expense of \$5.8 million, the increased bonus expenses of \$2.3 million reflecting a special one-time "Metals Bonus" given to all employees, increased travel expenses of \$1.9 million resulting from the Company's new international scope and increased insurance costs of \$1.0 million due to increased property and directors' and officers' insurance premiums.

Provincial and Federal Capital Taxes

Provincial capital taxes were \$3.2 million in 2007 compared to \$3.8 million in 2006. These taxes are assessed on the Company's capitalization (paid-up capital and debt) less certain allowances and tax credits for exploration expenses incurred.

Amortization Expense

Amortization expense was \$27.8 million in 2007 compared to \$25.3 million in 2006. The Company calculates its amortization on a unit-of-production basis using proven and probable reserve tonnage as its amortization base. The amortization base and production units are similar to the prior year. The increase in 2007 is attributable to the additions in sustaining capital at the LaRonde Mine and the commencement of depreciation of newly developed computer systems.

Interest Expense

In 2007, interest expense increased to \$3.3 million from \$2.9 million in 2006 and \$7.8 million in 2005. The table below shows the components of interest expense.

	2007	2006	2005
	(thousands)		
Interest on convertible subordinated debentures	\$ —	\$ 689	\$ 6,286
Stand-by fees on credit facility	2,289	1,201	1,211
Amortization of credit facility and convertible subordinated debenture financing costs	806	763	1,847
Interest rate derivative payments	—	442	916
Other interest expense	199	132	38
Interest capitalized to construction in progress	—	(325)	(2,485)
	<u>\$ 3,294</u>	<u>\$ 2,902</u>	<u>\$ 7,813</u>

Foreign Currency Translation Loss

The foreign currency translation loss was \$32.3 million in 2007 compared to \$2.1 million in 2006. The significant negative effect of exchange rates is attributable to the strengthening of the Canadian dollar and the Swedish krona against the US dollar during 2007. The loss is mainly due to the impact on the foreign currency future tax liabilities partially off-set by the impact on cash balances in Canadian dollars and Euro.

Income and Mining Taxes

In 2007, the effective accounting income and mining tax expense rate was 12.5% compared to 38.1% in 2006 and an income tax recovery rate of 7.9% in 2005. The Company's effective tax rate was significantly lower in 2007 compared to 2006 because of favourable changes in both federal and Quebec income tax laws enacted in December 2007. In particular, during the fourth quarter of 2007, the Company recognized a \$29.8 million reduction in federal deferred taxes resulting from the reduction of the federal tax rate to 15% effective for 2012 onward. The Company also recognized a \$7.7 million reduction in Quebec deferred taxes from changes in regulations that now permit the deduction of Quebec mining duties for Quebec income tax purposes retroactive to January 1, 2007.

Although Agnico-Eagle reported income before income and mining taxes in 2005, tax recoveries were recorded in 2005 due to the utilization of losses carried forward which had previously not been recorded as future tax assets. At the end of 2005, Agnico-Eagle did not have any remaining unrecorded tax assets related to operating loss carryforwards and, as such, recorded income and mining tax in 2006 was much closer to statutory tax rates of 34.6%. The effective income and mining tax rate of 12.5% in 2007 is significantly lower than the statutory tax rate due to the Canadian federal tax rate reduction and the Quebec mining duty relief which represents a combined 39.2% reduction in the effective tax rate.

Liquidity and Capital Resources

At the end of 2007, the Company's cash and cash equivalents, short-term investments and restricted cash totalled \$396.0 million compared to \$458.6 million at the end of 2006. In 2007, significant increases in cash were provided by operating and financing activities which were completely offset by investing activities. The investing activities mainly consisted of project capital expenditures for the Meadowbank, Goldex, Kittila, LaRonde Mine extension and Pinos Altos projects. Cash flow provided by operating activities increased to \$229.2 million in 2007 from \$226.3 million in 2006.

In 2007, the Company invested \$510.9 million of cash in new projects and sustaining capital expenditures. Major expenditures in 2007 included include \$169.7 million at Meadowbank, \$105.0 million at Goldex, \$79.6 million at Kittila, \$52.8 million for the LaRonde Mine extension, \$33.0 million at Pinos Altos, \$29.3 million at Lapa and \$33.8 million for sustaining capital at the LaRonde Mine. The remaining capital expenditures to complete all of the Company's projects are expected to be funded by cash provided by operating activities, cash on hand and, if required, drawing from the unsecured credit facility. A significant portion of the Company's cash and cash equivalents and short-term investments are denominated in US dollars. The Company believes that its working capital is sufficient for the Company's present requirements.

On July 9, 2007, the Company completed its 100% acquisition of Cumberland through a share exchange offer. As of July 9, 2007, a total of 13,768,510 of the Company's shares were issued for the acquisition resulting in an increase of \$536.6 million in common shares issued and outstanding. As a result of the acquisition, the Company acquired \$84.2 million in cash, net of transaction costs. Prior to the acquisition, the Company purchased a gold derivative for \$15.9 million to neutralize an existing gold derivative held by Cumberland. Both derivative positions were extinguished in late June 2007.

In 2007, the Company declared its 26th consecutive annual dividend. The dividend was \$0.18 per share, an increase of \$0.06 per share from 2006. During the first quarter of 2007, the Company paid out its 2006 dividend amounting to \$13.4 million. Although the Company expects to continue paying dividends, future dividends will be at the discretion of the Company's Board of Directors and will be subject to factors such as income, financial condition and capital requirements.

In 2007, the Company issued shares resulting in \$144.1 million in proceeds. This was mainly attributable to the exercise of the Company's warrants in 2007 which resulted in the issuance of 6,877,190 shares for proceeds of \$130.6 million.

The effect of exchange rate changes on cash and cash equivalents during 2007 resulted in increased cash balances of \$26.5 million. This positive effect on cash was mainly attributable to the strengthening Canadian dollar as the Company holds significant Canadian dollar cash balances.

The Company entered into a new credit agreement on January 10, 2008 (the "Facility") with a group of financial institutions providing for a \$300 million unsecured revolving bank credit facility to replace its previous secured credit facility. The Facility matures on January 10, 2013, but is extendible in certain circumstances. As at March 14, 2008, there were no amounts of principal or interest outstanding under the Facility; however, outstanding letters of credit issued as security for pension and environmental obligations have decreased the amount available for future drawdowns under the Facility to \$280 million.

Agnico-Eagle's contractual obligations as at December 31, 2007 are set out below:

Contractual Obligations	Total	Less than 1 Year	1-3 Years	4-5 Years	More than 5 Years
			(millions)		
Letter of credit obligations	6.2	—	—	—	6.2
Reclamation obligations ⁽¹⁾	103.4	2.2	2.2	2.2	96.8
Pension obligations ⁽²⁾	4.4	0.3	0.6	0.8	2.7
Total	114.0	2.5	2.8	3.0	105.7

Notes:

- (1) Mining operations are subject to environmental regulations which require companies to reclaim and remediate land disturbed by mining operations. The Company has submitted closure plans to the appropriate governmental agencies which estimate the nature, extent and costs of reclamation for each of its mining properties. The estimated undiscounted cash outflows of these reclamation obligations are presented here. These estimated costs are recorded in the Company's consolidated financial statements on a discounted basis in accordance with FAS 143. See Note 5(a) to the audited consolidated financial statements.
- (2) The Company has Retirement Compensation Arrangements ("RCA") with certain executives and a defined benefit pension plan for certain former employees. The RCA provides pension benefits to the executives equal to 2% of the executive's final three-year average pensionable earnings for each year of service with the Company less the annual pension payable under the Company's basic defined contribution plan. Payments under the RCA are secured by letter of credit from a Canadian chartered bank. The figures presented in this table have been actuarially determined.
- (3) The Company's estimated future positive cash flows are expected to be sufficient to satisfy the obligations set out above.

2008 Liquidity and Capital Resources Analysis

The Company believes that it has sufficient capital resources to satisfy its 2008 mandatory expenditure commitments (including future obligations set out above) and discretionary expenditure commitments. The following table sets out expected future capital requirements and resources for 2008:

	Amount (millions)
2008 Mandatory Commitments:	
Contractual obligations (from table above)	\$ 114
Dividend payable (declared in 2007)	\$ 26
Total 2008 mandatory expenditure commitments	\$ 140
2008 Discretionary Commitments:	
Budgeted capital expenditures	\$ 591
Total 2008 mandatory and discretionary expenditure commitments	\$ 732
2008 Capital Resources:	
Cash, cash equivalents and short term investments (at December 31, 2007)	\$ 394
Estimated 2008 operating cash flow (based on 2007)	\$ 229
Working capital (at December 31, 2007) (excluding cash, cash equivalents and short term investments)	\$ 78
Available under bank credit facility	\$ 280
Total 2008 Capital Resources	\$ 981

The Company believes its capital resources will be sufficient to satisfy all 2008 commitments (mandatory and discretionary). If extremely negative financial circumstances arise in the future, the Company may choose to decrease certain of its discretionary expenditure commitments, which includes its construction projects and future dividends.

Outlook

The following section contains "forward-looking statements" and "forward-looking information" within the meaning of applicable securities laws. Please see "Preliminary Note — Forward-Looking Information" for a discussion of assumptions and risks relating to such statements and information.

Gold Production Growth

In May 2006, the Company initiated construction to extend the infrastructure at the LaRonde Mine to access the ore below Level 245, referred to as the LaRonde Mine extension. During 2007, construction of the LaRonde Mine extension proceeded, with production from this part of the LaRonde Mine expected to commence in early 2012. Once commenced, production is estimated to be approximately 340,000 ounces per year at total cash costs per ounce of approximately \$150, over an estimated mine life of nine years.

In June 2006, the Company announced that on the basis of the drilling results and a revised feasibility study, it would accelerate construction of the Lapa mine project, located 11 kilometres east of the LaRonde Mine. The Lapa mine is expected to begin production by mid-year 2009 and to produce an average of 125,000 ounces of gold per year over a seven-year mine life with average total cash costs of \$300 per ounce. Lateral development commenced in December 2007. In addition, development of the "Lapa Circuit" at the LaRonde mill, where the Lapa ore will be processed, commenced in December 2007.

The Goldex mine project is expected to commence production during the second quarter of 2008 and gold production during 2008 is expected to be over 90,000 ounces. Over the anticipated ten year mine life, total cash costs are estimated to be \$230 per ounce of gold with average annual gold production of approximately 175,000 ounces.

On July 9, 2007, the Company completed its 100% acquisition of Cumberland Resources, the developer of the Meadowbank mine project. The Meadowbank mine project is located in Nunavut, Canada, and production is expected to commence in early 2010. A 110 kilometre road to the mine site is now substantially complete. Work completed at the site includes construction of the permanent camp and erection of the fuel tank farm at Baker Lake. The construction of the mill foundation is also underway. At the time of acquisition, the Meadowbank mine project had total gold reserves of approximately 2.9 million ounces. Based on drilling results during the second half of 2007, an additional 600,000 ounces were added to reserves, a 20% increase. Anticipated annual production will be approximately 360,000 ounces with cash costs of \$300 per ounce over an estimated nine year mine life.

The Kittila mine project is scheduled to begin production during the third quarter of 2008 with initial production of 50,000 ounces in 2008. Over the estimated life of the mine, the cash cost per ounce will be approximately \$300 with anticipated average annual gold production of 150,000 ounces. To date, significant progress has been made on the mine, tailings pond and the general site. The office complex was completed during mid-year 2007.

The Pinos Altos mine project, located in the state of Chihuahua in northern Mexico, is expected to begin production by mid-year 2009. The mine is expected to produce an average of 190,000 ounces of gold per year over a 12-year mine life. The total cash cost per ounce over the mine life is expected to be approximately \$210 per ounce.

With the planned startup of Goldex in April 2008 and the planned startup of Kittila in September 2008, the Company believes its growth objective of achieving steady state gold production is attainable. The ultimate gold production objective is to produce 1.3 million ounces per year over the period of 2010 through 2017 with total cash costs per ounce estimated to be approximately \$250 per ounce.

In 2008, the Company expects to diversify its production base with gold production coming from three mines instead of one. The LaRonde Mine is expected to continue to generate strong cash flow as production volumes are expected to remain steady and the Goldex and Kittila mines are expected to be commissioned in the second and third quarters of 2008, respectively. Metal prices will have a large impact on financial results, and although the Company cannot predict the prices that will be realized in 2008, prices in early 2008 have continued to remain strong with gold prices reaching all-time highs of \$1,004 per ounce in March of 2008 (up to March 14, 2008).

The table below sets out actual production for 2007 and estimated production in 2008.

	2008 Estimate	2007 Actual
Gold (ounces)	358,000	230,992
Silver (000's ounces)	4,200	4,920
Zinc (tonnes)	72,000	71,577
Copper (tonnes)	7,400	7,482

For 2008, the Company is expecting total cash costs per ounce to be \$48 per ounce of gold compared to *minus* \$365 achieved in 2007. Due to the large byproduct production, total cash costs per ounce at LaRonde are expected to be *minus* \$189 in 2008. Net silver, zinc and copper revenue is treated as a reduction of production costs in arriving at estimates of total cash costs per ounce, and therefore production and price assumptions for these metals play an important role in these estimates. Total cash costs per ounce at the Goldex and Kittila mine projects, neither of which have significant byproduct production, are expected to be \$230 and \$300, respectively. As production costs at the LaRonde Mine and the Goldex mine project are denominated mostly in Canadian dollars, and the production costs at Kittila mine project will be denominated mostly in Euros, the C\$/US\$ and €/US\$ exchange rates can also affect the estimates. The table below sets out the metal price assumptions and exchange rate assumptions used in deriving the estimated total cash costs per ounce for 2008 (production estimates for each metal are shown in the table above) as well as the year-to-date market average closing prices for each variable for the first two months of 2008.

	Cash Cost Assumptions	Market Average
Silver (per ounce)	\$ 10.55	\$ 15.71
Zinc (per tonne)	\$ 2,600	\$ 2,389
Copper (per tonne)	\$ 5,630	\$ 7,474
C\$/US\$ exchange rate	\$ 1.1460	\$ 1.0042
EUR/US\$ exchange rate	\$ 1.2880	\$ 1.4743

The estimated sensitivity of the Company's 2008 estimated total cash costs and 2008 estimated operating costs to a 10% change in the metal price and exchange rate assumptions above follows:

Change in variable	Impact on total cash costs (\$/oz.)	Impact on operating costs (\$ millions)
C\$/US\$	\$ 65	\$ 20.0
Zinc	\$ 48	—
Silver	\$ 13	—
Copper	\$ 12	—
EUR/US\$	\$ 6	\$ 0.4

Note:

The sensitivities presented are based on production and price assumptions set out above. Operating costs are not affected by fluctuations in byproduct metal prices. The Company uses derivative strategies to limit the downside risk associated with fluctuating byproduct metal prices and enters into forward contracts to lock in exchange rates based on projected Canadian dollar operating and capital needs. Please see "Item 11. Quantitative and Qualitative Disclosures About Market Risk — Metal Price and Foreign Currency" and "Item 11. Quantitative and Qualitative Disclosures About Market Risk — Derivatives". Please see "— Results of Operations — Production Costs" for a discussion about the use of the non-GAAP financial measure total cash costs per ounce.

In 2008, Agnico-Eagle expects expenditure of \$29 million on grassroots exploration and corporate development comprised mostly of grassroots exploration in Canada, Mexico, Finland and the United States outside of the Company's currently contemplated mining areas. Exploration is success driven and thus these estimates could change materially based on the success of the various exploration programs.

General and administrative expenses are not expected to increase materially in 2008. In 2008, provincial capital taxes are expected to be between \$2.6 million and \$3.0 million as the increased capitalization due to the Cumberland acquisition and warrant exercise is offset by the elimination of capital taxes in some Canadian provincial jurisdictions. Amortization is expected to be approximately \$58 million in 2008 due to a higher capital base at LaRonde and the amortization of the new Goldex and Kittila mines as they come into commercial production in the year. Interest expense is expected to increase to between \$4.0 and \$4.5 million as the Company expects it will draw down its new \$300 million, unsecured credit facility to fund capital expenditures in 2008. The Company's effective tax rate is expected to be 35% in 2008 due to recently announced changes in the Canadian federal tax regime. The tax rate is expected to increase from the 12.7% effective rate realized in 2007 primarily due to the fact that the 2007 rate was reduced from statutory rates due to the factors mentioned under the caption " *Income and Mining Taxes* ".

In 2008, Agnico-Eagle expects to incur approximately \$591 million of capital expenditures, which include:

- \$90 million in capital expenditures related to construction and development at the Kittila mine project;
- \$23 million in capital expenditures related to construction and development at the Goldex mine project;
- \$65 million in capital expenditures at the LaRonde Mine which includes sustaining capital expenditures and construction and development of the LaRonde Mine extension;
- \$78 million relating to shaft sinking and development at the Lapa mine project;
- \$126 million in capital expenditures related to construction and development at the Pinos Altos mine project;
- \$173 million in capital expenditures related to construction and development at the Meadowbank mine project; and
- \$36 million in capital expenditures related to exploration drilling aimed at extending the current ore zones within the Company's various mining areas.

The Company continues to examine other possible corporate development opportunities which may result in the acquisition of companies or assets with securities, cash or a combination thereof. If cash is used, depending on the size of the acquisition, Agnico-Eagle may be required to borrow money or issue securities to fund such cash requirements.

Outstanding Securities

The following table presents the maximum number of common shares that would be outstanding if all dilutive instruments outstanding at March 14, 2008 were exercised:

Common shares outstanding at March 14, 2008	143,507,606
Employee stock options	4,857,705
	<hr/>
	148,365,311
	<hr/>

Critical Accounting Estimates

The preparation of the consolidated financial statements in accordance with US GAAP requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. The Company evaluates the estimates periodically, including those relating to trade receivables, inventories, future tax assets and liabilities, mining properties and asset retirement obligations. In making judgments about the carrying value of assets and liabilities, the Company uses estimates based on historical

experience and various assumptions that are considered reasonable in the circumstances. Actual results may differ from these estimates.

The Company believes the following critical accounting policies relate to its more significant judgments and estimates used in the preparation of its consolidated financial statements. Management has discussed the development and selection of the following critical accounting policies with the Audit Committee of the Board of Directors and the Audit Committee has reviewed the Company's disclosure in this Operating and Financial Review.

Mining Properties

The Company capitalizes the cost of acquiring land and mineral rights. If a mineable ore body is discovered, such costs are amortized when production begins, using the units-of-production method based on proven and probable reserves. If no mineable ore body is discovered, such costs are expensed in the period in which it is determined the property has no future economic value. Costs for grassroots exploration are charged to income when incurred until an ore body is discovered. Further exploration and development to delineate costs of the ore body are capitalized as mine development costs once a feasibility study is successfully completed and proven and probable reserves are established.

Mine development costs incurred after the commencement of production are capitalized or deferred to the extent that these costs benefit the entire ore body. Costs incurred to access single ore blocks are expensed as incurred; otherwise, such vertical and horizontal developments are classified as mine development costs.

Expenditures for new facilities and improvements that can extend the useful lives of existing facilities are capitalized as plant and equipment at cost. Interest costs incurred prior to the commencement of commercial production are capitalized. Subsequent capital expenditures which benefit future periods, such as the construction of underground infrastructure, are capitalized at cost and depreciated as mentioned above.

The carrying values of mining properties, plant and equipment and mine development costs are reviewed periodically, when impairment factors exist, for possible impairment, based on the future undiscounted net cash flows of the operating mine and development property. If it is determined that the estimated net recoverable amount is less than the carrying value, then a write down to the estimated fair value amount is made with a charge to income. Estimated future cash flows of operating mine and development properties include estimates of recoverable ounces of gold based on the proven and probable reserves. To the extent economic value exists beyond the proven and probable reserves of an operating mine or development property, this value is included as part of the estimated future cash flows. Estimated future cash flows also involve estimates regarding gold prices (considering current and historical prices, price trends and related factors), production levels, capital and reclamation costs and related income and mining taxes, all based on detailed engineering life-of-mine plans. Cash flows are subject to risks and uncertainties and changes in the estimates of the cash flows could affect the recoverability of long-lived assets.

Revenue Recognition

Revenue is recognized when the following conditions are met:

- (a) persuasive evidence of an arrangement to purchase exists;
- (b) the price is determinable;
- (c) the product has been delivered; and
- (d) collection of the sales price is reasonably assured.

Revenue from gold and silver in the form of dore bars is recorded when the refined gold and silver is sold. Generally all the gold and silver in the form of dore bars recovered in the Company's milling process is sold in the period in which it is produced.

Under the terms of concentrate sales contracts with third-party smelters, final prices for the gold, silver, zinc and copper in the concentrate are set based on the prevailing spot market metal prices on a specified future date based on the date that the concentrate is delivered to the smelter. Agnico-Eagle records revenues under these

contracts based on forward prices at the time of delivery, which is when transfer of legal title to concentrate passes to the third-party smelters. The terms of the contracts result in differences between the recorded estimated price at delivery and the final settlement price. These differences are adjusted through revenue at each subsequent financial statement date.

Revenues from mining operations consist of gold revenues, net of smelting, refining and other marketing charges. Revenues from byproduct sales are shown net of smelter charges as part of revenues from mining operations.

Reclamation Obligations

Estimated reclamation costs are based on legal, environmental and regulatory requirements. Current accounting standards require the Company to recognize the present value of mine reclamation costs as a liability in the period the obligation is incurred and to periodically re-evaluate the liability. At the date a reclamation liability is incurred, an amount equal to the present value of the final liability is recorded as an increase to the carrying value of the related long-lived asset. In each period, an accretion amount is charged to income to adjust the liability to the estimated future value. The initial liability, which is included in the carrying value of the asset, is also depreciated each period based on the depreciation method used for that asset. In order to calculate the present value of mine reclamation costs, the Company has made estimates of the final reclamation costs based on mine-closure plans approved by environmental agencies. Agnico-Eagle periodically reviews these estimates and updates reclamation cost estimates if assumptions change. Material assumptions that are made in deriving these estimates include variables such as mine life and inflation rates.

Future Tax Assets and Liabilities

Agnico-Eagle follows the liability method of tax allocation for accounting for income taxes. Under this method of tax allocation, future income and mining tax bases of assets and liabilities are measured using the enacted tax rates and laws expected to be in effect when the differences are expected to reverse.

Effective January 1, 2007, the Company adopted Financial Accounting Standards Board ("FASB") Interpretation No. 48, Accounting for Uncertainty in Income Taxes — an Interpretation of FASB Statement No. 109, or FIN 48. FIN 48 requires the recognition of the effect of uncertain tax positions where it is more likely than not based on technical merits that the position would be sustained. The Company recognizes the amount of the tax benefit that has a greater than 50 percent likelihood of being ultimately realized upon settlement. It further requires that a change in judgment related to the expected ultimate resolution of uncertain tax positions be recognized in the year of such change. Accrued interest and penalties related to unrecognized tax benefits are recorded in income tax expense in the current year. The impact of the adoption of FIN 48 was to increase the future income tax liability by \$4.5 million.

Financial Instruments

Agnico-Eagle uses derivative financial instruments, primarily option and forward contracts, to manage exposure to fluctuations, metal prices, interest rates and foreign currency exchange rates. Agnico-Eagle does not hold financial instruments or derivative financial instruments for trading purposes.

The Company recognizes all derivative financial instruments in the consolidated financial statements at fair value regardless of the purpose or intent for holding the instrument. Changes in the fair value of derivative financial instruments are either recognized periodically in income or in shareholders' equity as a component of accumulated other comprehensive income (loss), depending on the nature of the derivative financial instrument and whether it qualifies for hedge accounting. Financial instruments designated as hedges are tested for effectiveness on a quarterly basis. Gains and losses on those contracts that are proven to be effective are reported as a component of the related transaction.

Stock-Based Compensation

In 2003, the Company prospectively adopted FAS 123, "Accounting for Stock-Based Compensation" as amended by FAS 148, "Accounting for Stock-Based Compensation — Transition and Disclosure". These

accounting standards recommend the expensing of stock option grants after January 1, 2003. The standards recommend that the fair value of stock options be recognized in income over the applicable vesting period as a compensation expense.

The Company's existing stock-based compensation plan provides for the granting of options to directors, officers, employees and service providers to purchase common shares. Share options have exercise prices equal to market price at the grant date or over the term of the applicable vesting period depending on the terms of the option agreements. The fair value of these stock options is recorded as an expense on the date of grant. Fair value is determined using the Black-Scholes option valuation model which requires the Company to estimate the expected volatility of the Company's share price and the expected life of the stock options. Limitations with existing option valuation models and the inherent difficulties associated with estimating these variables create difficulties in determining a reliable single measure of the fair value of stock option grants. The dilutive impact of stock option grants is currently factored into the Company's reported diluted income (loss) per share.

In December 2004, the FASB enacted FAS 123 — revised 2004 ("FAS 123R"), "Share-Based Payment", which replaces FAS 123 and supersedes APB Opinion No. 25 ("APB 25"), "Accounting for Stock Issued to Employees". FAS 123R requires the measurement of all employee share-based payments to employees, including grants of employee stock options, using a fair-value-based method and the recording of such expense in the consolidated statements of income. The Company was required to adopt FAS 123R in the first quarter of 2006. There was no significant impact on the Company based on the adoption of the new requirements under FAS 123R.

Pensions

As of December 31, 2006, the Company adopted the provisions of Financial Accounting Standards Board ("FASB") Statement No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statements No. 87, 88, 106, and 132(R)" ("FAS 158"). FAS 158 required employers that sponsor one or more defined benefit plans to (i) recognize the funded status of a benefit plan in its statement of financial position, (ii) recognize the gains or losses and prior service costs or credits that arise during the period as a component of other comprehensive income, net of tax, (iii) measure the defined benefit plan assets and obligations as of the date of the employer's fiscal year-end statement of financial position, and (iv) disclose in the notes to the financial statements additional information about certain effects on net periodic cost for the next fiscal year that arise from delayed recognition of the gains or losses, prior service costs or credits, and transition asset or obligation. The impact of adopting FAS 158 on the Consolidated Balance Sheets was as follows:

	Before Application of FAS 158	Adjustment	After Application of FAS 158
Reclamation provision and other liabilities	\$ 26,051	\$ 1,406	\$ 27,457
Deferred income tax liability	\$ 170,087	\$ (396)	\$ 169,691
Accumulated other comprehensive loss	\$ (16,989)	\$ (1,010)	\$ (17,999)
Total stockholders' equity	\$ 1,253,415	\$ (1,010)	\$ 1,252,405

Deferred Stripping Costs

In the mining industry, companies may be required to remove overburden and other mine waste materials to access mineral deposits. During the development of a mine (before production begins), it is generally accepted practice that such costs are capitalized as part of the depreciable cost of building, developing and constructing the mine. The capitalized costs are typically amortized over the productive life of the mine using the units-of-production method. A mining company may continue to remove overburden and waste materials, and therefore incur stripping costs, during the production phase of the mine.

In March 2005, the Financial Accounting Standards Board ratified Emerging Issues Task Force Issue No. 04-6 ("EITF 04-6") which addresses the accounting for stripping costs incurred during the production phase of a mine and refers to these costs as variable production costs that should be included as a component of inventory to be recognized in costs applicable to sales in the same period as the revenue from the sale of

inventory. As a result, capitalization of costs is appropriate only to the extent product inventory exists at the end of a reporting period. Agnico-Eagle adopted the provisions of EITF 04-6 on January 1, 2006. The impact of adoption resulted in the decrease of ore stockpile inventory by \$5.1 million, net of tax. Adoption of EITF 04-6 had no impact on the Company's cash position or earnings.

Other Accounting Developments

Under the SEC Staff Accounting Bulletin 74 ("SAB 74"), the Company is required to disclose information related to new accounting standards that have not yet been adopted.

In September 2006, the FASB issued FASB Statement No. 157, *"Fair Value Measurements"* ("FAS 157"). FAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. The provisions for FAS 157 are effective for the Company's fiscal year beginning January 1, 2008. The Company is currently evaluating the impact that the adoption of this statement will have on the Company's consolidated financial position, results of operations or cash flows.

In February 2007, FASB issued FASB Statement No. 159, *"The Fair Value Option for Financial Assets and Financial Liabilities"* ("FAS 159"), which allows entities to voluntarily choose, at specified election dates, to measure many financial assets and financial liabilities (as well as certain non-financial instruments that are similar to financial instruments) at fair value with changes in fair value reported in earnings. The election is made on an instrument-by-instrument basis and is irrevocable. The provisions for FAS 159 are effective for the Company's fiscal year beginning January 1, 2008. The Company is currently evaluating the impact that the adoption of this statement will have on the Company's consolidated financial position, results of operations or cash flows.

In December 2007, the FASB issued FASB Statement No. 160, *"Non-controlling Interests in Consolidated Financial Statements"* ("FAS 160"). FAS 160 establishes accounting and reporting standards for entities that have equity investments that are not attributable directly to the parent, called non-controlling interests or minority interests. Specifically, FAS 160 states where and how to report non-controlling interests in the consolidated statements of financial position and operations, how to account for changes in non-controlling interests and provides disclosure requirements. The provisions of FAS 160 are effective for the Company beginning January 1, 2009. The Company is currently evaluating the impact that the adoption of this statement will have on the Company's consolidated financial position, results of operations and disclosures.

In December 2007, the FASB issued FASB Statement No. 141(R), *"Business Combinations"* ("FAS 141(R)"). FAS 141(R) establishes how an entity accounts for the identifiable assets acquired, liabilities assumed, and any non-controlling interests acquired, how to account for goodwill acquired and determines what disclosures are required as part of a business combination. FAS 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008, early adoption is prohibited. The Company is currently evaluating the impact that the adoption of this statement will have on the Company's consolidated financial position, results of operations and disclosures.

In June 2007, the EITF reached consensus on Issue No. 06-11, *"Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards."* EITF Issue No. 06-11 requires that the tax benefit related to dividend and dividend equivalents paid on equity-classified nonvested shares and nonvested share units, which are expected to vest, be recorded as an increase to additional paid-in capital. EITF Issue No. 06-11 is to be applied prospectively for tax benefits on dividends declared in the Company's fiscal year beginning January 1, 2008. The Company is currently evaluating the impact that the adoption of this statement will have on the Company's consolidated financial position, results of operations or cash flows.

Summarized Quarterly Data

Consolidated Financial Data (thousands of United States dollars, except where noted)

	March 31, 2006	June 30, 2006	September 30, 2006	December 31, 2006	Total 2006
Income and cash flows					
LaRonde Mine					
Revenues from mining operations	\$ 90,581	\$ 126,872	\$ 108,798	\$ 138,381	\$ 464,632
Production costs	33,187	35,567	36,456	38,543	143,753
Gross profit (exclusive of amortization shown below)	57,394	91,305	72,342	99,838	320,879
Amortization	5,997	6,108	6,119	7,031	25,255
Gross profit	\$ 51,397	\$ 85,197	\$ 66,223	\$ 92,807	\$ 295,624
Net income for the period	\$ 37,190	\$ 37,092	\$ 45,203	\$ 41,852	\$ 161,337
Net income per share — basic	\$ 0.35	\$ 0.32	\$ 0.38	\$ 0.35	\$ 1.40
Net income per share — diluted	\$ 0.34	\$ 0.31	\$ 0.37	\$ 0.34	\$ 1.35
Operating cash flow	\$ 19,711	\$ 48,095	\$ 73,945	\$ 84,501	\$ 226,252
Investing cash flow	\$ (50,969)	\$ (5,578)	\$ (185,498)	\$ (57,678)	\$ (299,723)
Financing cash flow	\$ 45,456	\$ 246,449	\$ 2,268	\$ 4,406	\$ 298,579
Weighted average number of common shares outstanding (in thousands)	106,127	114,434	120,386	120,897	115,461
Tonnes of ore milled	661,528	656,902	669,026	685,624	2,673,080
Head grades:					
Gold (grams per tonne)	3.30	2.89	3.01	3.31	3.13
Silver (grams per tonne)	77.00	78.20	75.90	75.26	76.58
Zinc	3.79%	4.27%	4.43%	4.06%	4.13%
Copper	0.41%	0.33%	0.39%	0.34%	0.39%
Recovery rates:					
Gold	91.91%	91.35%	92.34%	90.51%	91.51%
Silver	86.50%	87.70%	88.30%	87.30%	87.53%
Zinc	86.70%	87.20%	87.70%	88.50%	87.60%
Copper	83.80%	81.10%	81.70%	83.00%	82.40%
Payable production: ⁽¹⁾					
Gold (ounces)	64,235	55,966	59,603	66,022	245,826
Silver (thousands of ounces)	1,227	1,247	1,233	1,249	4,956
Zinc (tonnes)	18,462	20,787	22,068	20,866	82,183
Copper (tonnes)	2,053	1,590	1,884	1,762	7,289
Realized prices:					
Gold (per ounce)	\$ 611	\$ 687	\$ 600	\$ 594	\$ 622
Silver (per ounce)	\$ 10.83	\$ 13.06	\$ 12.39	\$ 13.38	\$ 12.42
Zinc (per tonne)	\$ 2,640	\$ 3,786	\$ 3,525	\$ 4,640	\$ 3,699
Copper (per tonne)	\$ 5,812	\$ 14,901	\$ 6,843	\$ 6,059	\$ 8,186
Total cash costs (per ounce):					
Production costs	\$ 517	\$ 636	\$ 612	\$ 584	\$ 585
Less: Net byproduct revenues	(748)	(1,523)	(1,340)	(1,475)	(1,240)
Inventory adjustments	(8)	(86)	21	33	(31)
Accretion expense and other	(2)	(2)	(2)	(10)	(4)
Total cash costs (per ounce) ⁽²⁾	\$ (241)	\$ (975)	\$ (709)	\$ (868)	\$ (690)
Minesite costs per tonne milled ⁽²⁾	C\$ 57	C\$ 61	C\$ 63	C\$ 63	C\$ 62

Notes:

- (1) Payable mineral production means the quantity of mineral produced during a period contained in products that are or will be sold by the Company, whether such products are sold during the period or held as inventory at the end of the period.
- (2) Minesite costs per tonne milled and total cash costs per ounce are non-GAAP measures of performance that the Company uses to monitor the performance of its operations. See "Item 5. Operating and Financial Review and Prospects — Results of Operations — Production Costs".

Consolidated Financial Data
(thousands of United States dollars, except where noted)

	March 31, 2007	June 30, 2007	September 30, 2007	December 31, 2007	Total 2007
Income and cash flows					
LaRonde Mine					
Revenues from mining operations	\$ 100,730	\$ 117,935	\$ 104,812	\$ 108,728	\$ 432,205
Production costs	36,178	42,810	44,936	42,180	166,104
Gross profit (exclusive of amortization shown below)	64,552	75,125	59,876	66,548	266,101
Amortization	6,928	7,094	7,578	6,157	27,757
Gross profit	\$ 57,624	\$ 68,031	\$ 52,298	\$ 60,391	\$ 238,344
Net income for the period	\$ 24,922	\$ 37,809	\$ 11,452	\$ 65,162	\$ 139,345
Net income per share — basic	\$ 0.21	\$ 0.28	\$ 0.08	\$ 0.46	\$ 1.05
Net income per share — diluted	\$ 0.20	\$ 0.27	\$ 0.08	\$ 0.46	\$ 1.04
Operating cash flow	\$ 56,066	\$ 79,832	\$ 49,946	\$ 43,345	\$ 229,189
Investing cash flow	\$ 90,748	\$ (25,242)	\$ (213,119)	\$ (212,570)	\$ (360,183)
Financing cash flow	\$ (10,663)	\$ 1,853	\$ 15,361	\$ 124,181	\$ 130,732
Weighted average number of common shares outstanding (in thousands)	121,159	133,788	135,509	140,618	132,768
Tonnes of ore milled	671,484	679,765	667,238	654,976	2,673,463
Head grades:					
Gold (grams per tonne)	3.00	2.82	2.85	3.14	2.95
Silver (grams per tonne)	84.40	68.60	75.00	73.50	75.40
Zinc	3.71%	3.44%	3.80%	3.59%	3.63%
Copper	0.39%	0.32%	0.32%	0.40%	0.36%
Recovery rates:					
Gold	90.66%	91.54%	91.58%	91.11%	91.21%
Silver	87.40%	87.40%	88.10%	86.70%	87.51%
Zinc	85.30%	87.60%	86.20%	88.20%	86.80%
Copper	84.80%	86.40%	84.90%	88.40%	86.20%
Payable production: ⁽¹⁾					
Gold (ounces)	58,588	56,392	55,830	60,182	230,992
Silver (ounces in thousands)	1,397	1,135	1,222	1,166	4,920
Zinc (tonnes)	17,944	17,462	18,609	17,562	71,577
Copper (tonnes)	1,990	1,689	1,647	2,156	7,482
Realized prices:					
Gold (per ounce)	\$ 669	\$ 683	\$ 748	\$ 895	\$ 748
Silver (per ounce)	\$ 13.82	\$ 13.28	\$ 12.79	\$ 14.40	\$ 13.63
Zinc (per tonne)	\$ 2,798	\$ 3,950	\$ 2,838	\$ 2,313	\$ 2,941
Copper (per tonne)	\$ 6,090	\$ 7,008	\$ 7,910	\$ 6,134	\$ 6,994
Total cash costs (per ounce):					
Production costs	\$ 617	\$ 759	\$ 804	\$ 701	\$ 719
Less: Net byproduct revenues	(1,071)	(1,396)	(1,131)	(850)	(1,082)
Inventory adjustments	(126)	(57)	25	(28)	4
Accretion expense and other	(4)	(5)	(5)	(7)	(6)
Total cash costs (per ounce) ⁽²⁾	\$ (584)	\$ (699)	\$ (307)	\$ (184)	\$ (365)
Minesite costs per tonne milled ⁽²⁾	C\$ 64	C\$ 71	C\$ 66	C\$ 65	C\$ 66

Five Year Financial and Operating Summary

Financial Data (thousands of United States dollars, except where noted)

	2007	2006	2005	2004	2003
Revenues from mining operations	\$ 432,205	\$ 464,632	\$ 241,338	\$ 188,049	\$ 126,820
Interest, sundry income and gain on available-for-sale securities	29,230	45,915	4,996	655	2,775
	461,435	510,547	246,334	188,704	129,595
Costs and expenses	302,157	249,904	211,055	142,671	147,708
Income (loss) before income taxes	159,278	260,643	35,279	46,033	(18,113)
Income and mining taxes expense (recovery)	19,933	99,306	(1,715)	(1,846)	(358)
Income (loss) before cumulative catch-up adjustment	139,345	161,337	36,994	47,879	(17,755)
Cumulative catch-up adjustment relating to FAS 143	—	—	—	—	(1,743)
Net income (loss)	\$ 139,345	\$ 161,337	\$ 36,994	\$ 47,879	\$ (19,498)
Net income (loss) per share — basic	\$ 1.05	\$ 1.40	\$ 0.42	\$ 0.56	\$ (0.23)
Net income (loss) per share — diluted	1.04	1.35	0.42	0.56	(0.23)
Operating cash flow	\$ 229,189	\$ 226,252	\$ 82,980	\$ 49,525	\$ 4,253
Investing cash flow	\$ (360,183)	\$ (299,723)	\$ (66,539)	\$ (94,832)	\$ (105,907)
Financing cash flow	\$ 130,732	\$ 298,579	\$ 11,689	\$ 21,173	\$ 5,439
Dividends declared per share	\$ 0.18	\$ 0.12	\$ 0.03	\$ 0.03	\$ 0.03
Capital expenditures	\$ 510,877	\$ 149,185	\$ 70,270	\$ 53,318	\$ 42,038
Average gold price per ounce realized	\$ 748	\$ 622	\$ 449	\$ 418	\$ 368
Average exchange rate — C\$ per \$	C\$ 1.0738	C\$ 1.1344	C\$ 1.2115	C\$ 1.3017	C\$ 1.4011
Weighted average number of common shares outstanding (in thousands)	132,768	115,461	89,030	85,157	83,889
Working capital (including undrawn credit lines)	\$ 751,587	\$ 839,898	\$ 338,490	\$ 266,305	\$ 240,613
Total assets	\$ 2,735,498	\$ 1,521,488	\$ 976,069	\$ 718,164	\$ 637,101
Long-term debt	\$ —	\$ —	\$ 131,056	\$ 141,495	\$ 143,750
Shareholders' equity	\$ 2,058,934	\$ 1,252,405	\$ 655,067	\$ 470,226	\$ 400,723

Operating Summary (thousands of United States dollars, except where noted)

LaRonde Mine

Revenues from mining operations	\$ 432,205	\$ 464,632	\$ 241,338	\$ 188,049	\$ 126,820
Production costs	166,104	143,753	127,365	98,168	104,990
Gross profit (exclusive of amortization shown below)	\$ 266,101	\$ 320,879	\$ 113,973	\$ 89,881	\$ 21,830
Amortization	27,757	25,255	26,062	21,763	17,504
Gross profit	\$ 238,344	\$ 295,624	\$ 87,911	\$ 68,118	\$ 4,326
Tonnes of ore milled	2,673,463	2,673,080	2,671,811	2,700,650	2,221,337
Gold — grams per tonne	2.95	3.13	3.11	3.41	3.77
Gold production — ounces	230,992	245,826	241,807	271,567	236,653
Silver production — ounces (in thousands)	4,920	4,956	4,831	5,699	3,953
Zinc production — tonnes	71,577	82,183	76,545	75,879	45,513
Copper production — tonnes	7,482	7,289	7,378	10,349	9,131
Total cash costs (per ounce):					
Production costs	\$ 719	\$ 585	\$ 527	\$ 362	\$ 390
Less: Net byproduct revenues	(1,082)	(1,240)	(511)	(304)	(173)
Inventory adjustments	4	(31)	29	—	—
El Coco royalty	—	—	—	—	54
Accretion expense and other	(6)	(4)	(2)	(2)	(2)

Total cash costs (per ounce) ⁽¹⁾	\$	(365)	\$	(690)	\$	43	\$	56	\$	269
Minesite costs per tonne milled	C\$	66	C\$	62	C\$	55	C\$	53	C\$	57

Note:

(1) Minesite costs per tonne milled and total cash costs per ounce is a non-GAAP measure of performance that the Company uses to monitor the performance of its operations. See "Item 5. Operating and Financial Review and Prospects — Results of Operations — Production Costs".

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Directors and Senior Management

The articles of Agnico-Eagle provide for a minimum of five and a maximum of twelve directors. By special resolution of the shareholders of Agnico-Eagle approved at the annual and special meeting of Agnico-Eagle held on June 27, 1996, the shareholders authorized the Board to determine the number of directors within that minimum and maximum. The number of directors to be elected is nine as determined by the Board by resolution passed on December 13, 2005.

The by-laws of the Company provide that directors shall hold office for a term expiring at the next annual meeting of shareholders after such directors' election or appointment or until their successors are elected or appointed. The Board annually appoints the officers of the Company, who are subject to removal by resolution of the Board at any time, with or without cause (in the absence of a written agreement to the contrary).

The following is a brief biography of each of Agnico-Eagle's directors and senior officers:

Dr. Leanne M. Baker, 55, of Mill Valley, California, is an independent director of Agnico-Eagle. Dr. Baker is Managing Director of Investor Resources LLC, consulting to companies in the mining and financial services industries, and is a registered representative with U.S. broker-dealer Puplava Securities, Inc., a member of the National Association of Securities Dealers (NASD) and the Securities Investor Protection Corporation (SIPC). Previously, Dr. Baker was employed by Salomon Smith Barney where she was one of the top-ranked mining sector equity analysts in the United States. Dr. Baker is a graduate of the Colorado School of Mines (M.S. and Ph.D. in mineral economics). Dr. Baker has been a director of Agnico-Eagle since January 1, 2003, and is also a director of Reunion Gold Corporation (a mining exploration company traded on the TSX Venture Exchange) and U.S. Gold Corporation and Kimber Resources Inc. (mining exploration companies traded on the American Stock Exchange and the TSX). Dr. Baker is chair of the Company's Compensation Committee and a member of the Company's Audit Committee.

Douglas R. Beaumont, P.Eng., 75, of Toronto, Ontario, is an independent director of Agnico-Eagle. Mr. Beaumont, now retired, is a former Senior Vice President, Process Technology with SNC Lavalin. Prior to that, he was Executive Vice President of Kilborn Engineering and Construction. Mr. Beaumont is a graduate of Queen's University (B.Sc.). Mr. Beaumont has been a director of Agnico-Eagle since February 25, 1997. Mr. Beaumont is the chair of the Company's Corporate Governance Committee and a member of the Company's Compensation Committee.

Sean Boyd, CA, 49, of Newmarket, Ontario, is the Vice Chairman and Chief Executive Officer and a director of Agnico-Eagle. Mr. Boyd has been with Agnico-Eagle since 1985. Prior to his appointment as Vice Chairman and Chief Executive Officer in December 2005, Mr. Boyd served as President and Chief Executive Officer from 1998 to 2005, Vice President and Chief Financial Officer from 1996 to 1998, Treasurer and Chief Financial Officer from 1990 to 1996, Secretary Treasurer during a portion of 1990 and Comptroller from 1985 to 1990. Prior to joining Agnico-Eagle in 1985, he was a staff accountant with Clarkson Gordon (Ernst & Young). Mr. Boyd is a graduate of the University of Toronto (B.Comm.). Mr. Boyd has been a director of Agnico-Eagle since April 14, 1998 and is a director and member of the Audit Committee of the World Gold Council.

Bernard Kraft, C.A., 77, of Toronto, Ontario, is an independent director of Agnico-Eagle. Mr. Kraft is recognized as a Designated Specialist in Investigative and Forensic Accounting by the Canadian Institute of Chartered Accountants. Mr. Kraft is a recently-retired senior partner of the Toronto accounting firm Kraft, Berger LLP, Chartered Accountants and now serves as a consultant to that firm. He is also a principal in Kraft Yabrov Valuations Inc. Mr. Kraft is a member of the Canadian Institute of Chartered Business Valuators, the Association of Certified Fraud Examiners and the American Society of Appraisers. Mr. Kraft has been a director of Agnico-Eagle since March 12, 1992. Mr. Kraft is also a director of Canadian Shield Resources Inc., (a mining exploration company traded on the TSX Venture Exchange), St. Andrews Goldfields, Limited (a mining exploration company listed on the TSX) and Kaboose Inc. (an online media company listed on the TSX). Mr. Kraft is a member of the Company's Audit Committee and Corporate Governance Committee.

Mel Leiderman, CA., TEP, ICD.D, 55, of Toronto, Ontario, is an independent director of Agnico-Eagle. Mr. Leiderman is the managing partner of the Toronto accounting firm Lipton, Wiseman, Altbaum &

Partners LLP. Mr. Leiderman is a graduate of the University of Windsor (B.A.). He has been a director of Agnico-Eagle since January 1, 2003. Mr. Leiderman is the chair of the Audit Committee and a member of the Company's Compensation Committee.

James D. Nasso, ICD.D, 74, of Toronto, Ontario, is Chairman of the Board of Directors and an independent director of Agnico-Eagle. Mr. Nasso, now retired, founded and was the President of Unilac Limited, a manufacturer of infant formula, for 35 years. Mr. Nasso is a graduate of St. Francis Xavier University (B.Comm.). Mr. Nasso has been a director of Agnico-Eagle since June 27, 1986. Mr. Nasso is a member of the Company's Audit Committee, Corporate Governance Committee and Health, Safety and Environment Committee.

Eberhard Scherkus, P.Eng., 56, of Oakville, Ontario, is the President and Chief Operating Officer and a director of Agnico-Eagle. Mr. Scherkus has been with Agnico-Eagle since 1985. Prior to his appointment as President and Chief Operating Officer in December 2005, Mr. Scherkus served as Executive Vice President and Chief Operating Officer from 1998 to 2005, Vice President, Operations from 1996 to 1998 and as a manager of Agnico-Eagle LaRonde Division from 1986 to 1996. Mr. Scherkus is a graduate of McGill University (B.Sc.). Mr. Scherkus was appointed a director of Agnico-Eagle on January 17, 2005. Mr. Scherkus is a member of the Company's Health, Safety and Environment Committee.

Howard R. Stockford, P.Eng., 66, of Toronto, Ontario, is an independent director of Agnico-Eagle. Mr. Stockford is a retired mining executive and was Executive Vice President of Aur Resources Inc. ("Aur"), a mining company which was traded on the TSX, from 1989 until his retirement at the end of 2004. He was a director of Aur from 1984 until August 2007, when Aur was taken over by Teck Cominco Limited. From 1983 to 1989, Mr. Stockford was Vice President of Aur. Mr. Stockford is a member of the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") and has previously served as Chairman of both the Winnipeg and Toronto branches of the CIM and as President of the CIM national body. Mr. Stockford is also a member of the Prospectors and Developers Association of Canada, the Geological Association of Canada and the Society of Economic Geologists. Mr. Stockford is a graduate of the Royal School of Mines, Imperial College, London University (B.Sc.). Mr. Stockford has been a director of Agnico-Eagle since May 6, 2005 and a director of both Nuinsco Resources Limited ("Nuinsco") and Victory Nickel Inc., which was spun off from Nuinsco effective as of February 1, 2007. Mr. Stockford is the chair of the Company's Health, Safety and Environment Committee and a member of the Compensation Committee.

Pertti Voutilainen, M.Sc., M.Eng., 66, of Espoo, Finland, is an independent director of Agnico-Eagle. Mr. Voutilainen is a mining industry veteran. Most recently, he was the Chairman of the board of directors of Riddarhyttan Resources AB. Previously, Mr. Voutilainen was Chairman of the board of directors and Chief Executive Officer for Kansallis Banking Group and President after its merger with Union Bank of Finland until his retirement in 2000. He was also employed by Outokumpu Corp., Finland's largest mining and metals company, for 26 years, including as Chief Executive Officer for 11 years. During the last five years, Mr. Voutilainen has served as director on the board of directors of each of Metso Oyj (Chairman), Viola Systems Oy (Chairman), Innopoli Oy (Chairman) and Fingrid Oyj. Mr. Voutilainen holds the honorary title of Mining Counsellor (Bergsrad) which was awarded to him by the President of the Republic of Finland in 2003. Mr. Voutilainen holds graduate degrees from Helsinki University of Technology (M.Sc.), Helsinki University of Business Administration (M.Sc.) and Pennsylvania State University (M. Eng.). He has been a director of Agnico-Eagle since December 13, 2005. Mr. Voutilainen is a member of the Company's Corporate Governance Committee and Health, Safety and Environment Committee.

Donald G. Allan, 52, of Toronto, Ontario, is Senior Vice President, Corporate Development of Agnico-Eagle, a position he has held since December 14, 2006. Prior to that, Mr. Allan had been Vice President, Corporate Development since May 6, 2002. Prior to that, Mr. Allan spent 16 years as an investment banker covering the mining and natural resources sectors with the firms Salomon Smith Barney and Merrill Lynch. Mr. Allan is a graduate of the Amos Tuck School, Dartmouth College (M.B.A.) and the University of Toronto (B.Comm.). Mr. Allan is also qualified as a Chartered Accountant.

Alain Blackburn, P.Eng., 51, of Oakville, Ontario, is Senior Vice President, Exploration of Agnico-Eagle, a position he has held since December 14, 2006. Prior to that, Mr. Blackburn had been Vice President, Exploration since October 1, 2002. Prior to that, Mr. Blackburn served as Manager, Corporate Development of

Agnico-Eagle from January 1999 and as Agnico-Eagle's Exploration Manager from September 1996 to January 1999. Mr. Blackburn is a graduate of Université du Québec de Chicoutimi (P.Eng.) and Université du Québec en Abitibi-Temiscamingue (M.Sc.).

David Garofalo, C.A., 42, of Richmond Hill, Ontario, is Senior Vice President, Finance and Chief Financial Officer of Agnico-Eagle, a position he has held since December 14, 2006. Prior to that, Mr. Garofalo had been Vice President, Finance and Chief Financial Officer since January 1, 1999, prior to which he served as Treasurer of Agnico-Eagle from June 8, 1998. Prior to joining Agnico-Eagle, Mr. Garofalo served as Treasurer of Inmet Mining Corporation, an international mining company. Mr. Garofalo also serves as a director of Stornoway, a TSX listed company in which the Company holds a 13.1% interest. Mr. Garofalo is a graduate of the University of Toronto (B.Comm.).

R. Gregory Laing, BA, LL.B., 49, of Oakville, Ontario, is General Counsel, Senior Vice President, Legal and Corporate Secretary of Agnico-Eagle, a position he has held since December 14, 2006, prior to which, Mr. Laing had been General Counsel, Vice President, Legal and Corporate Secretary since September 19, 2005. Prior to that, he was Vice President, Legal of Goldcorp Inc. (gold mining company) from October 2003 to June 2005 and General Counsel, Vice President, Legal and Corporate Secretary of TVX Gold Inc. (gold mining company) between October 1995 and January 2003. He worked as a corporate securities lawyer for two prominent Toronto law firms prior to that. Mr. Laing is a director of New Gold Inc. (mining company), a TSX and American Stock Exchange listed company, and Andina Minerals Inc. (mining exploration company), a TSX-Venture Exchange listed company.

Patrice Gilbert, 44, of Oakville, Ontario, is Vice President, Human Resources of Agnico-Eagle, a position that he has held since September 25, 2006. Prior to his appointment, Mr. Gilbert worked for Placer Dome in various senior capacities in Chile, South Africa, the Dominican Republic, Quebec and British Columbia including Director, Human Resources and Sustainability, Placer Dome Dominicana Corporacion (2005-2006) and Vice President, Human Resources and Sustainability, Placer Dome Africa (1999-2005). Mr. Gilbert studied industrial relations at Laval University, Quebec, Canada and Wits University in Johannesburg, South Africa.

Louise Grondin, Ing., P.Eng., 54, of Amos, Quebec, is the Vice President, Environment of Agnico-Eagle, a position she has held since March 19, 2007. Prior to her appointment as Vice President, Environment, Ms. Grondin was the Company's Regional Environmental Manager and Environmental Manager LaRonde Division. Prior to her employment with Agnico-Eagle, Ms. Grondin worked for Billiton Canada Ltd. as Manager Environment, Human Resources and Safety. Ms. Grondin obtained a B.Sc. from the University of Ottawa and a M.Sc. from McGill University.

Ingmar Haga, 56, of Espoo, Finland, is Vice President, Europe of Agnico-Eagle, a position he has held since September 26, 2006. Prior to his appointment as Vice President, Europe, Mr. Haga was Managing Director — Europe from March 1, 2006. Prior to his employment with Agnico-Eagle, Mr. Haga held various positions with the Outokumpu Group in Finland and Canada. Prior to joining Agnico-Eagle, Mr. Haga was President of Polar Mining Oy, a Finnish subsidiary of Australian based Dragon Mining NL. Mr. Haga has an M.Sc. from Xbo Akademi in Finland.

Tim Haldane, P.Eng., 51, of Sparks, Nevada, is the Vice President, Latin America of Agnico-Eagle, a position he has held since May 2006. Prior to this appointment, he was Vice President, Development for Glamis Gold Inc. where he participated in numerous acquisition and development activities in North America and Central America. Mr. Haldane is a graduate of the Montana School of Mines and Technology (B.S. Metallurgical Engineering) and has 28 years of experience in the precious metals and base metals industries.

Marc Legault, Ing., P.Eng., 48, of Mississauga, Ontario, is the Vice President, Project Development of Agnico-Eagle, a position he has held since July 2006. Prior to that, Mr. Legault served Agnico-Eagle in various capacities, including Manager, Project Evaluation based in Toronto, Ontario since 2002, Mine Geologist and later Chief Geologist at the Company's LaRonde Mine in Cadillac, Quebec from 1994 to 2002 and Project Geologist at the Company's Exploration Division in Val d'Or, Quebec starting in 1988. Mr. Legault is also a director of Golden Goliath Resources Ltd., a TSX-Venture Exchange listed mineral exploration company (in which Agnico-Eagle holds an interest) with activities principally in northern Mexico. Mr. Legault is a

graduate of Queen's University (B.Sc. Honours in geological engineering) and Carleton University (M.Sc. in geology).

Daniel Racine, Ing., P. Eng., 44, of Oakville, Ontario, is the Vice President, Operations of Agnico-Eagle, a position he has held since July 2006. Prior to his appointment, he served Agnico-Eagle in various capacities for 19 years, including Operations Manager, LaRonde Mine Manager, Underground Superintendent and Mine Captain. Prior to joining Agnico-Eagle, Mr. Racine worked as a mining engineer for several mining companies. Mr. Racine graduated as a mining engineer from Laval University (B.Sc.) in December 1986.

Jean Robitaille, 45, of Oakville, Ontario, is Vice President, Metallurgy & Marketing of Agnico-Eagle, a position that he has held since January 1, 2006. Prior to his appointment, he served Agnico-Eagle in various capacities for 19 years, most recently as General Manager, Metallurgy & Marketing and as Mill Superintendent and Project Manager for the expansion of the Laronde mill. Prior to joining Agnico-Eagle, Mr. Robitaille worked as a metallurgist with Teck Mining Group. Mr. Robitaille is a mining graduate of the College de l'Abitibi-Témiscamingue with a specialty in mineral processing.

David Smith, 44, of Toronto, Ontario, is the Vice President, Investor Relations with Agnico-Eagle. He started work in investor relations at the Company in February 2005. Prior to that, he was a mining analyst at Dominion Bond Rating Service for more than five years. Mr. Smith's professional experience also includes a variety of engineering positions in the mining industry, both in Canada and abroad. He has a B.Sc. and a M.Sc. in Mining Engineering from Queen's University and the University of Arizona, respectively. Mr. Smith is also a professional engineer.

There are no arrangements or understandings between any director or executive officer and any other person pursuant to which such director or executive officer was selected to serve, nor are there any family relationships between any such persons.

Compensation of Executive Officers

The executive officers of Agnico-Eagle are:

- Sean Boyd, Vice-Chairman and Chief Executive Officer
- Eberhard Scherkus, President and Chief Operating Officer
- David Garofalo, Senior Vice-President, Finance and Chief Financial Officer
- Donald G. Allan, Senior Vice-President, Corporate Development
- Alain Blackburn, Senior Vice-President, Exploration
- R. Gregory Laing, General Counsel, Senior Vice-President, Legal and Corporate Secretary
- Patrice Gilbert, Vice-President, Human Resources
- Louise Grondin, Vice-President, Environment
- Ingmar Haga, Vice-President, Europe
- Tim Haldane, Vice-President, Latin America
- Marc Legault, Vice-President, Project Development
- Daniel Racine, Vice-President, Operations
- Jean Robitaille, Vice-President, Metallurgy and Marketing
- David Smith, Vice-President, Investor Relations

The following Summary Compensation Table sets out compensation during the three fiscal years ended December 31, 2007 for the Vice-Chairman and Chief Executive Officer, the Senior Vice-President, Finance and Chief Financial Officer and the three other most highly compensated officers (collectively the "Named Executive Officers") of Agnico-Eagle measured by base salary and bonus earned during the fiscal year ended December 31, 2007.

Summary Compensation Table — Agnico-Eagle Mines Limited

Name and Principal Position	Year	Annual Compensation		Long-Term Compensation Award	All Other Compensation (C\$) ⁽²⁾
		Salary (C\$)	Bonus (C\$) ⁽¹⁾	Securities Under Options	
Sean Boyd	2007	825,000	1,237,000	100,000	60,765
Vice-Chairman and	2006	700,000	1,050,000	100,000	40,265
Chief Executive Officer	2005	660,000	475,000	125,000	38,061
Eberhard Scherkus	2007	600,000	675,000	75,000	66,945
President and	2006	500,000	562,000	75,000	40,945
Chief Operating Officer	2005	475,000	270,000	100,000	38,741
David Garofalo	2007	375,000	281,000	50,000	44,039
Senior Vice-President, Finance and	2006	357,096	281,000	50,000	40,936
Chief Financial Officer	2005	320,000	150,000	70,000	38,691
R. Gregory Laing	2007	310,000	232,000	50,000	57,445
General Counsel, Senior Vice-President,	2006	271,635	232,000	25,000	20,857
Legal and Corporate Secretary	2005 ⁽³⁾	55,385	25,000	50,000	5,716
Alain Blackburn	2007	310,000	232,000	50,000	54,757
Senior Vice-President,	2006	276,750	232,000	50,000	38,944
Exploration	2005	220,000	85,000	40,000	33,903

(1) Consists of 100% of the maximum permissible bonus calculated on the base salaries of each Named Executive Officer as of the end of 2007.

(2) Consists of annual contributions made by Agnico-Eagle on behalf of the Named Executive Officers under the Company's defined contribution pension plan (see "— Pension Arrangements"), premiums paid for term life insurance and automobile allowances for the Named Executive Officers and education and fitness benefits.

(3) Mr. Laing joined Agnico-Eagle on September 19, 2005.

Stock Option Plan

Under the Company's Stock Option Plan, options to purchase common shares may be granted to directors, officers, employees and service providers of the Company. The exercise price of options granted may not be less than the closing market price for the common shares of the Company on the TSX on the day prior to the date of grant. The maximum term of options granted under the Stock Option Plan is five years and the maximum number of stock options that can be issued in any year is 2% of the Company's outstanding common shares. In addition, a maximum of 25% of the options granted in an option grant vest upon the date they are granted with the remaining options vesting equally over the next three anniversaries of the option grant.

The Stock Option Plan provides for the termination of an option held by an option holder in the following circumstances:

- the option expires (no later than five years after the option was granted);
- 30 days after the option holder ceases to be an employee, officer, director of or consultant to the Company or any subsidiary of the Company;
- six months after the death of the option holder; and
- where such option holder is a director, four years after the date he or she resigns or retires from the Board (provided that in no event will any option expire later than five years after the option was granted).

An option granted under the Stock Option Plan may only be assigned to eligible assignees, including a spouse, minor child and minor grandchild, a trust governed by a registered retirement savings plan of an eligible participant, a corporation controlled by such participant or a family trust of which the eligible participant is a trustee and of which all beneficiaries are eligible assignees. Assignments must be approved by the Board and any stock exchange or other authority.

In connection with the evaluation of management's performance conducted near the end of each fiscal year, the Compensation Committee makes a recommendation in respect of the number of options to be granted to officers and directors of the Company in mid-December. If such recommendation is deemed acceptable to the Board, the Board approves the grant of the options on the first trading day in the following month of January and such grant becomes effective immediately with an exercise price equal to the closing price of the immediately preceding trading day.

The Board may amend or revise the terms of the Stock Option Plan as permitted by law and subject to any required approval by any stock exchange or other authority. No amendment or revision to the Stock Option Plan which adversely affects the rights of any option holder under any option granted under the Stock Option Plan can be made without the consent of the option holder whose rights are being affected. In addition, no amendments to the Stock Option Plan to increase the number of common shares reserved for issuance, to change the designation of who is an eligible participant, or to decrease the prices at which options can be exercised can be made without first obtaining the approval of the Company's shareholders. In response to a staff notice regarding amendments to security based compensation arrangements, the Stock Option Plan was amended in 2007 such that where the Company has imposed trading restrictions on directors and officers that fall within ten trading days of the expiry of an Option, such Option's expiry date shall be the tenth day following the termination of such restrictions. The Stock Option Plan does not expressly entitle participants to convert a stock option into a stock appreciation right.

Under the Stock Option Plan, only eligible persons who are not directors or officers of the Company are entitled to receive loans, guarantees or other support arrangements from the Company to facilitate option exercises. During 2007, no loans, guarantees or other financial assistance was provided under the plan.

The number of common shares reserved for issuance under the Stock Option Plan is 4,797,135 common shares (comprised of 4,743,200 common shares relating to options issued but unexercised and 53,935 common shares relating to options available to be issued), being 3.3% of the Company's 143,507,606 common shares outstanding as at March 14, 2008.

The following table sets out stock option awards received by the Named Executive Officers during the year ended December 31, 2007.

Option grants of Agnico-Eagle during 2007

Name	Securities Under Options ⁽¹⁾	% of Total Option Grants in Year	Exercise Price	Market Value of Securities Underlying Options on Date of Grant	Expiration Date
Sean Boyd	100,000	8	C\$48.09	NIL	January 2, 2012
Eberhard Scherkus	75,000	6	C\$48.09	NIL	January 2, 2012
David Garofalo	50,000	4	C\$48.09	NIL	January 2, 2012
Greg Laing	50,000	4	C\$48.09	NIL	January 2, 2012
Alain Blackburn	50,000	4	C\$48.09	NIL	January 2, 2012

(1) Black-Scholes value of each option on the date of grant (January 2, 2007) was C\$12.76.

The following table shows, for each Named Executive Officer, the number of common shares acquired through the exercise of stock options of the Company during the year ended December 31, 2007, the aggregate value realized upon exercise and the number of unexercised options under the Stock Option Plan as at December 31, 2007. The value realized upon exercise is the difference between the market value of common shares on the exercise date and the exercise price of the option. The value of unexercised in-the-money options at December 31, 2007 is the difference between the exercise price of the options and the market value of Agnico-Eagle's common shares on December 31, 2007, which was C\$54.42 per common share of the Company.

Aggregate option exercises during 2007 and year end option values

Name	Securities acquired at exercise	Aggregate value realized (C\$)	Unexercised options at December 31, 2007		Value of unexercised in-the-money options at December 31, 2007 (C\$)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Sean Boyd	nil	nil	290,000	125,000	9,815,200	2,044,750
Eberhard Scherkus	50,000	2,023,000	284,250	93,750	10,243,448	1,533,563
David Garofalo	12,500	427,125	60,000	62,500	1,128,400	1,679,150
Greg Laing	nil	nil	50,000	87,500	1,433,125	1,110,625
Alain Blackburn	23,000	762,505	34,500	62,500	831,225	1,022,375

The following table shows, as at December 31, 2007, compensation plans under which equity securities of Agnico-Eagle are authorized for issuance from treasury. The information has been aggregated by plans approved by shareholders and plans not approved by shareholders, of which there are none.

Plan Category	Number of securities to be issued on exercise of outstanding options	Weighted average exercise price of outstanding options	Number of securities remaining available for future issuances under equity compensation plans
Equity compensation plans approved by shareholders	3,609,924	\$ 30.34	2,832,250
Equity compensation plans not approved by shareholders	Nil	Nil	Nil

Employee Share Purchase Plan

In 1997, the shareholders of Agnico-Eagle approved the Employee Share Purchase Plan to encourage directors, officers and full-time employees of Agnico-Eagle to purchase common shares of Agnico-Eagle. Full-time employees who have been continuously employed by Agnico-Eagle or its subsidiaries for at least twelve months are eligible at the beginning of each fiscal year to elect to participate in the Employee Share Purchase Plan. Eligible employees may contribute up to 10% of their basic annual salary through monthly payroll deductions or quarterly payments by cheque. Directors may contribute up to 100% of their annual Board and committee retainer fees. Agnico-Eagle contributes an amount equal to 50% of the individual's contributions and issues shares which have a market value equal to the total contributions (individual and Corporation) under the Employee Share Purchase Plan. Of the 2,500,000 shares approved in 1997 under the Employee Share Purchase Plan, Agnico-Eagle has, as of March 14, 2008, reserved 592,151 common shares for issuance under the plan.

Pension Arrangements

Two individual Retirement Compensation Arrangement Plans (the "RCA Plans") for Mr. Boyd and Mr. Scherkus provide pension benefits which are generally equal (on an after-tax basis) to what the pension benefits would be if they were provided directly from a registered pension plan. There are no pension benefit limits under the RCA Plans. The RCA Plans provide an annual pension at age 60 equal to 2% of the executive's final three-year average pensionable earnings for each year of continuous service with the Company, less the annual pension payable under the Company's basic defined contribution plan. The pensionable earnings for the purposes of the RCA Plans consist of all basic remuneration and do not include benefits, bonuses, automobile or other allowances, and unusual payments. Payments under the RCA Plans are secured by a letter of credit from a Canadian chartered bank.

The following table provides illustrations of the total estimated pension payable from both the RCA Plan and the Basic Plan assuming various current pensionable earnings, current ages and total years of service to

retirement at age 60. In all cases, it was assumed that current pensionable earnings would increase at the rate of 3% per annum, compounded annually.

Current Earnings	Current Age	Total Years of Service with the Company to Age 60 ⁽¹⁾				
		15 years	20 years	25 years	30 years	35 years
C\$400,000	45	\$ 176,200	\$ 235,000	\$ 293,700	\$ 352,400	\$ 411,200
	50	152,000	202,700	253,400	304,000	354,700
	55	131,100	174,800	218,500	262,300	306,000
	60	113,100	150,800	188,500	226,200	263,900
C\$500,000	45	\$ 220,300	\$ 293,700	\$ 367,100	\$ 440,600	\$ 514,000
	50	190,000	253,400	316,700	380,000	443,400
	55	163,900	218,500	273,200	327,800	382,500
	60	141,400	188,500	235,600	282,800	329,900
C\$600,000	45	\$ 264,300	\$ 352,400	\$ 440,600	\$ 528,700	\$ 616,800
	50	228,000	304,000	380,000	456,000	532,000
	55	196,700	262,300	327,800	393,400	458,900
	60	169,700	226,200	282,800	339,300	395,900
C\$700,000	45	\$ 308,400	\$ 411,200	\$ 514,000	\$ 616,800	\$ 719,600
	50	266,000	354,700	443,400	532,000	620,700
	55	229,500	306,000	382,500	458,900	535,400
	60	197,900	263,900	329,900	395,900	461,900
C\$800,000	45	\$ 352,400	\$ 469,900	\$ 587,400	\$ 704,900	\$ 822,400
	50	304,000	405,400	506,700	608,000	709,400
	55	262,300	349,700	437,100	524,500	611,900
	60	226,200	301,600	377,000	452,400	527,900
C\$900,000	45	\$ 396,500	\$ 528,700	\$ 660,800	\$ 793,000	\$ 925,200
	50	342,000	456,000	570,000	684,100	798,100
	55	295,000	393,400	491,700	590,100	688,400
	60	254,500	339,300	424,200	509,000	593,800

At December 31, 2007, the two individuals under the RCA Plans had the following years of service:

- Mr. Boyd 22 years
- Mr. Scherkus 22 years

Accordingly, the total projected pension payable at retirement from both the RCA Plan and the Basic Plan for Mr. Boyd and Mr. Scherkus are C\$767,260 and C\$355,765 per annum, respectively. The 2007 annual service cost and total accrued pension obligation, respectively, for each of Mr. Boyd and Mr. Scherkus as at December 31, 2007 are as follows: Mr. Boyd — C\$270,970 and C\$3,954,630, Mr. Scherkus — C\$202,380 and C\$3,231,110. The annual service cost represents the value of the projected pension benefit earned during the year. The total accrued pension obligation represents the value of the projected pension benefit earned for all service to date. The benefits listed in the table are not subject to any deduction for social security or other offset amounts such as Canada Pension Plan amounts.

Employment Contracts/Termination Arrangements

Agnico-Eagle has employment agreements with all executive officers which provide for an annual base salary, bonus and certain pension, health, dental and other insurance and automobile benefits. The agreements

were last updated in December 2005 and, at that time, provided minimum annual base salaries for the Named Executive Officers as follows:

• Mr. Boyd	C\$700,000
• Mr. Scherkus	C\$500,000
• Mr. Garofalo	C\$340,000
• Mr. Laing	C\$235,000
• Mr. Blackburn	C\$245,000

These amounts may be increased at the discretion of the Board of Directors upon the recommendation of the Compensation Committee. If the individual agreements are terminated other than for cause, death or disability, or upon their resignation following certain events, all of the above named individuals would be entitled to a payment equal to two and one-half times the annual base salary at the date of termination plus an amount equal to two and one-half times the annual bonus (averaged over the preceding two years) and a continuation of benefits for up to two and one-half years or until the individual commences new employment. Certain events that would trigger a severance payment are:

- a substantial alteration of responsibilities;
- a reduction of base salary or benefits;
- an office relocation of greater than 100 kilometres;
- a failure to obtain a satisfactory agreement from any successor to assume the individual's employment agreement or provide the individual with a comparable position, duties, salary and benefits; or
- any change in control of the Company.

If a severance payment triggering event had occurred on December 31, 2007, the severance payments (excluding the value of the continuing and ancillary benefits) that would be payable to each of the Named Executive Officers would be as follows: Mr. Boyd — C\$4,921,250; Mr. Scherkus — C\$3,046,250; Mr. Garofalo — C\$1,640,000; Mr. Laing — C\$1,355,000; and Mr. Blackburn — C\$1,355,000.

Compensation of Directors and Other Information

Mr. Boyd, who is a director and the Vice-Chairman and Chief Executive Officer of the Company, and Mr. Scherkus, who is a director and the President and Chief Operating Officer of the Company, do not receive any remuneration for their services as directors of the Company.

The table below summarizes the annual retainers (annual retainers for the Chairs of the Board and other Committees are in addition to the base annual retainer) and attendance fees paid to the other directors during the year ended December 31, 2007.

	Compensation during the year ended December 31, 2007 ⁽¹⁾
Annual board retainer (base)	C\$55,000
Annual retainer for Chairman of the Board	C\$70,000
Annual retainer for Chairman of the Audit Committee	C\$25,000
Annual retainer for Chairpersons of other Board Committees	C\$10,000
Board/Committee meeting attendance fee (C\$2,500 maximum per day, if more than one meeting)	C\$ 1,500

(1) These amounts became effective as of July 1, 2007

To align the interests of directors with those of shareholders, directors, other than Mr. Boyd and Mr. Scherkus, are required to own the equivalent of at least three years of their annual retainer fee in Agnico-Eagle's stock. Directors have a period of three years to achieve this ownership level either through open market purchases or through participation in Agnico-Eagle's Employee Share Purchase Plan. In addition, each director

is eligible to be granted options under Agnico-Eagle's Stock Option Plan. Individual grants are determined annually by the Compensation Committee based on performance evaluations for each director.

The table below sets out the fees paid and the options granted to each of the directors of Agnico-Eagle during the year ended December 31, 2007 and the number and the value of common shares held by each director as of March 14, 2008 based on the closing price of the common shares of C\$79.00 on the TSX on such day:

Director Compensation and Share Ownership

Director	Directors' fees and stock awards during the year ended December 31, 2007		Aggregate common shares owned by directors and aggregate value thereof as of March 14, 2008	
	Director Fees (C\$)	Option Grants ⁽¹⁾	Aggregate Common Shares	Aggregate Value of Common Shares (C\$)
Leanne M. Baker	79,750	25,000	3,500	276,500
Douglas R. Beaumont	77,750	25,000	7,167	566,193
Sean Boyd	N/A	100,000	164,232	12,974,328
Bernard Kraft	72,000	25,000	5,104	403,216
Mel Leiderman	93,500	25,000	3,000	237,000
James D. Nasso	131,500	50,000	18,131	1,432,349
Eberhard Scherkus	N/A	75,000	56,597	4,471,163
Howard Stockford	73,625	25,000	3,529	278,791
Pertti Voutilainen	71,000	25,000	7,000	553,000

(1) Black-Scholes value of each option on the date of grant (January 2, 2007) was C\$12.76.

During the year ended December 31, 2007, Agnico-Eagle issued a total of 4,148 common shares under its Employee Share Purchase Plan to the following directors as follows:

• Mr. Boyd	1,318
• Mr. Scherkus	1,690
• Mr. Nasso	380
• Mr. Beaumont	253
• Mr. Kraft	253
• Mr. Stockford	254

Agnico-Eagle will provide healthcare benefits to Mr. Ernest Sheriff until May 2010, which is the fifth anniversary of his resignation from the Board.

The following table sets out the attendance of each of the directors to the Board meetings and the Board committee meetings held in 2007.

Director	Board Meetings Attended	Committee Meetings Attended
Leanne M. Baker	9 of 10	9 of 9
Douglas R. Beaumont	10 of 10	6 of 6
Sean Boyd	10 of 10	N/A
Bernard Kraft	10 of 10	11 of 11
Mel Leiderman	10 of 10	9 of 9
James D. Nasso	10 of 10	11 of 11
Eberhard Scherkus	10 of 10	N/A
Howard Stockford	10 of 10	5 of 5
Pertti Voutilainen	10 of 10	7 of 7

Indebtedness of Directors, Executive Officers and Senior Officers

There is no outstanding indebtedness to Agnico-Eagle by any of its officers or directors. Agnico-Eagle does not make loans to directors and officers under any circumstances.

Directors' and Officers' Liability Insurance

The Company has purchased, at its expense, directors' and officers' liability insurance policies to provide insurance against possible liabilities incurred by them in their capacity as directors and officers of the Company. The premium for these policies for the period from December 31, 2007 to December 31, 2008 is C\$1,028,000. The policies provide coverage of up to C\$50 million per occurrence to a maximum of C\$95 million per annum. There is no deductible for directors and officers and a \$250,000 deductible for each claim made by the Company (C\$1 million deductible for securities claims). The insurance applies in circumstances where the Company may not indemnify its directors and officers for their acts or omissions.

Board Practices

The Board and management have been following the developments in corporate governance requirements and best practices standards in both Canada and the United States. As these requirements and practices have evolved, the Company has responded in a positive and proactive way by assessing its practices against these requirements and modifying, or targeting for modification, practices to bring them into compliance with these corporate governance requirements and best practices standards. The Company revises, from time to time, the charters for the Audit Committee, the Compensation Committee and the Corporate Governance Committee to reflect the new and evolving corporate governance requirements and best practices standards in Canada and the United States.

The Board believes that effective corporate governance contributes to improved corporate performance and enhanced shareholder value. The Company's governance practices reflect the Board's assessment of the governance structure and process which can best serve to realize these objectives in the Company's particular circumstance. The Company's governance practices are subject to review and evaluation through the Board's Corporate Governance Committee to ensure that, as the Company's business evolves, changes in structure and process necessary to ensure continued good governance are identified and implemented.

The Company is required under the rules of the Canadian Securities Administrators (the "CSA") to disclose its corporate governance practices and provide a description of the Company's system of corporate governance. This Statement of Corporate Governance Practices has been prepared by the Board's Corporate Governance Committee and approved by the Board.

Additional information on each director standing for election, including other public company boards on which they serve and their attendance record for all Board and Committee meetings during 2007, can be found under "— Directors and Senior Management".

Director Independence

The Board consists of nine directors. The Board has made an affirmative determination that seven of its nine current members are "independent" within the meaning of the CSA rules and the standards of the NYSE. With the exception of Mr. Boyd and Mr. Scherkus, all directors are independent of management and free from any interest and any business which could materially interfere with their ability to act as a director with a view to the best interests of the Company. In reaching this determination, the Board considered the circumstances and relationships with the Company and its affiliates of each of its directors. In determining that all directors except Mr. Boyd and Mr. Scherkus are independent, the Board took into consideration the fact that none of the remaining directors is an officer or employee of the Company or party to any material contract with the Company and that none receives remuneration from the Company in excess of directors' fees, employee share purchase plan grants and stock option grants. Mr. Boyd and Mr. Scherkus are considered related because they are officers of the Company. All directors, other than Mr. Boyd and Mr. Scherkus, also meet the independence standard as set out in SOX.

The Board regularly meets independently of management at the request of any director and the related directors or may excuse such persons from all or a portion of any meeting where a potential conflict of interest arises or where otherwise appropriate. The Board is scheduled to meet without management before or after each Board meeting. In addition, after each Board meeting held to consider interim and annual financial statements, the Board meets without management. In 2007, the Board met without management at each Board meeting, being ten separate occasions, including the four scheduled quarterly meetings.

To promote the exercise of independent judgment by directors in considering transactions and agreements, any director or officer who has a material interest in the matter being considered would not be present for discussions relating to the matter and would not participate in any vote on the matter.

Chairman

Mr. Nasso is the Chairman of the Board and Mr. Boyd is the Vice-Chairman and Chief Executive Officer of the Company. Mr. Nasso is not a member of management. The Board believes that the separation of the offices of Chairman and Chief Executive Officer enhances the ability of the Board to function independently of management and does not foresee that the offices of Chairman and Chief Executive Officer will be held by the same person.

The Board has adopted a position description for the Chairman of the Board. The Chairman's role is to provide leadership to directors in discharging their duties and obligations as set out in the mandate of the Board. The specific responsibilities of the Chairman include providing advice, counsel and mentorship to the CEO, appointing the Chair of each of the Board's committees and promoting the delivery of information to the members of the Board on a timely basis to keep them fully apprised of all matters which are material to them at all times. The Chairman's responsibilities also include scheduling, overseeing and presiding over meetings of the Board and presiding over meetings of the Company's shareholders.

Board Mandate

The Board's mandate is to provide stewardship of the Company and to oversee the management of the Company's business and affairs, to maintain its strength and integrity, to oversee the Company's strategic direction, its organization structure and succession planning of senior management and to perform any other duties required by law. The Board's strategic planning process consists of an annual review of the Company's three-year business plan and, from time to time (at least annually), a meeting focused on strategic planning matters. As part of this process, the Board reviews and approves the corporate objectives proposed by the Chief Executive Officer and advises management in the development of a corporate strategy to achieve those objectives. The Board also reviews the principal risks inherent in the Company's business, including environmental, industrial and financial risks, and assesses the systems to manage these risks. The Board also monitors the performance of senior management against the business plan through a periodic review process (at least every quarter) and reviews and approves promotion and succession matters.

The Board holds management responsible for the development of long-term strategies for the Company. The role of the Board is to review, question, validate and ultimately approve the strategies and policies proposed by management. The Board relies on management to perform the data gathering, analysis and reporting functions which are critical to the Board for effective corporate governance. In addition, the Vice-Chairman and Chief Executive Officer, the President and Chief Operating Officer, the Senior Vice-President, Finance and Chief Financial Officer, Senior Vice-President, Corporate Development, Senior Vice-President, Exploration and Vice-President, Metallurgy and Marketing report to the Board at least every quarter on the Company's progress in the preceding quarter and on the strategic, operational and financial issues facing the Company.

Management is authorized to act, without Board approval, on all ordinary course matters relating to the Company's business. Management seeks the Board's prior approval for significant changes in the Company's affairs such as major capital expenditures, financing arrangements and significant acquisitions and divestitures. Board approval is required for any venture outside of the Company's existing businesses and for any change in senior management. Recommendations of committees of the Board require the approval of the full Board before being implemented. In addition, the Board oversees and reviews significant corporate plans and initiatives, including the annual three-year business plan and budget and significant matters of corporate strategy

or policy. The Company's authorization policy and risk management policy ensure compliance with good corporate governance practices. Both policies formalize controls over the management or other employees of the Company by stipulating internal approval processes for transactions, investments, commitments and expenditures and, in the case of the risk management policy, establishing objectives and guidelines for metal price hedging, foreign exchange and short-term investment risk management and insurance. The Board, directly and through its Audit Committee, also assesses the integrity of the Company's internal control and management information systems.

The Board oversees the Company's approach to communications with shareholders and other stakeholders and approves specific communications initiatives from time to time. The Company conducts an active investor relations program. The program involves responding to shareholder inquiries, briefing analysts and fund managers with respect to reported financial results and other announcements by the Company, as well as meeting with individual investors and other stakeholders. Senior management reports regularly to the Board on these matters. The Board reviews and approves the Company's major communications with shareholders and the public, including quarterly and annual financial results, the annual report and management information circular. The Board has a Disclosure Policy which establishes standards and procedures relating to contacts with analysts and investors, news releases, conference calls, disclosure of material information, trading restrictions and blackout periods.

The Board Mandate is posted on the Company's website at www.agnico-eagle.com.

Position Descriptions

Chief Executive Officer

The Board has adopted a position description for the Chief Executive Officer who has full responsibility for the day-to-day operation of the Company's business in accordance with the Company's strategic plan and current year operating and capital expenditure budgets as approved by the Board. In discharging his responsibility for the day-to-day operation of Agnico-Eagle's business, subject to the oversight by the Board, the Chief Executive Officer's specific responsibilities include:

- providing leadership and direction to the other members of Agnico-Eagle's senior management team;
- fostering a corporate culture that promotes ethical practices and encourages individual integrity;
- maintaining a positive and ethical work climate that is conducive to attracting, retaining and motivating top-quality employees at all levels;
- working with the Chairman in determining the matters and materials that should be presented to the Board;
- together with the Chairman, developing and recommending to the Board a long-term strategy and vision for Agnico-Eagle that leads to enhancement of shareholder value;
- developing and recommending to the Board annual business plans and budgets that support Agnico-Eagle's long-term strategy;
- ensuring that the day-to-day business affairs of Agnico-Eagle are appropriately managed;
- consistently striving to achieve Agnico-Eagle's financial and operating goals and objectives;
- designing or supervising the design and implementation of effective disclosure and internal controls;
- maintaining responsibility for the integrity of the financial reporting process;
- seeking to secure for Agnico-Eagle a satisfactory competitive position within its industry;
- ensuring that Agnico-Eagle has an effective management team below the level of the Chief Executive Officer and has an active plan for management development and succession;
- ensuring, in cooperation with the Chairman and the Board, that there is an effective succession plan in place for the position of Chief Executive Officer; and

- serving as the primary spokesperson for Agnico-Eagle.

The Chief Executive Officer is to consult with the Chairman on matters of strategic significance to the Company and alert the Chairman on a timely basis of any material changes or events that may impact upon the risk profile, financial affairs or performance of the Company.

Chairs of Board Committees

The Board has adopted written position descriptions for each of the Chairs of the Board's committees which include the Audit Committee, the Corporate Governance Committee, the Compensation Committee and the Health, Safety and Environment Committee. The role of each of the Chairs is to ensure the effective functioning of his or her committee and provide leadership to its members in discharging the mandate as set out in the committee's charter. The responsibilities of each Chair include, among others:

- establishing procedures to govern his or her committee's work and ensure the full discharge of its duties;
- chairing every meeting of his or her committee and encourage free and open discussion at such meetings;
- reporting to the Board on behalf of his or her committee; and
- attending every meeting of shareholders and responding to such questions from shareholders as may be put to the Chair of his or her committee.

Each of the Chairs is also responsible for carrying out other duties as requested by the Board, depending on need and circumstances.

Orientation and Continuing Education

Agnico-Eagle holds annual educational sessions with its directors and legal counsel to review and assess the Board's corporate governance policies. This allows new directors to become familiar with the corporate governance policies of Agnico-Eagle as they relate to its business.

Ethical Business Conduct

The Board has adopted a Code of Business Conduct and Ethics which provides a framework for directors, officers and employees on the conduct and ethical decision-making integral to their work. In addition, the Board has adopted a Code of Business Conduct and Ethics for Consultants and Contractors. The Audit Committee is responsible for monitoring compliance with these codes of ethics and any waivers or amendments thereto can only be made by the Board or a Board committee. These codes are available on www.sedar.com.

The Board has also adopted a Confidential Anonymous Complaint Reporting Policy which provides procedures for officers and employees who believe that a violation of the Code of Business Conduct and Ethics has occurred to report this violation on a confidential and anonymous basis. Complaints can be made internally to the General Counsel, Senior Vice-President, Legal and Corporate Secretary or the Senior Vice-President, Finance and Chief Financial Officer. Complaints can also be made anonymously by telephone, e-mail or postal letter through a hotline provided by an independent third party service provider. The General Counsel, Senior Vice-President, Legal and Corporate Secretary periodically prepares a written report to the Audit Committee regarding the complaints, if any, received through these procedures.

The Board believes that providing a procedure for employees and officers to raise concerns about ethical conduct on an anonymous and confidential basis fosters a culture of ethical conduct within the Company.

Nomination of Directors

The Corporate Governance Committee, which is comprised entirely of non-management and independent directors, is responsible for participating in the recruitment and recommendation of new nominees for appointment or election to the Board. When considering a potential candidate, the Corporate Governance Committee considers the qualities and skills that the Board, as a whole, should have and assesses the competencies and skills of the current members of the Board. Based on the talent already represented on the Board, the Corporate Governance Committee then identifies the specific skills, personal qualities or experiences

that a candidate should possess in light of the opportunities and risks facing the Company. The Corporate Governance Committee maintains a list of potential director candidates for its future consideration and may engage outside advisors to assist in identifying potential candidates. Potential candidates are screened to ensure that they possess the requisite qualities, including integrity, business judgment and experience, business or professional expertise, independence from management, international experience, financial literacy, excellent communications skills and the ability to work well in a team situation. The Corporate Governance Committee also considers the existing commitments of a potential candidate to ensure that such candidate will be able to fulfill his or her duties as a Board member.

Compensation

Remuneration is paid to the Company's directors based on several factors, including time commitments, risk workload, and responsibility demanded by their positions. The Compensation Committee periodically reviews and fixes the amount and composition of the compensation of directors. For a summary of remuneration paid to directors, please see "— Compensation of Directors and Other Information" and the description of the Compensation Committee below.

Board Committees

The Board has four Committees: the Audit Committee, the Compensation Committee, the Corporate Governance Committee and the Health, Safety and Environment Committee.

Audit Committee

The Audit Committee has two primary objectives. The first is to advise the Board of Directors in its oversight responsibilities regarding:

- the quality and integrity of the Company's financial reports and information;
- the Company's compliance with legal and regulatory requirements;
- the effectiveness of the Company's internal controls for finance, accounting, internal audit, ethics and legal and regulatory compliance;
- the performance of the Company's auditing, accounting and financial reporting functions;
- the fairness of related party agreements and arrangements between the Company and related parties; and
- the independent auditors' performance, qualifications and independence.

The second primary objective of the Audit Committee is to prepare the reports required to be included in the management proxy circular in accordance with applicable laws or the rules of applicable securities regulatory authorities.

The Board has adopted an Audit Committee charter, which provides that each member of the Audit Committee must be unrelated to and independent from the Company as determined by the Board in accordance with the applicable requirements of the laws governing the Company, the applicable stock exchanges on which the Company's securities are listed and applicable securities regulatory authorities. In addition, each member must be financially literate and at least one member of the Audit Committee must be an audit committee financial expert, as the term is defined in SOX. The Audit Committee must pre-approve all audit and permitted non-audit engagements to be provided by the external auditors to the Company.

The Audit Committee is responsible for reviewing all financial statements prior to approval by the Board, all other disclosures containing financial information and all management reports which accompany any financial statements. The Audit Committee is also responsible for all internal and external audit plans, any recommendation affecting the Company's internal controls, the results of internal and external audits and any changes in accounting practices or policies. The Audit Committee reviews any accruals, provisions, estimates or related party transactions that have a significant impact on the Company's financial statements and any litigation, claim or other contingency that could have a material effect upon the Company's financial statements. In addition, the Audit Committee is responsible for assessing management's programs and policies relating to

the adequacy and effectiveness of internal controls over the Company's accounting and financial systems. The Audit Committee reviews and discusses with the Chief Executive Officer and Chief Financial Officer the procedures undertaken in connection with their certifications for annual filings in accordance with the requirements of applicable securities regulatory authorities. The Audit Committee is also responsible for recommending to the Board the external auditor to be nominated for shareholder approval who will be responsible for preparing audited financial statements and completing other audit, review or attest services. The Audit Committee also recommends to the Board the compensation to be paid to the external auditor and directly oversees its work. The Company's external auditor reports directly to the Audit Committee. The Audit Committee reports directly to the Board of Directors.

The Audit Committee is entitled to retain (at the Company's expense) and determine the compensation of any independent counsel, accountants or other advisors to assist the Audit Committee in its oversight responsibilities.

The Audit Committee is composed entirely of outside directors who are unrelated to and independent from the Company (currently, Mr. Leiderman (Chair), Dr. Baker, Mr. Kraft and Mr. Nasso), each of whom is financially literate, as the term is used in the CSA's Multilateral Instrument 52-110 — Audit Committees. In addition, Mr. Leiderman and Mr. Kraft are chartered accountants; Mr. Leiderman is currently active in private practice and Mr. Kraft is recently retired and, as such, qualify as audit committee financial experts, as the term is used in SOX. The education and experience of each member of the Audit Committee is set out under "— Directors and Senior Management". Fees paid to the Company's Auditors, Ernst & Young LLP, are set out under "Item 10. Additional Information — Audit Fees". The Audit Committee met six times in 2007.

Compensation Committee

The Compensation Committee is responsible for:

- recommending to the Board policies relating to compensation of the Company's executive officers;
- recommending to the Board the amount and composition of annual compensation to be paid to the Company's executive officers;
- matters relating to pension, stock option and other incentive plans for the benefit of executive officers;
- administering the Company's Stock Option Plan;
- reviewing and fixing the amount and composition of annual compensation to be paid to members of the Board and committees; and
- reviewing and assessing the design and competitiveness of the Company's compensation and benefits programs generally.

The Compensation Committee reports directly to the Board. The Charter of the Compensation Committee provides that each member of the Compensation Committee must be unrelated and independent.

The Compensation Committee is composed entirely of outside directors who are unrelated to and independent from the Company (currently, Dr. Baker (Chair), Mr. Beaumont, Mr. Leiderman and Mr. Stockford). The Compensation Committee met three times in 2007.

Corporate Governance Committee

The Corporate Governance Committee is responsible for:

- evaluating the Company's governance practices;
- developing its response to the Company's Statement of Corporate Governance and recommending changes to the Company's governance structures or processes as it may from time to time consider necessary or desirable;
- reviewing on an annual basis the charters of the Board and of each committee of the Board and recommending any changes;

- assessing annually the effectiveness of the Board as a whole and recommending any changes;
- reviewing on a periodic basis the composition of the Board to ensure that there remain an appropriate number of independent directors; and
- participating in the recruitment and recommendation of new nominees for appointment or election to the Board.

The Corporate Governance Committee also provides a forum for a discussion of matters not readily discussed in a full Board meeting. The Charter of the Corporate Governance Committee provides that each member of the Corporate Governance Committee must be independent, as such term is defined in the CSA rules.

The Corporate Governance Committee is composed entirely of outside directors who are unrelated to and independent from the Company (currently, Mr. Beaumont (Chair), Mr. Kraft, Mr. Nasso and Mr. Voutilainen). The Corporate Governance Committee met three times in 2007.

Health, Safety and Environment Committee

The Health, Safety and Environment Committee is responsible for:

- monitoring and reviewing health, safety and environmental policies, principles, practices and processes;
- overseeing health, safety and environmental performance; and
- monitoring and reviewing current and future regulatory issues relating to health, safety and the environment.

The Health, Safety and Environment Committee reports directly to the Board and provides a forum to review health, safety and environmental issues in a more thorough and detailed manner than could be adopted by the full Board. The Health, Safety and Environment Committee Charter provides that a majority of the members of the Committee be unrelated and independent.

The Health, Safety and Environment Committee is comprised of three outside directors who are unrelated to and independent from the Company (currently Howard Stockford (Chair), Mr. Nasso and Mr. Voutilainen) and one non-executive director (Mr. Scherkus, President and COO of the Company). The Health, Safety and Environment Committee met two times in 2007.

Assessment of Directors

The Company's Corporate Governance Committee (see description of Corporate Governance Committee above) is responsible for the assessment of the effectiveness of the Board as a whole and participates in the recruitment and recommendation of new nominees for appointment or election to the Board of Directors.

Each of the directors completes a detailed annual assessment questionnaire on the Board and Board Committees. The assessment addresses performance of the Board, each Board committee and individual directors, including through a peer to peer evaluation. A broad range of topics is covered such as Board and Board committee structure and composition, succession planning, risk management, director competencies and Board processes and effectiveness. The assessments help identify opportunities for continuing Board and director development and also forms the basis of continuing Board participation.

Employees

As of December 31, 2007, the Company employed 2,425 employees; 1,303 permanent employees and 1,112 contractors of which 670 permanent employees were employed at LaRonde, 77 at Lapa, 177 at Goldex, 91 at Pinos Altos (Mexico), 60 at Kittila (Finland), 44 in the Exploration group worldwide, 56 for the Meadowbank project in Vancouver and Baker Lake, 85 at the regional technical office in Abitibi and 53 in Toronto. The number of permanent employees employed by the Company at the end of 2007, 2006 and 2005 were 1,303, 933 and 789, respectively.

Share Ownership

As of March 14, 2008, officers and directors as a group (21 persons) beneficially owned or controlled (excluding options to purchase 2,923,150 common shares, of which 1,243,775 are currently exercisable and 1,679,375 are currently unexercisable) an aggregate of 322,718 common shares or about 0.2% of the 143,507,606 issued and outstanding common shares. See also "— Directors, Senior Management and Employees — Compensation of Officers".

Security Ownership of Directors and Executive Officers

The following table sets forth certain information concerning the direct and beneficial ownership as at March 14, 2008 by each director and executive officer of the Company of common shares of the Company and options to purchase common shares of the Company. Unless otherwise noted, exercise prices are in Canadian dollars.

Beneficial Owner	Share Ownership (1)	Total Common Shares under Option (2)	Common Shares under Option	Exercise Price (C\$)	Expiry Date
Leanne M. Baker Director	3,500	75,000	35,000	C\$54.42/US\$54.63	1/2/2013
			25,000	C\$48.09/US\$41.24	1/3/2012
			7,500	C\$23.02/US\$19.76	1/2/2011
			7,500	C\$16.89/US\$13.72	12/13/2009
Douglas R. Beaumont Director	7,167	82,000	35,000	54.42	1/2/2013
			25,000	48.09	1/2/2012
			7,500	23.02	1/3/2011
			7,500	16.89	12/13/2009
			7,000	10.40	1/5/2010
Sean Boyd Director, Vice Chairman and Chief Executive Officer	164,232	365,000	200,000	54.42	1/2/2013
			100,000	48.09	1/2/2012
			65,000	23.02	1/3/2011
Bernard Kraft Director	5,104	55,625	26,250	54.42	1/2/2013
			12,500	48.09	1/3/2011
			1,875	23.02	1/3/2011
			15,000	10.40	1/5/2010
Mel Leiderman Director	3,000	65,000	35,000	54.42	1/2/2013
			25,000	48.09	1/2/2012
			5,000	23.02	1/3/2011
James D. Nasso Director and Chairman of the Board	18,131	91,875	65,000	54.42	1/3/2013
			25,000	48.09	1/2/2012
			1,875	23.02	1/3/2011
Eberhard Scherkus Director, President and Chief Operating Officer	56,597	303,000	125,000	54.42	1/2/2013
			75,000	48.09	1/2/2012
			75,000	23.02	1/3/2011
			28,000	16.69	1/12/2009
Howard Stockford Director	3,529	72,000	35,000	54.42	1/2/2013
			25,000	48.09	1/2/2012
			4,500	14.67	5/27/2010
			7,500	23.02	1/3/2011
Pertti Voutilainen Director	7,000	68,000	35,000	54.42	1/2/2013
			25,000	48.09	1/2/2012
			8,000	23.02	1/3/2011
David Garofalo	23,191	137,500	75,000	54.42	1/2/2013

Senior Vice President, Finance and Chief Financial Officer			50,000	48.09	1/2/2012
			12,500	23.02	1/3/2011
Alain Blackburn	1,904	150,000	75,000	54.42	1/2/2013
Senior Vice President, Exploration			50,000	48.09	1/2/2012
			25,000	23.02	1/3/2011
R. Gregory Laing	2,247	172,500	60,000	54.42	1/2/2013
General Counsel, Senior Vice President, Legal and Corporate Secretary			50,000	48.09	1/2/2012
			25,000	23.02	1/3/2011
			37,500	15.96	10/26/2010
Donald G. Allan	6,106	205,000	60,000	54.42	1/2/2013
Senior Vice President, Corporate Development			50,000	48.09	1/2/2012
			50,000	23.02	1/3/2011
			40,000	16.89	12/13/2009
			5,000	16.69	1/12/2009
Patrice Gilbert	627	113,000	50,000	54.42	1/2/2013
Vice President, Human Resources			63,000	48.09	1/2/2012
Louise Grondin	1,468	96,650	50,000	54.42	1/2/2013
Vice President, Environment			10,000	48.09	1/2/2012
			30,000	39.18	5/8/2012
			6,650	23.02	1/3/2011
Ingmar Haga	923	140,000	50,000	54.42	1/2/2013
Vice President, Europe			40,000	48.09	1/2/2012
			50,000	27.71	2/16/2011
Tim Haldane	2,136	115,000	50,000	54.42	1/2/2013
Vice President, Latin America			40,000	48.09	1/2/2012
			25,000	31.70	6/21/2011
Marc Legault	4,893	143,000	50,000	54.42	1/2/2013
Vice President, Project Evaluation			30,000	48.09	1/2/2012
			35,000	39.18	5/8/2012
			20,000	23.02	1/3/2011
			8,000	16.89	12/13/2009
Daniel Racine	6,880	208,000	50,000	54.42	1/2/2013
Vice President, Operations			40,000	48.09	1/2/2012
			35,000	39.18	5/8/2012
			30,000	23.02	1/3/2011
			20,000	16.89	1/12/2009
			5,000	16.69	1/12/2009
			10,000	15.96	10/26/2010
			18,000	15.60	6/20/2010
Jean Robitaille	3,406	160,000	50,000	54.42	1/2/2013
Vice President, Metallurgy			40,000	48.09	1/2/2012
			35,000	23.02	1/3/2011
			35,000	16.89	12/13/2009

David Smith	677	105,000	50,000	54.42	1/2/2013
Vice President, Investor Relations			40,000	48.09	1/2/2012
			10,000	23.02	1/3/2011

Notes:

- (1) As of December 31, 2007. In each case, shareholdings constitute less than one percent of the issued and outstanding common shares of the Company. The total number of common shares held by directors and executive officers constitutes 0.2% of the issued and outstanding common shares of the Company.
- (2) As of December 31, 2007.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS**Major Shareholders**

To the knowledge of the directors and senior officers of the Company, as of March 14, 2008, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 5% of the voting rights attached to all common shares of the Company.

As of March 14, 2008, there were 4,086 holders of record of Agnico-Eagle's 143,507,606 outstanding common shares, of which 3,425 holders of record were in the United States and held 47,165,398 common shares or about 32.87% of the outstanding common shares.

The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change in control of the Company. To the best knowledge of the Company, it is not directly or indirectly owned or controlled by another corporation, by any government or by any natural or legal person severally or jointly.

Related Party Transactions

Prior to December 31, 2002, the Company loaned C\$4,034,406 to Contact to fund ongoing exploration and operating activity (the "Contact Loan"). The rate of interest on the Contact Loan was 8% per annum; however, the Company waived the interest on the Contact Loan from May 13, 2002 until September 30, 2006. The largest amount outstanding under the Contact Loan was C\$4,009,826 during 2007 and, as discussed further below, the Contact Loan was repaid in full on February 12, 2007.

In September 2006 the Company tendered its interest in Contact to Stornoway in connection with a share exchange take-over bid made by Stornoway for Contact. The Company acquired 4,968,747 common shares of Stornoway through the tender of its entire interest (approximately 31%) in Contact to this offer. On January 17, 2007, Stornoway completed its acquisition of Contact by means of a compulsory acquisition. See "Item 4. Information on the Company — History and Development of the Company". The Contact Loan was repaid in full under a note assignment agreement dated February 12, 2007 between the Company, Contact and Stornoway and the Company was issued 3,207,861 common shares of Stornoway in satisfaction principal and accrued interest under the Contact Loan. Amounts repaid under the note assignment agreement included C\$22,237 in respect of interest accrued in 2007. The book value of the Contact Loan on the Company's consolidated financial statements at December 31, 2007 was nil. In addition, on March 16, 2007, the Company subscribed for C\$10 million of 12% unsecured convertible debentures issued by Stornoway due 2009.

ITEM 8. FINANCIAL INFORMATION

The consolidated financial statements furnished pursuant to Item 18 are presented in accordance with US GAAP.

During the period under review, inflation has not had a significant impact on the Company's operations.

ITEM 9. THE OFFER AND LISTING

Market and Listing Details

Agnico-Eagle's common shares are listed and traded in Canada on the TSX and in the United States on the NYSE. Prior to their expiry on November 14, 2007, the Company's share purchase warrants (the "Warrants") traded on the TSX and the Nasdaq National Market (the "Nasdaq").

The following table sets forth the high and low sale prices for Agnico-Eagle's common shares on the TSX and the NYSE for each of the five fiscal years ended December 31, 2007 and for each quarter during the two fiscal years ended December 31, 2007.

	TSX (C\$)			NYSE (\$)		
	High	Low	Average Daily Volume	High	Low	Average Daily Volume
2003	24.94	13.40	559,622	16.47	9.72	986,285
2004	19.95	15.50	355,830	16.73	11.47	728,385
2005	23.13	13.63	366,937	19.86	10.80	774,393
2006	52.03	23.31	911,132	45.67	19.94	2,006,680
2007	55.86	35.70	913,173	59.45	33.25	2,076,082
2006						
First Quarter	35.63	23.31	880,397	30.51	19.94	1,769,548
Second Quarter	45.65	28.33	1,037,849	41.70	25.49	2,240,933
Third Quarter	45.56	32.64	866,023	41.20	29.25	2,587,921
Fourth Quarter	52.03	30.72	859,208	45.67	27.24	2,176,860
2007						
First Quarter	49.51	40.39	967,603	42.36	34.48	2,331,885
Second Quarter	44.60	35.70	838,994	39.39	33.25	1,660,821
Third Quarter	52.84	36.68	1,058,677	52.43	34.24	2,325,611
Fourth Quarter	55.86	45.85	788,863	59.45	45.55	1,995,413

The following table sets forth the high and low sale prices for the Company's common shares on the TSX and the NYSE for the last 12 months.

	TSX (C\$)			NYSE (\$)		
	High	Low	Average Daily Volume	High	Low	Average Daily Volume
<i>2007</i>						
March	45.75	40.39	850,670	39.04	34.48	2,234,123
April	44.60	39.00	744,492	39.39	35.00	1,719,510
May	40.98	35.70	862,996	37.00	33.25	1,762,459
June	41.01	36.00	903,851	38.55	33.67	1,498,448
July	47.42	38.92	965,110	45.24	36.82	2,118,414
August	48.70	36.68	959,191	46.10	34.24	2,445,074
September	52.84	46.02	1,227,289	52.43	43.75	2,410,005
October	55.86	47.52	917,633	57.34	47.53	2,052,017
November	54.06	46.36	742,727	59.45	46.81	2,360,957
December	54.46	45.85	693,183	54.84	45.55	1,546,495
<i>2008</i>						
January	64.54	54.00	1,227,219	65.04	52.81	3,532,533
February	69.00	58.80	791,605	70.55	58.41	2,511,195
March (to March 14)	79.60	68.81	1,231,956	80.48	69.02	3,897,115

On March 14, 2008 the closing price of the common shares was C\$79.00 on the TSX and \$80.05 on the NYSE. The registrar and transfer agent for the common shares is Computershare Trust Company of Canada, Toronto, Ontario.

On February 15, 2006 (the "Redemption Date"), the Company fully redeemed its \$143.75 million principal amount, 4.50% convertible subordinated debentures due February 15, 2012 (the "Debentures") for common shares of the Company. The Company issued an aggregate of 10,259,068 common shares in satisfaction of its obligations under the Debentures, of which 70,520 common shares were issued on the redemption of \$1,111,000 principal amount of Debentures that were redeemed and 10,188,548 common shares were issued on the conversion of \$142,639,000 of Debentures that occurred prior to the Redemption Date. The Company paid cash to satisfy interest that had accrued up to and including February 15, 2006.

The Warrants expired on November 14, 2007 (the "Expiry Date"). Prior to expiry, holders exercised 6,873,190 Warrants and the Company issued 6,873,190 common shares and received proceeds of \$130,640,561 in connection with the exercise of such Warrants.

The following table sets forth the high and low sale prices for the Warrants on the TSX and Nasdaq for each of the five fiscal years ended December 31, 2007 and for each quarter during the two fiscal years ended December 31, 2007. The Warrants traded in US dollars on both the TSX and the Nasdaq.

	TSX (\$)			Nasdaq (\$)		
	High	Low	Average Daily Volume	High	Low	Average Daily Volume
2003	5.80	2.11	16,488	5.96	2.20	17,888
2004	4.00	2.50	7,498	4.00	2.50	13,729
2005	4.50	1.18	2,426	4.75	1.20	15,224
2006	27.00	4.95	7,737	27.49	4.69	44,284
2007	39.64	14.50	16,722	40.00	14.90	19,087
<i>2006</i>						
First Quarter	13.25	4.95	3,711	13.60	4.69	56,508
Second Quarter	23.71	10.5	7,491	24.00	10.27	48,441
Third Quarter	23.75	13.00	13,743	23.75	12.86	43,090
Fourth Quarter	27.00	11.25	6,138	27.49	11.13	29,290
<i>2007</i>						
First Quarter	24.04	16.47	3,093	24.30	16.85	17,836
Second Quarter	20.79	15.21	3,932	20.80	14.90	16,504
Third Quarter	33.00	14.50	6,995	33.50	15.69	21,279
Fourth Quarter (to November 14)	39.64	29.25	70,940	40.00	27.74	21,553

The following table sets forth the monthly high and low sales prices for the Warrants on the TSX and the Nasdaq for the period from April 1, 2007 to the Expiry Date.

	TSX (\$)			Nasdaq (\$)		
	High	Low	Average Daily Volume	High	Low	Average Daily Volume
<i>2007</i>						
April	20.79	16.97	1,772	20.80	16.95	14,620
May	18.36	15.21	4,605	18.41	14.90	18,195
June	19.74	15.52	5,419	19.76	15.33	16,695
July	26.75	18.00	5,995	26.42	18.00	24,219
August	27.00	14.50	9,686	27.26	15.69	22,570
September	33.00	25.32	5,305	33.50	25.17	17,047
October	38.00	29.87	37,800	38.62	28.20	24,265
November (to November 14, 2007)	39.64	29.21	104,080	40.00	27.74	18,840

ITEM 10. ADDITIONAL INFORMATION

Memorandum and Articles of Incorporation

Articles of Amendment

The Company's articles of incorporation do not place any restrictions on the Company's objects and purposes. For more information, see the Articles of Amendment incorporated by reference as an exhibit to this Form 20-F.

Certain Powers of Directors

The *Business Corporations Act* (Ontario) (the "OBCA") requires that every director who is a party to a material contract or transaction or a proposed material contract or transaction with a corporation, or who is a director or officer of, or has a material interest in, any person who is a party to a material contract or transaction

or a proposed material contract or transaction with the corporation, shall disclose in writing to the corporation or request to have entered in the minutes of the meetings of directors the nature and extent of his or her interest, and shall refrain from voting in respect of the material contract or transaction or proposed material contract or transaction unless the contract or transaction is: (a) an arrangement by way of security for money lent to or obligations undertaken by the director for the benefit of the corporation or an affiliate; (b) one relating primarily to his or her remuneration as a director, officer, employee or agent of the corporation or an affiliate; (c) one for indemnity of or insurance for directors as contemplated under the OBCA; or (d) one with an affiliate. However, a director who is prohibited by the OBCA from voting on a material contract or proposed material contract may be counted in determining whether a quorum is present for the purpose of the resolution, if the director disclosed his or her interest in accordance with the OBCA and the contract or transaction was reasonable and fair to the corporation at the time it was approved.

The Company's by-laws provide that the directors shall from time to time determine by resolution the remuneration to be paid to the directors, which shall be in addition to the salary paid to any officer or employee of the Company who is also a director. The directors may also by resolution award special remuneration to any director in undertaking any special services on the Company's behalf other than the normal work ordinarily required of a director of the Company. The by-laws provide that confirmation of any such resolution by the Company's shareholders is not required.

The Company's by-laws also provide that the directors may: (a) borrow money upon the credit of the Company; (b) issue, reissue, sell or pledge bonds, debentures, notes or other evidences of indebtedness or guarantee of the Company, whether secured or unsecured; (c) to the extent permitted by the OBCA, give directly or indirectly financial assistance to any person by means of a loan, a guarantee on behalf of the Company to secure performance of any present or future indebtedness, liability or other obligation of any person, or otherwise; and (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any currently owned or subsequently acquired real or personal, movable or immovable, tangible or intangible, property of the Company to secure any such bonds, debentures, notes or other evidences of indebtedness or guarantee or any other present or future indebtedness, liability or other obligation of the Company.

The directors may, by resolution, amend or repeal any by-laws that regulate the business or affairs of the Company. The OBCA requires the directors to submit any such amendment or repeal to the Company's shareholders at the next meeting of shareholders, and the shareholders may confirm, reject or amend the amendment or repeal.

Retirement of Directors

Effective as of February 21, 2007, the Board discontinued the mandatory retirement policy for directors based solely on age. Due in part to the recently implemented practice of conducting annual Board, Committee and individual director evaluations, the Board approved and adopted a resignation policy primarily based on the directors' performance, commitment, skills and experience. As set out in greater detail under "Item 6. Directors, Senior Management and Employees — Assessment of Directors", each of the directors' performance will continue to be evaluated annually.

Directors' Share Ownership

As of March 17, 2004, directors, other than Mr. Boyd and Mr. Scherkus, are required to own the equivalent of at least three years of their annual retainer fee in the Company's stock. Directors have a period of three years to achieve this ownership level either through open market purchases or through participation in the Company's incentive share purchase plan.

Meetings of Shareholders

The OBCA requires the Company to call an annual shareholders' meeting not later than 15 months after holding the last preceding annual meeting and permits the Company to call a special shareholders' meeting at any time. In addition, in accordance with the OBCA, the holders of not less than 5% of the Company's shares carrying the right to vote at a meeting sought to be held may requisition our directors to call a special shareholders' meeting for the purposes stated in the requisition. The Company is required to mail a notice of

meeting and management information circular to registered shareholders not less than 21 days and not more than 50 days prior to the date of any annual or special shareholders' meeting. These materials also are filed with Canadian securities regulatory authorities and the SEC. The Company's by-laws provide that a quorum of two shareholders in person or represented by proxy holding or representing by proxy not less than 10% of the Company's issued shares carrying the right to vote at the meeting is required to transact business at a shareholders' meeting. Shareholders, and their duly appointed proxies and corporate representatives, as well as the Company's auditors, are entitled to be admitted to the Company's annual and special shareholders' meetings.

Authorized Capital

The Company's authorized capital consists of an unlimited number of shares of one class designated as common shares. The Company may not create any class or series of shares or make any modification to the provisions attaching to the Company's common shares without the affirmative vote of two-thirds of the votes cast by the holders of the common shares. The Company's common shares do not have pre-emptive rights to purchase additional shares.

Majority Voting Policy

As part of its ongoing review of corporate governance practices, on February 20, 2008, the Board of Directors adopted a policy providing that in an uncontested election of directors, any nominee who receives a greater number of votes "withheld" than votes "for" will tender his or her resignation to the Chairman of the Board of Directors promptly following the shareholders' meeting. The Corporate Governance Committee will consider the offer of resignation and will make a recommendation to the Board of Directors on whether to accept it. In considering whether or not to accept the resignation, the Corporate Governance Committee will consider all factors deemed relevant by members of such Committee. The Corporate Governance Committee will be expected to accept the resignation except in situations where the considerations would warrant the applicable director continuing to serve on the Board of Directors. The Board of Directors will make its final decision and announce it in a press release within 90 days following the shareholders' meeting. A director who tenders his or her resignation pursuant to this policy will not participate in any meeting of the Board of Directors or the Corporate Governance Committee at which the resignation is considered.

Disclosure of Share Ownership

The *Securities Act* (Ontario) provides that a person or company that beneficially owns, directly or indirectly, voting securities of an issuer or that exercises control or direction over voting securities of an issuer or a combination of both, carrying more than 10% of the voting rights attached to all the issuer's outstanding voting securities (an "insider") must, within 10 days of becoming an insider, file a report in the required form effective the date on which the person became an insider, disclosing any direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer. The *Securities Act* (Ontario) also provides for the filing of a report by an insider of a reporting issuer who acquires or transfers securities of the issuer. This report must be filed within 10 days after the end of the month in which the acquisition or transfer takes place.

The *Securities Act* (Ontario) also provides that a person or company that acquires (whether or not by way of a take-over bid, issuer bid or offer to acquire) beneficial ownership of voting or equity securities or securities convertible into voting or equity securities of a reporting issuer that, together with previously held securities brings the total holdings of such holder to 10% or more of the outstanding securities of that class, must (a) issue and file forthwith a news release containing the prescribed information and (b) file a report within two business days containing the same information set out in the news release. The acquiring person or company must also issue a press release and file a report each time it acquires an additional 2% or more of the outstanding securities of the same class and every time there is a "material change" to the contents of the news release and report previously issued and filed.

The rules in the United States governing the ownership threshold above which shareholder ownership must be disclosed are more stringent than those discussed above. Section 13 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") imposes reporting requirements on persons who acquire beneficial ownership

(as such term is defined in Rule 13d-3 under the Exchange Act) of more than 5% of a class of an equity security registered under Section 12 of the Exchange Act. In general, such persons must file, within 10 days after such acquisition, a report of beneficial ownership with the SEC containing the information prescribed by the regulations under Section 13 of the Exchange Act. This information is also required to be sent to the issuer of the securities and to each exchange where the securities are traded.

Material Contracts

The Company believes the following contracts constitute the only material contracts to which it is a party.

Credit Agreement

The Company entered into a credit agreement on January 10, 2008 (the "Facility") with a group of financial institutions providing for an unsecured revolving bank credit facility that replaced the Company's previous secured revolving bank credit facility. The amount available under the Facility is \$300 million and the Facility matures and all indebtedness thereunder is due and payable on January 10, 2013. The Company, with the consent of lenders representing 66 ² / 3 % of the aggregate commitments under the facility, has the option to extend the term of the facility for additional one-year terms. The credit facility is available in multiple currencies through prime rate, base rate and LIBOR advances, bankers' acceptances and letters of credit, priced at the applicable rate plus an applicable margin that ranges from 1.00% to 1.60% depending on certain financial ratios. The lenders under the Facility are each paid a commitment fee at a rate that ranges from 0.375% to 0.55%, depending on the financial ratios. Payment and performance of the Company's obligations under the Facility are guaranteed by certain material subsidiaries of the Company (together with the Company, each an "Obligor").

The Facility contains covenants that restrict, among other things the ability of an Obligor to:

- incur additional indebtedness;
- pay or declare dividends or make other restricted distributions or payments in respect of any shares of the Company's equity securities after a default or an event of default that is continuing;
- make sales or other dispositions of material assets;
- permit the creation of liens on its existing or future assets;
- enter into transactions with affiliates other than the Obligors, except on arm's length terms;
- make any loans to or investments in businesses other than those in the mining business or a business ancillary to the mining business;
- amalgamate or otherwise transfer its assets; and
- carry on a business other than a mining business or a business ancillary to the mining business.

The Company is also required to maintain certain financial ratios as well as a minimum tangible net worth.

Events of default under the Facility include, among other things:

- the failure to pay principal when due and payable or interest, fees or other amounts payable within five business days of such amounts becoming due and payable;
- the breach by the Company of any financial covenant;
- the breach by any Obligor of any other term, covenant or other agreement or the inaccuracy of any representation or warranty that is not cured within 30 business days after written notice of the breach has been given to the Company;
- a default in any payment of principal or interest or in the observance or performance of any other agreement or condition of other indebtedness of Obligors in excess of \$50 million, or the occurrence or existence of any other event or condition resulting in an acceleration of such indebtedness;
- a change in control of the Company;

- judgments against any Obligor in excess of \$20 million that are not voided or provided for within 45 days;
- the seizure of property of any Obligor in excess of \$20 million that is not contested or corrected within 60 days; and
- various events relating to the bankruptcy or insolvency or winding-up, liquidation or dissolution or cessation of business of any Obligor.

As at March 14, 2008, there were no amounts of principal or interest outstanding under the Facility; however, outstanding letters of credit issued as security for pension and environmental obligations have decreased the amount available for future drawdowns under the Facility to approximately \$280 million.

Stock Option Plan

The Company has a Stock Option Plan for directors, officers, employees and service providers to the Company. See "Item 6. Directors, Senior Management and Employees — Compensation of Officers — Stock Option Plan". A copy of the Stock Option Plan is incorporated by reference as an exhibit to this Form 20-F.

Incentive Share Purchase Plan

The Company has an Incentive Share Purchase Plan for directors, officers and full-time employees of the Company. See "Item 6. Directors, Senior Management and Employees — Compensation of Officers — Incentive Share Purchase Plan". A copy of the Incentive Share Purchase Plan is incorporated as an exhibit to this Form 20-F.

Exchange Controls

Canada has no system of exchange controls. There are no Canadian restrictions on the repatriation of capital or earnings of a Canadian public company to non-resident investors. There are no laws in Canada or exchange restrictions affecting the remittance of dividends, profits, interest, royalties and other payments to non-resident holders of the Company's securities, except as discussed in "Canadian Federal Income Tax Considerations" below.

Restrictions on Share Ownership by Non-Canadians

There are no limitations under the laws of Canada or in the constating documents of the Company on the right of foreigners to hold or vote securities of the Company, except that the *Investment Canada Act* may require review and approval by the Minister of Industry (Canada) of certain acquisitions of "control" of the Company by a "non-Canadian". The threshold for acquisitions of control is generally defined as being one-third or more of the voting shares of the Company. "Non-Canadian" generally means an individual who is not a Canadian citizen, or a corporation, partnership, trust or joint venture that is ultimately controlled by non-Canadians.

Corporate Governance

The Company is subject to a variety of corporate governance guidelines and requirements enacted by the TSX, the Canadian Securities Administrators, the NYSE and by the SEC under its rules and those mandated by SOX. Today, the Company meets and often exceeds not only corporate governance legal requirements in Canada and the United States, but also the best practices recommended by securities regulators. The Company is listed on the NYSE and, although the Company is not required to comply with all of the NYSE corporate governance requirements to which the Company would be subject if the Company were a U.S. corporation, the Company's governance practices differ significantly in only one respect from those required of U.S. domestic issuers. The Company complies with the TSX rules. The TSX rules require shareholder approval of share compensation arrangements involving new issuances of shares, and of certain amendments to such arrangements, but do not require such approval if the compensation arrangements involve only shares purchased by the company in the open market.

The NYSE rules for U.S. domestic issuers require approval of all equity compensation plans regardless of whether new issuances, treasury shares or shares that the Company has purchased in the open market are used.

A certificate of Sean Boyd, the Chief Executive Officer of the Company, will be submitted to the NYSE on March 19, 2008 certifying that he was not aware of any violation by the Company of the NYSE's corporate governance listing standards.

Canadian Federal Income Tax Considerations

The following is a brief summary of some of the principal Canadian federal income tax consequences generally applicable to a holder of common shares of the Company (a "U.S. holder") who deals at arm's length with the Company, holds the shares as capital property and who, for the purposes of the *Income Tax Act* (Canada) (the "Act") and the Canada-United States Income Tax Convention (the "Treaty"), is at all relevant times resident in the United States, is not and is not deemed to be resident in Canada and does not use or hold and is not deemed to use or hold the shares in carrying on a business in Canada. Special rules, which are not discussed below, may apply to a U.S. holder which is an insurer that carries on business in Canada and elsewhere. Limited liability companies (LLCs) that are not taxed as corporations pursuant to the provisions of the Internal Revenue Code of 1986, as amended, do not qualify as resident in the United States for purposes of the Treaty. However, once a proposed amendment to the Treaty comes into effect, a member of such an LLC that is itself resident in the United States for such purposes generally will be considered for purposes of the Treaty to have derived dividends or gains that in fact were derived by the LLC.

This summary is of a general nature only and is not, and should not be interpreted as, legal or tax advice to any particular U.S. holder and no representation is made with respect to the Canadian income tax consequences to any particular person. Accordingly, U.S. holders are advised to consult their own tax advisors with respect to their particular circumstances.

Under the Act and the Treaty, a U.S. holder of common shares will generally be subject to a 15% withholding tax on dividends paid or credited or deemed by the Act to have been paid or credited on such shares. The withholding tax rate is 5% where the U.S. holder is a corporation that beneficially owns at least 10% of the voting shares of the Company and the dividends may be exempt from such withholding in the case of some U.S. holders such as qualifying pension funds and charities.

In general, a U.S. holder will not be subject to Canadian income tax on capital gains arising on the disposition of shares of the Company at a time that the Company's shares are listed on the TSX or the NYSE unless (i) at any time in the 60-month period immediately preceding the disposition, 25% or more of the shares of any class or series of the capital stock of the Company was owned by the U.S. holder, persons with whom the U.S. holder did not deal at arm's length or the U.S. holder and such persons and (ii) the value of the common shares of the Company at the time of the disposition derives principally from real property (as defined in the Treaty) situated in Canada. For this purpose, the Treaty defines real property situated in Canada to include rights to explore for or exploit mineral deposits and other natural resources situated in Canada, rights to amounts computed by reference to the amount or value of production from such resources, certain other rights in respect of natural resources situated in Canada and shares of a corporation the value of whose shares is derived principally from real property situated in Canada.

United States Federal Income Tax Considerations

The following is a brief summary of some of the principal U.S. federal income tax consequences to a holder of common shares of the Company, who deals at arm's length with the Company, holds the shares as a capital asset and who, for the purposes of the Internal Revenue Code of 1986, as amended (the "Code") and the Treaty, is at all relevant times a U.S. Stockholder (as defined below).

As used herein, the term "U.S. Stockholder" means a holder of common shares of the Company who (for United States federal income tax purposes): (a) is a citizen or resident of the United States; (b) is a corporation created or organized in or under the laws of the United States or of any state therein; (c) is an estate the income of which is subject to United States federal income taxation regardless of its source; or (d) is a trust if either (i) such trust has validly elected to be treated as a U.S. person or (ii) is subject to both the primary

supervision of a U.S. court and the control of one or more U.S. persons with respect to all substantial trust decisions.

This summary is based on the Code, final and temporary Treasury Regulations promulgated thereunder, United States court decisions, published rulings and administrative positions of the U.S. Internal Revenue Service (the "IRS") interpreting the Code, and the Treaty, as applicable and, in each case, as in effect and available as of the date of this Form 20-F. Any of the authorities on which this summary is based could be changed in a material and adverse manner at any time, and any such change could be applied on a retroactive basis and could affect the United States federal income tax consequences described in this summary. This summary does not discuss the potential effects, whether adverse or beneficial, of any proposed legislation that, if enacted, could be applied on a retroactive basis.

This summary does not describe United States federal estate and gift tax considerations, nor does it describe regional, state and local tax considerations within the United States. The following summary does not purport to be a comprehensive description of all of the possible tax considerations that may be relevant to a decision to purchase, hold or dispose of the common shares. In particular, this summary only deals with a holder who will hold the common shares as a capital asset and who does not own, directly or indirectly, 10% or more of our voting shares or of any of our direct or indirect subsidiaries. This summary does not address all of the tax consequences that may be relevant to holders in light of their particular circumstances, including but not limited to application of alternative minimum tax or rules applicable to taxpayers in special circumstances. Special rules may apply, for instance, to tax-exempt entities, banks, insurance companies, S corporations, dealers in securities or currencies, persons who will hold common shares as a position in a "straddle", hedge, constructive sale, or "conversion transaction" for U.S. tax purposes, persons who have a "functional currency" other than the U.S. dollar, or persons subject to U.S. taxation as expatriates. Furthermore, in general, this discussion does not address the tax consequences applicable to holders that are treated as partnerships or other pass-through entities for U.S. federal income tax purposes.

This summary is of a general nature only and is not, and should not be interpreted as, legal or tax advice to any particular U.S. Stockholder and no representation is made with respect to the U.S. income tax consequences to any particular person. Accordingly, U.S. Stockholders are advised to consult their own tax advisors with respect to their particular circumstances.

Dividends

For United States federal income tax purposes, the gross amount of all distributions, if any, paid with respect to the common shares out of current or accumulated earnings and profits ("E&P") to a U.S. Stockholder generally will be treated as foreign source dividend income to such holder, even though the U.S. Stockholder generally receives a portion of the gross amount (after giving effect to the Canadian withholding tax as potentially reduced by the Treaty). United States corporations that hold the common shares generally will not be entitled to the dividends received deduction that applies to dividends received from United States corporations. To the extent a distribution exceeds E&P, it will be treated first as a return of capital to the extent of the U.S. Stockholder's adjusted basis and then as gain from the sale of a capital asset.

In the case of certain non-corporate U.S. Stockholders including individuals and certain estates and trusts, gains recognized prior to 2011 from the sale of a capital asset held for longer than twelve months are taxable at a maximum federal income tax rate of 15%, while gains from the sale of a capital asset that does not meet such holding period are taxable at the rates applicable to ordinary income. Certain dividends paid prior to 2011 to certain non-corporate U.S. Stockholders including individuals and certain estates and trusts generally are also subject to the 15% maximum rate. The reduced tax rates generally are available only with respect to dividends received from U.S. corporations, and from non-U.S. corporations (a) that are eligible for the benefits of a comprehensive income tax treaty with the United States that the U.S. Treasury Department determines to be satisfactory and that contains an exchange of information program, or (b) whose stock is readily tradeable on an established securities market in the United States. In addition, the reduced tax rates are not available with respect to dividends received from a foreign corporation that was a passive foreign investment company in either the taxable year of the distribution or the preceding taxable year. Special rules may apply, however, to cause such dividends to be taxable at the higher rates applicable to ordinary income. For example, the reduced tax

rates are not available with respect to a dividend on shares where the U.S. Stockholder does not continuously own such shares for more than 60 days during the 120-day period beginning 60 days before the ex-dividend date. Many other complex and special rules may apply as a condition to, or as a result of, the application of the reduced tax rate on dividends. U.S. Stockholders are advised to consult their own tax advisors.

For United States federal income tax purposes, the amount of any dividend paid in Canadian dollars will be the United States dollar value of the Canadian dollars at the exchange rate in effect on the date the dividend is properly included in income, whether or not the Canadian dollars are converted into United States dollars at that time. Gain or loss recognized by a U.S. Stockholder on a sale or exchange of the Canadian dollars will generally be United States source ordinary income or loss.

The withholding tax imposed by Canada generally is a creditable foreign tax for United States federal income tax purposes. Therefore, the U.S. Stockholder generally will be entitled to include the amount withheld as a foreign tax paid in computing a foreign tax credit (or in computing a deduction for foreign income taxes paid, if the holder does not elect to use the foreign tax credit provisions of the Code). The Code, however, imposes a number of limitations on the use of foreign tax credits, based on the particular facts and circumstances of each taxpayer. Investors should consult their tax advisors regarding the availability of the foreign tax credit. U.S. Stockholders that do not elect to claim foreign tax credit for a taxable year, may be eligible to deduct such withholding tax imposed by Canada.

Capital Gains

Subject to the discussion below under the heading "— Passive Foreign Investment Company Considerations", gain or loss recognized by a U.S. Stockholder on the sale or other disposition of the common shares will be subject to United States federal income taxation as capital gain or loss in an amount equal to the difference between such U.S. Stockholder's adjusted basis in the common shares and the amount realized upon its disposition.

Gain on the sale of common shares held for more than one year by certain non-corporate U.S. Stockholders, including individuals and certain estates and trusts, will be taxable at a maximum rate of 15%. A reduced rate does not apply to capital gains realized by a U.S. Stockholder that is a corporation. Capital losses are generally deductible only against capital gains and not against ordinary income. In the case of an individual, however, unused capital losses in excess of capital gains may offset up to \$3,000 annually of ordinary income.

Capital gain or loss recognized by a U.S. Stockholder on the sale or other disposition of common shares will generally be sourced in the United States.

Passive Foreign Investment Company Considerations

The Company will be classified as a passive foreign investment company ("PFIC") for United States federal income tax purposes if either (i) 75% or more of its gross income is passive income or (ii) on average for the taxable year, 50% or more of its assets (by value) produce or are held for the production of passive income. Based on projections of the Company's income and assets and the manner in which the Company intends to manage its business, the Company expects that the Company will not be a PFIC. However, there can be no assurance that this will actually be the case.

If the Company were to be classified as a PFIC, the consequences to a U.S. Stockholder will depend in part on whether the U.S. Stockholder has made a "Mark-to-Market Election" or a "QEF Election" with respect to the Company. If the Company is a PFIC during a U.S. Stockholder's holding period and the U.S. Stockholder does not make a Mark-to-Market Election or a QEF Election, the U.S. Stockholder will generally be subject to special rules including interest charges.

If a U.S. Stockholder makes a Mark-to-Market Election, the U.S. Stockholder would generally be required to include in its income the excess of the fair market value of the common shares as of the close of each taxable year over the U.S. Stockholder's adjusted basis therein. If the U.S. Stockholder's adjusted basis in the common shares is greater than the fair market value of the common shares as of the close of the taxable year, the U.S. Stockholder may deduct such excess, but only up to the aggregate amount of ordinary income previously included as a result of the Mark-to-Market Election, reduced by any previous deduction taken. The

U.S. Stockholder's adjusted basis in its common shares will be increased by the amount of income or reduced by the amount of deductions resulting from the Mark-to-Market Election.

A U.S. Stockholder who makes a QEF Election would generally be currently taxable on its pro rata share of our ordinary earnings and net capital gain (at ordinary income and capital gains rates, respectively) for each taxable year that the Company is classified as a PFIC, even if no dividend distributions were received.

If for any year the Company determines that it is properly classified as a PFIC, it will comply with all reporting requirements necessary for a U.S. Stockholder to make a QEF Election and will, promptly following the end of such year and each year thereafter for which the Company is properly classified as a PFIC, provide to U.S. Stockholders the information required by the QEF Election.

Under current U.S. law, if the Company is a PFIC in any year, a U.S. Stockholder must file an annual return on IRS Form 8621, which describes the income received (or deemed to be received pursuant to a QEF Election) from the Company, any gain realized on a disposition of common shares and certain other information.

Information Reporting; Backup Withholding Tax

Dividends on, and proceeds arising from a sale of common shares generally will be subject to information reporting and backup withholding tax, currently at the rate of 28%, if (a) a U.S. Stockholder fails to furnish the U.S. Stockholder's correct United States taxpayer identification number (generally on Form W-9), (b) the withholding agent is advised the U.S. Stockholder furnished an incorrect United States taxpayer identification number, (c) the withholding agent is notified by the IRS that the U.S. Stockholder has previously failed to properly report items subject to backup withholding tax, or (d) the U.S. Stockholder fails to certify, under penalty of perjury, that the U.S. Stockholder has furnished its correct U.S. taxpayer identification number and that the IRS has not notified the U.S. Stockholder that it is subject to backup withholding tax. However, U.S. Stockholders that are corporations generally are excluded from these information reporting and backup withholding tax rules. Amounts withheld as backup withholding may be credited against a U.S. Stockholder's U.S. federal income tax liability, and a U.S. Stockholder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the IRS and furnishing any required information.

Audit Fees

Fees paid to Ernst & Young LLP for 2007 and 2006 are set out below.

	Year ended December 31, 2007 (C\$ thousands)	Year ended December 31, 2006 (C\$ thousands)
Audit fees	1,451	1,304
Audit-related fees	241	357
Tax consulting fees	705	465
All other fees	42	52
	2,439	2,178

Audit fees were paid for professional services rendered by the auditors for the audit of Agnico-Eagle's annual financial statements and related statutory and regulatory filings and for the quarterly review of Agnico-Eagle's interim financial statements. Audit fees also include prospectus related fees for professional services rendered by the auditors in connection with equity financings by Agnico-Eagle during 2007. These services consisted of the audit or review, as required, of financial statements included in the prospectuses, reviewing documents filed with securities regulatory authorities, correspondence with securities regulatory authorities and all other services required by regulatory authorities in connection with the filing of these documents.

Audit-related fees consist of fees paid for assurance and related services performed by the auditors that are reasonably related to the performance of the audit of the Company's financial statements. This includes consultation with respect to financial reporting, accounting standards and SOX Section 404 compliance.

Tax consulting fees were paid for professional services relating to tax compliance, tax advice and tax planning. These services included the review of tax returns, assistance with eligibility of expenditures under the Canadian flow-through share tax regime, and tax planning and advisory services in connection with international and domestic taxation issues.

All other fees were paid for services other than the fees listed above and include fees for professional services rendered by the auditors in connection with the translation of securities regulatory filings required to comply with securities laws in certain Canadian jurisdictions.

No other fees were paid to auditors in the previous two years.

The Audit Committee has adopted a policy that requires the pre-approval of all fees paid to Ernst & Young LLP prior to the commencement of the specific engagement, and all fees referred to above were pre-approved in accordance with such policy.

Documents on Display

The Company's filings with the SEC, including exhibits and schedules filed with this Form 20-F, may be reviewed at the SEC's public reference facilities in Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such materials may be obtained from the Public Reference Section of the SEC, Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Further information on the public reference rooms may be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains a web site (www.sec.gov) that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. Agnico-Eagle began to file electronically with the SEC in August 2002.

Any reports, statements or other information that the Company files with the SEC may be read at the addresses indicated above and some of them may also be accessed electronically at the web site set forth above. These SEC filings are also available to the public from commercial document retrieval services.

The Company also files reports, statements and other information with the Canadian Securities Administrators and these can be accessed electronically at the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval web site at www.sedar.com.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Metal Price and Foreign Currency

Agnico-Eagle's net income is most sensitive to metal prices and the C\$/US\$ exchange rate. For the purpose of the sensitivities presented in the table below, Agnico-Eagle used the following metal price and exchange rate assumptions:

- Gold — \$566 per ounce;
- Silver — \$10.55 per ounce;
- Zinc — \$2,596 per tonne;
- Copper — \$5,628 per tonne; and

- C\$/US\$ — \$1.1461 per \$1.00.

Changes in the market prices of gold are due to numerous factors such as demand, global mine production levels, forward selling by producers, central bank sales and investor sentiment. Changes in the market prices of other metals are due to factors such as demand and global mine production levels. Changes in the C\$/US\$ exchange rate are due to factors such as supply and demand for Canadian and U.S. currencies and economic conditions in each country. In 2007, the price ranges for metal prices and the C\$/US\$ exchange rate were:

- Gold — \$602 – \$846 per ounce averaging \$697 per ounce;
- Silver — \$11.06 – \$16.22 per ounce averaging \$13.39 per ounce;
- Zinc — \$2,221 – \$4,402 per tonne averaging \$3,257 per tonne;
- Copper — \$5,301 – \$8,375 per tonne averaging \$7,139 per tonne; and
- C\$/US\$ — C\$0.9059 – C\$1.1876 per \$1.00 averaging C\$1.0740 per \$1.00.

The following table shows the estimated impact on budgeted income per share ("EPS") in 2007 of a 10% change in assumed metal prices and exchange rates. A 10% change in each variable was considered in isolation while holding all other assumptions constant. Based on historical market data and 2007 price ranges shown above, a 10% change in assumed metal prices and exchange rates is reasonably likely in 2008.

Changes in variable	Impact on EPS (\$)
C\$/US\$	\$ 0.11
Gold	\$ 0.09
Zinc	\$ 0.07
Silver	\$ 0.02
Copper	\$ 0.02

In order to mitigate the impact of fluctuating precious and base metal prices, the Company occasionally enters into derivative transactions under its Metal Price Risk Management Policy, approved by the Board. The Company's policy and practice is not to sell forward its gold production. The Policy does allow the Company to review this to use hedging strategies where appropriate to ensure an adequate return on new projects. In the past, Agnico-Eagle has bought put options and forward contracts to protect minimum precious and base metal prices while maintaining full participation to gold price increases. The Company's policy does not allow speculative trading.

The Company receives payment for all of its metal sales in US dollars and pays most of its operating and capital costs in Canadian dollars. This gives rise to significant currency risk exposure. The Company has entered into currency hedging transactions under the Company's Foreign Exchange Risk Management Policy, approved by the Board, to hedge part of the foreign currency exposure. The policy does not permit the hedging of translation exposure (that is, the gains and losses that arise from the accounting translation of Canadian dollar assets and liabilities into US dollars) as these do not give rise to cash exposure. The Company entered into foreign currency derivative transactions in 2007 which were not accounted for as hedges in the income statement. The Company's derivative strategy consisted of writing US dollar call options with short maturities to generate premiums that would, in essence, enhance the spot transaction rate received when exchanging US dollars to Canadian dollars. All the derivative transactions matured prior to the year end such that no derivatives were outstanding on December 31, 2007. Throughout 2007, the Company's foreign currency derivative strategy generated \$3.7 million in call option premiums using this strategy.

Interest Rate

The Company's current exposure to market risk for changes in interest rates relates primarily to its investment portfolio, however the Company anticipates that it will need to drawdown on its \$300 million unsecured revolving bank credit facility, which currently has no amounts of principal or interest owing, to fund part of the capital expenditures related to its development projects.

The Company usually invests its cash in investments with short maturities or with frequent interest reset terms with a credit rating of R1-High or better. As a result, the Company's interest income fluctuates with short-term market conditions. As of December 31, 2007, substantially all of our investments in our portfolio were highly liquid investments and consisted primarily of bank notes and short-term corporate notes.

Amounts drawn under the bank credit facility will be subject to floating interest rates based on benchmark rates available in the United States or Canada or on LIBOR. In the past, the Company has entered into derivative instruments to hedge against unfavourable changes in interest rates. The Company will continue to monitor its interest rate exposure and may enter into such agreements, if and/or when amounts are drawn under the facility, to manage its exposure to fluctuating interest rates. The Company estimates that a one percent change in the interest rate would change its net income per share by \$0.02.

Derivatives

The Company enters into derivative contracts to limit the downside risk associated with fluctuating metal prices. The contracts act as economic hedges of underlying exposures to metal price risk and foreign currency exchange risk and are not held for speculative purposes. Agnico-Eagle does not use complex derivative contracts to hedge exposures. The Company uses simple contracts, such as puts and calls, to mitigate downside risk yet maintain full participation to rising precious metal prices. Agnico-Eagle also enters into forward contracts to lock in exchange rates based on projected Canadian dollar operating and capital needs.

Using derivative instruments creates various financial risks. Credit risk is the risk that the counterparties to derivative contracts will fail to perform on an obligation to the Company. Credit risk is mitigated by dealing with high quality counterparties such as financial institutions. Market liquidity risk is the risk that a derivative position cannot be liquidated quickly. The Company mitigates market liquidity risk by spreading out the maturity of derivative contracts over time, usually based on projected production levels for the specific metal being hedged, such that the relevant markets will be able to absorb the contracts. Mark-to-market risk is the risk that an adverse change in market prices for metals will affect financial condition. Since derivative contracts are used as economic hedges, for most of the contracts, changes in the mark-to-market value affect income. For a description of the accounting treatment of derivative contracts, please see "— Critical Accounting Estimates — Financial Instruments".

For 2007, Agnico Eagle recorded a \$0.8 million charge in the Consolidated Statements of Income to reflect the maturity of gold put option contracts which were liquidated in 2005. This amount is simply the original cost for gold puts maturing in the year. Since the Company uses only over-the-counter instruments, the fair value of individual hedging instruments is based on readily available market values.

The Company did not enter in any new derivative contracts in 2006. In 2006, the Company's remaining copper and zinc derivative contracts matured. The Company made aggregate cash payments of \$27 million to settle these contracts at their individual maturity dates. These contracts are discussed more fully in Item 18 of this Form 20-F.

In February 2007, the Company entered into a series of gold derivative transactions in connection with its take-over bid for Cumberland. Prior to the announcement of the take-over bid, Cumberland secured a gold loan facility for up to 420,000 ounces. As a condition to the gold loan facility, Cumberland entered into a series of derivative transactions to secure a minimum monetized value for the gold that was expected to be received under the gold loan. Cumberland entered into a zero-cost collar whereby a gold put option was bought with a strike price of C\$605 per ounce. The cost of the put option was financed by the sale of a gold call option with a strike price of \$800 per ounce. Cumberland's derivative positions were for 420,000 ounces of gold and matured on September 20, 2007. As Agnico-Eagle's policy is to not sell forward gold production, Agnico-Eagle entered into a series of transactions to neutralize Cumberland's derivative position should the Company's then pending take-over bid be successful. Accordingly, Agnico-Eagle purchased call options and sold put options with the exact same size, strike price and maturity as Cumberland's derivative position for \$15.9 million. These contracts were offset against Cumberland's derivative position in April of 2007 once the take-over bid was complete. From February 2007 to April 2007, the Company recorded a charge of \$5.0 million in the Consolidated Statements of Income to reflect the change in value of its derivative position prior to offsetting it against the derivative position of Cumberland.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Pursuant to the instructions to Item 12 of Form 20-F, this information is inapplicable and has not been provided.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None/not applicable.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None/not applicable.

ITEM 15. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures

The Company's management, with the participation of the Company's chief executive officer and chief financial officer, evaluated the effectiveness of the Company's disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2007, the Company's disclosure controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that information the Company is required to disclose in reports that the Company files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's report on internal control over financial reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the Company's Chief Executive Officer and Chief Financial Officer and effected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2007. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework*. Based upon its assessment, management concluded that, as of December 31, 2007, the Company's internal control over financial reporting was effective. Excluded from this assessment was Cumberland Resources Limited which was acquired by the Company in April 2007. Registrants are permitted to exclude acquisitions from their assessment of internal control over financial reporting during the first year if, among other circumstances and factors, there is not adequate time between the consummation date of the acquisition and the assessment date for internal

controls. The total assets and revenues of the Cumberland business represent 13% and 0% of the Company's consolidated total assets and revenues, respectively, for the year ended December 31, 2007.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2007 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which appears herein.

The Company will continue to periodically review its disclosure controls and procedures and internal control over financial reporting and may make modifications from time to time as considered necessary or desirable.

Attestation report of the registered public accounting firm

Please see "Item 18. Financial Statements — Report of Independent Registered Public Accounting Firm" included in the Company's Consolidated Financial Statements.

Changes in internal control over financial reporting

Management regularly reviews its system of internal control over financial reporting and make changes to the Company's processes and systems to improve controls and increase efficiency, while ensuring that the Company maintains an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, consolidating activities, and migrating processes.

There were no changes in the Company's internal control over financial reporting that occurred during the period covered by this Annual Report on Form 20-F that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

The Board has determined that the Company shall have at least one audit committee financial expert (as defined in Item 16A of Form 20-F) and that Messrs. Bernie Kraft and Mel Leiderman are the Company's "audit committee financial experts" serving on the Audit Committee of the Board. Each of the audit committee financial experts is "independent" under applicable listing standards.

ITEM 16B. CODE OF ETHICS

The Company has adopted a code of ethics (as defined in Item 16B of Form 20-F) that applies to its Chief Executive Officer, Chief Financial Officer, principal accounting officer, controller and persons performing similar functions. A copy of this code of ethics was filed as Exhibit 2 to the Form 6-K filed on December 13, 2005 and is incorporated by reference hereto. The code of ethics is available on the Company's website at www.agnico-eagle.com or by request, without charge, from the Corporate Secretary, Agnico-Eagle Mines Limited, Suite 400, 145 King Street East, Toronto, Ontario M5C 2Y7 (telephone 416-947-1212).

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The Audit Committee establishes the independent auditors' compensation. In 2003, the Audit Committee also established a policy to pre-approve all services provided by the Company's independent public accountant, Ernst & Young LLP. The Audit Committee determines which non-audit services the independent auditors are prohibited from providing and authorizes permitted non-audit services to be performed by the independent auditors to the extent those services are permitted by SOX and other applicable legislation. A summary of all fees paid to Ernst & Young LLP for the fiscal years ended December 31, 2007 and 2006 can be found under "Item 10. Additional Information — Audit Fees". All fees paid to Ernst & Young LLP in 2007 were pre-approved by the Audit Committee. Ernst & Young LLP has served as the Company's independent public accountant for each of the fiscal years in the three-year period ended December 31, 2007 for which audited financial statements appear in this Annual Report on Form 20-F.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

PART III

ITEM 17. RESERVED

ITEM 18. FINANCIAL STATEMENTS

Pursuant to General Instruction E(c) of Form 20-F, the registrant has elected to provide the financial statements and related information specified in Item 18.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of Agnico-Eagle Mines Limited:

We have audited the effectiveness of Agnico-Eagle Mines Limited's internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Agnico-Eagle Mines Limited's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's report on internal control over financial reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Management's report on internal control over financial reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Cumberland Resources Ltd., which is included in the 2007 consolidated financial statements of Agnico-Eagle Mines Limited and constituted 13% and 0.8% of total and net assets, respectively, as of December 31, 2007 and 0% of revenues for the year then ended. The net loss of Cumberland Resources Ltd. included in Agnico-Eagle Mines Limited's consolidated net income was 5% for the year ended December 31, 2007. Our audit of internal control over financial reporting of Agnico-Eagle Mines Limited also did not include an evaluation of the internal control over financial reporting of Cumberland Resources Ltd.

In our opinion, Agnico-Eagle Mines Limited maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on the COSO criteria.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Agnico-Eagle Mines Limited as of December 31, 2007 and 2006, and the related consolidated statements of income and comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2007, and our report dated March 14, 2008, expressed an unqualified opinion thereon.

Toronto, Canada
March 14, 2008

ERNST & YOUNG LLP
Chartered Accountants
Licensed Public Accountants

Management Certification

Agnico-Eagle Mines Limited (the "Company") will file with the New York Stock Exchange ("NYSE") on March 19, 2008, the annual written affirmation by its Chief Executive Officer, certifying that, as of the date of such affirmation, he was not aware of any violation by Agnico-Eagle Mines Limited of the NYSE's corporate governance listing standards. The Company has also filed the required certifications under Section 302 of the Sarbanes-Oxley Act of 2002 regarding the quality of its public disclosures as Exhibits 12.01 and 12.02 to its annual report on Form 20-F for the year ended December 31, 2007.

Management conducted an evaluation of the effectiveness of the Company's internal control over financial reporting based on the framework in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2007.

Management concluded that, as of December 31, 2007, the Company's internal control over financial reporting is effective as more fully described in "Item 15. Controls and Procedures" of the Company's Annual Report on Form 20-F.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2007, has been audited by Ernst & Young, LLP, an independent registered public accounting firm, as stated in their report which appears herein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Agnico-Eagle Mines Limited:

We have audited the accompanying consolidated balance sheets of Agnico-Eagle Mines Limited as of December 31, 2007 and 2006, and the related consolidated statements of income and comprehensive income, shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Agnico-Eagle Mines Limited at December 31, 2007 and 2006, and the consolidated results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2007, in conformity with United States generally accepted accounting principles.

As described in the "Summary of Significant Accounting Policies", the Company changed its method of accounting for uncertain tax positions as of January 1, 2007 and, on January 1, 2006, the Company changed its method of accounting for stockpiles inventory.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Agnico-Eagle Mines Limited's internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 14, 2008 expressed an unqualified opinion thereon.

Toronto, Canada
March 14, 2008

ERNST & YOUNG LLP
Chartered Accountants
Licensed Public Accountants

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements of Agnico-Eagle Mines Limited ("Agnico-Eagle" or the "Company") are expressed in thousands of United States dollars ("US dollars"), except where noted, and have been prepared in accordance with United States generally accepted accounting principles ("US GAAP"). Since a precise determination of assets and liabilities depends on future events, the preparation of consolidated financial statements for a period necessarily involves the use of estimates and approximations. Actual results may differ from such estimates and approximations. The consolidated financial statements have, in management's opinion, been prepared within reasonable limits of materiality and within the framework of the significant accounting policies referred to below.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries and entities in which it has a controlling financial interest after the elimination of intercompany accounts and transactions. The Company has a controlling financial interest if it owns a majority of the outstanding voting common stock or has significant control over an entity through contractual or economic interests of which the Company is the primary beneficiary.

Agnico-Eagle recognizes gains and losses on the effective disposition of interests in associated companies arising when such associated companies issue treasury shares to third parties. Gains are recognized in income only if there is reasonable assurance of realization; otherwise, they are recorded within contributed surplus.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term investments in money market instruments with remaining maturities of three months or less at the date of purchase. Short-term investments are designated as held to maturity for accounting purposes and are carried at amortized cost, which approximates market value. Agnico-Eagle places its cash and cash equivalents and short-term investments in high quality securities issued by government agencies, financial institutions and major corporations and limits the amount of credit exposure by diversifying its holdings.

Inventories

Inventories consist of ore stockpiles, concentrates and supplies.

Stockpiles

Stockpiles consist of coarse ore that has been mined and hoisted from underground and is available for further processing and in-stope ore inventory in the form of drilled and blasted stopes ready to be mucked and hoisted to the surface. The stockpiles are measured by estimating the number of tons, contained ounces (based on assays) and recovery percentages (based on actual recovery rates achieved for processing similar ore). Specific tonnages are verified and compared to original estimates once the stockpile is milled. The ore stockpile is valued at the lower of net realizable value and mining costs incurred up to the point of stockpiling the ore. The net realizable value of stockpiled ore is assessed by comparing the sum of the carrying value plus future processing and selling costs to the expected revenue to be earned, which is based on the estimated volume and grade of stockpiled material.

Mining costs include all costs associated with mining operations and are allocated to each tonne of stockpile. Fully absorbed costs include direct and indirect materials and consumables, direct labour, utilities and amortization of mining assets incurred up to the point of stockpiling the ore. Royalty expenses and production taxes are included in production costs, but are not capitalized into inventory. Stockpiles are not intended to be long-term inventory items and are generally processed within twelve months of extraction. The decision to process stockpiled ore is based on a net smelter return analysis. The Company processes its stockpiled ore if its estimated revenue, on a per tonne basis and net of estimated smelting and refining costs, is greater than the related mining and milling costs. The Company has never elected to not process stockpiled ore and does not anticipate departing from this practice in the future. Stockpiled ore on the surface is exposed to the elements, but the Company does not expect its condition to deteriorate significantly.

In addition, companies in the mining industry may be required to remove overburden and other mine waste materials to access mineral deposits. During the development of a mine (before production begins), it is generally accepted practice that such costs are capitalized as part of the depreciable cost of building, developing and constructing the mine. The capitalized costs are typically amortized over the productive life of the mine using the units-of-production method. A mining company may continue to remove overburden and waste materials, and therefore incur stripping costs, during the production phase of the mine.

In March 2005, the Financial Accounting Standards Board ratified Emerging Issues Task Force Issue No. 04-6 ("EITF 04-6") which addresses the accounting for stripping costs incurred during the production phase of a mine and refers to these costs as variable production costs that should be included as a component of inventory to be recognized in costs applicable to sales in the same period as the revenue from the sale of inventory. As a result, capitalization of costs is appropriate only to the extent product inventory exists at the end of a reporting period. Agnico-Eagle adopted the provisions of EITF 04-6 on January 1, 2006. The impact of adoption was to decrease ore stockpile inventory by \$8.4 million and increase future income and mining tax assets by \$3.3 million. Adoption of EITF 04-6 had no impact on the Company's cash position or earnings.

Concentrates

Concentrates inventories consist of concentrates for which legal title has not yet passed to custom smelters. Concentrates inventories are measured based on assays of the processed concentrates and are valued based on the lower of net realizable value and the fully absorbed mining and milling costs associated with extracting and processing the ore.

Supplies

Supplies, consisting of mine stores inventory, are valued at the lower of average cost and replacement cost.

Deferred financing costs

Deferred financing costs, which are included in other assets on the consolidated balance sheets and relate to the issuance of the Company's 4.50% convertible subordinated debentures due February 15, 2012 ("Convertible Debentures"), that were fully redeemed in February 2007 and the Company's revolving credit facility, are being amortized to income over the term of the related obligations. When the holders of the Company's Convertible Debentures exercised their conversion option, the common shares issued on such conversion were recorded at an amount equal to the aggregate of the carrying value of the long-term liability, net of the associated financing costs, with no gain or loss being recognized in income. The same principles were applied upon redemption of the Convertible Debentures by the Company.

Mining properties, plant and equipment and mine development costs

Significant payments related to the acquisition of land and mineral rights are capitalized as mining properties at cost. If a mineable ore body is discovered, such costs are amortized to income when production begins, using the unit-of-production method, based on estimated proven and probable reserves. If no mineable ore body is discovered, such costs are expensed in the period in which it is determined, the property has no future economic value.

Expenditures for new facilities and improvements that can extend the useful lives of existing facilities are capitalized as plant and equipment at cost. Interest costs incurred for the construction of projects are capitalized.

Mine development costs incurred after the commencement of production are capitalized or deferred to the extent that these costs benefit the entire ore body. Costs incurred to access single ore blocks are expensed as incurred; otherwise, such vertical and horizontal developments are classified as mine development costs.

Agnico-Eagle records depreciation on both plant and equipment and mine development costs used in commercial production on a unit-of-production basis based on the estimated proven and probable ore reserves of the mine. The unit-of-production method defines the denominator as the total proven and probable tonnes of reserves.

Repairs and maintenance expenditures are charged to income as production costs. Assets under construction are not depreciated until the end of the construction period. Upon commencement of commercial production, the capitalized construction costs are transferred to the various categories of plant and equipment.

Mineral exploration costs are charged to income in the year in which they are incurred. When it is determined that a mining property can be economically developed as a result of established proven and probable reserves, the costs of further exploration and development to further delineate the ore body on such property are capitalized. The establishment of proven and probable reserves is based on results of final feasibility studies, which indicate whether a property is economically feasible. Upon commencement of the commercial production of a development project, these costs are transferred to the appropriate asset category and are amortized to income using the unit-of-production method mentioned above. Mine development costs, net of salvage values, relating to a property which is abandoned or considered uneconomic for the foreseeable future are written off.

The carrying values of mining properties, plant and equipment and mine development costs are reviewed periodically, when impairment factors exist, for possible impairment, based on the future undiscounted net cash flows of the operating mine and development property. If it is determined that the estimated net recoverable amount is less than the carrying value, then a write down to the estimated fair value amount is made with a charge to income. Estimated future cash flows of an operating mine and development properties include estimates of recoverable ounces of gold based on the proven and probable reserves. To the extent economic value exists beyond the proven and probable reserves of an operating mine or development property, this value is included as part of the estimated future cash flows. Estimated future cash flows also involve estimates regarding metal prices (considering current and historical prices, price trends and related factors), production levels, capital and reclamation costs, and related income and mining taxes, all based on detailed engineering life-of-mine plans. Cash flows are subject to risks and uncertainties and changes in the estimates of the cash flows could affect the recoverability of long-lived assets.

Financial instruments

Agnico-Eagle uses derivative financial instruments, primarily option and forward contracts, to manage exposure to fluctuations, metal prices, interest rates and foreign currency exchange rates. Agnico-Eagle does not hold financial instruments or derivative financial instruments for trading purposes.

The Company recognizes all derivative financial instruments in the consolidated financial statements at fair value regardless of the purpose or intent for holding the instrument. Changes in the fair value of derivative financial instruments are either recognized periodically in income or in shareholders' equity as a component of accumulated other comprehensive income (loss), depending on the nature of the derivative financial instrument and whether it qualifies for hedge accounting. Financial instruments designated as hedges are tested for effectiveness on a quarterly basis. Gains and losses on those contracts that are proven to be effective are reported as a component of the related transaction.

Revenue recognition

Revenue is recognized when the following conditions are met:

- (a) persuasive evidence of an arrangement to purchase exists;
- (b) the price is determinable;
- (c) the product has been delivered; and
- (d) collection of the sales price is reasonably assured.

Revenue from gold and silver in the form of doré bars is recorded when the refined gold and silver is sold. Generally all the gold and silver in the form of doré bars is sold in the period in which it is produced.

Under the terms of the Company's concentrate sales contracts with third-party smelters, final prices for the metals contained in the concentrate are set based on the prevailing spot market metal prices on a specified future date based on the date that the concentrate is delivered to the smelter. The Company records revenues under these contracts based on forward prices at the time of delivery, which is when transfer of legal title to concentrate passes to the third-party smelters. The terms of the contracts result in differences between the

recorded estimated price at delivery and the final settlement price. These differences are adjusted through revenue at each subsequent financial statement date.

Revenues from mining operations consist of gold revenues, net of smelting, refining, transportation and other marketing charges. Revenues from byproduct sales are shown net of smelter charges as part of revenues from mining operations.

Foreign currency translation

The functional currency for the Company's operations is the US dollar. Monetary assets and liabilities of Agnico-Eagle's operations denominated in a currency other than the US dollar are translated into US dollars using the exchange rate in effect at the year end. Non-monetary assets and liabilities are translated at historical exchange rates while revenues and expenses are translated at the average exchange rate during the year, with the exception of amortization, which is translated at historical exchange rates. Exchange gains and losses are included in income except for gains and losses on foreign currency contracts used to hedge specific future commitments in foreign currencies. Gains and losses on these contracts are accounted for as a component of the related hedged transactions.

Reclamation costs

Asset retirement obligations are recognized when incurred and recorded as liabilities at fair value. The amount of the liability is subject to re-measurement at each reporting period. The liability is accreted over time through periodic charges to earnings. In addition, the asset retirement cost is capitalized as part of the asset's carrying value and amortized over the estimated life of the mine. The key assumptions on which the fair value of the asset retirement obligations is based includes the estimated future cash flows, the timing of those cash flows and the credit-adjusted risk-free rate or rates on which the estimated cash flows have been discounted.

Income and mining taxes

Agnico-Eagle follows the liability method of tax allocation for accounting for income taxes. Under this method of tax allocation, future income and mining tax bases of assets and liabilities are measured using the enacted tax rates and laws expected to be in effect when the differences are expected to reverse.

Effective January 1, 2007, the Company adopted Financial Accounting Standards Board ("FASB") Interpretation No. 48, Accounting for Uncertainty in Income Taxes — an Interpretation of FASB Statement No. 109, or FIN 48. FIN 48 requires the recognition of the effect of uncertain tax positions where it is more likely than not based on technical merits that the position would be sustained. The Company recognizes the amount of the tax benefit that has a greater than 50 percent likelihood of being ultimately realized upon settlement. It further requires that a change in judgment related to the expected ultimate resolution of uncertain tax positions be recognized in the year of such change. Accrued interest and penalties related to unrecognized tax benefits are recorded in income tax expense in the current year. The impact of the adoption of FIN 48 was to increase the future income tax liability by \$4.5 million.

Stock-based compensation

Agnico-Eagle has two stock-based compensation plans. The Employee Stock Option Plan is described in note 7(a) and the Incentive Share Purchase Plan is described in note 7(b) to the consolidated financial statements.

The fair value of stock options granted by the Company is recognized in income over the applicable vesting period as a compensation expense. Any consideration paid by employees on exercise of stock options or purchase of stock is credited to share capital.

In December 2004, the FASB enacted FAS 123 — revised 2004 ("FAS 123R"), "*Share-Based Payment*", which replaced FAS 123 and superseded APB Opinion No. 25 ("APB 25"), "*Accounting for Stock Issued to Employees*". FAS 123R requires the measurement of all employee share-based payments to employees, including grants of employee stock options, using a fair-value-based method and the recording of such expense in the consolidated statement of income. The Company was required to adopt FAS 123R in the first quarter of 2006. There was no impact on the Company based on the adoption of the new requirements under FAS 123R.

Income per share

Basic income per share is calculated on net income for the year using the weighted average number of common shares outstanding during the year. For years in which the Convertible Debentures were outstanding, diluted income per share was calculated on the weighted average number of common shares that would have been outstanding during such year had all Convertible Debentures been converted at the beginning of the year into common shares, if such conversions were dilutive. In addition, the weighted average number of common shares used to determine diluted income per share includes an adjustment for stock options outstanding and warrants outstanding using the treasury stock method. Under the treasury stock method:

- the exercise of options or warrants is assumed to be at the beginning of the period (or date of issuance, if later);
- the proceeds from the exercise of options or warrants, plus in the case of options the future period compensation expense on options granted on or after January 1, 2003, are assumed to be used to purchase common shares at the average market price during the period; and
- the incremental number of common shares (the difference between the number of shares assumed issued and the number of shares assumed purchased) is included in the denominator of the diluted earnings per share computation.

Pension costs and obligations and post-retirement benefits

Prior to July 1, 1997, Agnico-Eagle had a defined benefit plan for its salaried employees, which was substantially converted to a defined contribution plan. In addition, Agnico-Eagle provides a non-registered supplementary executive retirement defined benefit plan for its senior officers. The executive retirement plan benefits are generally based on the employees' years of service and level of compensation. Pension expense related to the defined benefit plan is the net of the cost of benefits provided, the interest cost of projected benefits, return on plan assets and amortization of experience gains and losses. Pension fund assets are measured at current fair values. Actuarially determined plan surpluses or deficits, experience gains or losses and the cost of pension plan improvements are amortized on a straight-line basis over the expected average remaining service life of the employee group.

Agnico-Eagle maintains a defined contribution plan covering all of its employees. The plan is funded by Company contributions based on a percentage of income for services rendered by employees. The Company does not offer any other post-retirement benefits to its employees.

As of December 31, 2006, the Company adopted the provisions of FASB Statement No. 158, *"Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statements No. 87, 88, 106, and 132(R)"* ("FAS 158"). FAS 158 required employers that sponsor one or more defined benefit plans to (i) recognize the funded status of a benefit plan in its statement of financial position, (ii) recognize the gains or losses and prior service costs or credits that arise during the period as a component of other comprehensive income, net of tax, (iii) measure the defined benefit plan assets and obligations as of the date of the employer's fiscal year-end statement of financial position, and (iv) disclose in the notes to the financial statements additional information about certain effects on net periodic cost for the next fiscal year that arise from delayed recognition of the gains or losses, prior service costs or credits, and transition asset or obligation. The impact of adopting FAS 158 on the Consolidated Balance Sheets was as follows:

As of December 31, 2006	Before Application of FAS 158	Adjustment	After Application of FAS 158
Reclamation provision and other liabilities	\$ 26,051	\$ 1,406	\$ 27,457
Deferred income tax liability	\$ 170,087	\$ (396)	\$ 169,691
Accumulated other comprehensive loss	\$ (16,989)	\$ (1,010)	\$ (17,999)
Total stockholders' equity	\$ 1,253,415	\$ (1,010)	\$ 1,252,405

Impact of recently issued accounting pronouncements

Under the U.S. Securities and Exchange Commission Staff Accounting Bulletin 74 ("SAB 74"), the Company is required to disclose information related to new accounting standards that have not yet been adopted.

Fair Value Measurements

In September 2006, the FASB issued FASB Statement No. 157, "*Fair Value Measurements*" ("FAS 157"). FAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. The provisions for FAS 157 are effective for the Company's fiscal year beginning January 1, 2008. The Company is currently evaluating the impact that the adoption of this statement will have on the Company's consolidated financial position, results of operations or cash flows.

The Fair Value Option for Financial Assets and Financial Liabilities

In February 2007, FASB issued FASB Statement No. 159, "*The Fair Value Option for Financial Assets and Financial Liabilities*" ("FAS 159"), which allows entities to voluntarily choose, at specified election dates, to measure many financial assets and financial liabilities (as well as certain non-financial instruments that are similar to financial instruments) at fair value with changes in fair value reported in earnings. The election is made on an instrument-by-instrument basis and is irrevocable. The provisions for FAS 159 are effective for the Company's fiscal year beginning January 1, 2008. The Company is currently evaluating the impact that the adoption of this statement will have on the Company's consolidated financial position, results of operations or cash flows.

Non-controlling Interests in Consolidated Financial Statements

In December 2007, the FASB issued FASB Statement No. 160, "*Non-controlling Interests in Consolidated Financial Statements*" ("FAS 160"). FAS 160 establishes accounting and reporting standards for entities that have equity investments that are not attributable directly to the parent, called non-controlling interests or minority interests. Specifically, FAS 160 states where and how to report non-controlling interests in the consolidated statements of financial position and operations, how to account for changes in non-controlling interests and provides disclosure requirements. The provisions of FAS 160 are effective for the Company beginning January 1, 2009. The Company is currently evaluating the impact that the adoption of this statement will have on the Company's consolidated financial position, results of operations and disclosures.

Business Combinations

In December 2007, the FASB issued FASB Statement No. 141(R), "*Business Combinations*" ("FAS 141(R)"). FAS 141(R) establishes how an entity accounts for the identifiable assets acquired, liabilities assumed, and any non-controlling interests acquired, how to account for goodwill acquired and determines what disclosures are required as part of a business combination. FAS 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008, early adoption is prohibited. The Company is currently evaluating the impact that the adoption of this statement will have on the Company's consolidated financial position, results of operations and disclosures.

Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards

In June 2007, the EITF reached consensus on Issue No. 06-11, "*Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards*." EITF Issue No. 06-11 requires that the tax benefit related to dividend and dividend equivalents paid on equity-classified nonvested shares and nonvested share units, which are expected to vest, be recorded as an increase to additional paid-in capital. EITF Issue No. 06-11 is to be applied prospectively for tax benefits on dividends declared in the Company's fiscal year beginning January 1, 2008. The Company is currently evaluating the impact that the adoption of this statement will have on the Company's consolidated financial position, results of operations or cash flows.

Comparative figures

Certain items in the comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2007 consolidated financial statements.

AGNICO-EAGLE MINES LIMITED
CONSOLIDATED BALANCE SHEETS
(thousands of United States dollars, US GAAP basis)

	As at December 31,	
	2007	2006
ASSETS		
Current		
Cash and cash equivalents	\$ 314,794	\$ 288,575
Short-term investments	78,770	170,042
Restricted cash (note 14)	2,455	—
Trade receivables (note 1)	79,419	84,987
Inventories:		
Ore stockpiles	5,647	2,330
Concentrates	1,913	3,794
Supplies	15,637	11,152
Available-for-sale securities (note 2(a))	38,006	38,760
Other current assets (note 2(a))	69,453	23,193
Total current assets	606,094	622,833
Other assets (notes 2(b))	16,436	7,737
Future income and mining tax assets (note 8)	5,905	31,059
Property, plant and mine development, net (note 3)	2,107,063	859,859
	\$ 2,735,498	\$ 1,521,488
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (note 10)	\$ 108,227	\$ 42,538
Dividends payable	26,280	15,166
Income taxes payable (note 8)	—	14,231
Total current liabilities	134,507	71,935
Reclamation provision and other liabilities (note 5)	57,941	27,457
Future income and mining tax liabilities (note 8)	484,116	169,691
SHAREHOLDERS' EQUITY		
Common shares (note 6(a))		
Authorized — unlimited		
Issued — 142,403,379 (2006 — 121,025,635)	1,931,667	1,230,654
Stock options	23,573	5,884
Warrants (note 6(c))	—	15,723
Contributed surplus	15,166	15,128
Retained earnings	112,240	3,015
Accumulated other comprehensive loss (note 6(d))	(23,712)	(17,999)
Total shareholders' equity	2,058,934	1,252,405
	\$ 2,735,498	\$ 1,521,488
Contingencies and commitments (note 12)		

On behalf of the Board:



Sean Boyd C.A., Director



Mel Leiderman C.A., Director

See accompanying notes

AGNICO-EAGLE MINES LIMITED
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(thousands of United States dollars except per share amounts, US GAAP basis)

	Years ended December 31,		
	2007	2006	2005
REVENUES			
Revenues from mining operations (note 1)	\$ 432,205	\$ 464,632	\$ 241,338
Interest and sundry income (note 11)	25,142	21,797	4,535
Gain on sale of available-for-sale securities (note 2(a))	4,088	24,118	461
	<u>461,435</u>	<u>510,547</u>	<u>246,334</u>
COSTS AND EXPENSES			
Production	166,104	143,753	127,365
Exploration and corporate development	25,507	30,414	16,581
Equity loss in junior exploration companies (note 2(b))	—	663	2,899
Amortization of plant and mine development	27,757	25,255	26,062
General and administrative	38,167	25,884	11,727
Loss on derivative financial instruments	5,829	15,148	15,396
Provincial capital tax	3,202	3,758	1,352
Interest (note 4)	3,294	2,902	7,813
Foreign currency translation loss (note 8)	32,297	2,127	1,860
	<u>159,278</u>	<u>260,643</u>	<u>35,279</u>
Income before income, mining and federal capital taxes	159,278	260,643	35,279
Federal capital tax	—	—	1,062
Income and mining tax (recovery) (note 8)	19,933	99,306	(2,777)
	<u>139,345</u>	<u>161,337</u>	<u>36,994</u>
Net income for the year	\$ 139,345	\$ 161,337	\$ 36,994
	<u>1.05</u>	<u>1.40</u>	<u>0.42</u>
Net income per share — basic (note 6(e))	\$ 1.05	\$ 1.40	\$ 0.42
	<u>1.04</u>	<u>1.35</u>	<u>0.42</u>
Net income per share — diluted (note 6(e))	\$ 1.04	\$ 1.35	\$ 0.42
Comprehensive income:			
Net income for the year	\$ 139,345	\$ 161,337	\$ 36,994
Other comprehensive income (loss):			
Unrealized gain on hedging activities	—	—	1,135
Unrealized gain (loss) on available-for-sale securities	(5,436)	1,067	10,228
Cumulative translation adjustments	—	—	(2,236)
Adjustments for derivative instruments maturing during the year	1,653	(2,167)	(3,398)
Adjustments for realized gains on available-for-sale securities due to dispositions during the year	(1,918)	(12,506)	(65)
Amortization of unrecognized loss on pension liability	(16)	—	—
Tax effect of other comprehensive income (loss) items	4	1,241	(1,241)
	<u>(5,713)</u>	<u>(12,365)</u>	<u>4,423</u>
Other comprehensive income (loss) for the year	(5,713)	(12,365)	4,423
Comprehensive income for the year	\$ 133,632	\$ 148,972	\$ 41,417

See accompanying notes

AGNICO-EAGLE MINES LIMITED
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(thousands of United States dollars, US GAAP basis)

	Common Shares							
	Shares	Amount	Stock Options Outstanding	Warrants	Contributed Surplus	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss	
Balance December 31, 2004	86,072,779	\$ 620,704	\$ 465	\$ 15,732	\$ 15,128	\$ (172,756)	\$	(9,047)
Shares issued under Employee Stock Option Plan (note 7(a))	214,725	2,264	—	—	—	—	—	—
Stock options	—	—	2,404	—	—	—	—	—
Shares issued under the Incentive Share Purchase Plan (note 7(b))	245,494	3,646	—	—	—	—	—	—
Shares issued under flow-through share private placement (note 6(b))	500,000	6,387	—	—	—	—	—	—
Shares issued under the Company's dividend reinvestment plan	4,715	15	—	—	—	—	—	—
Shares issued for holder conversions of convertible debentures (note 4)	775,359	10,855	—	—	—	—	—	—
Shares issued for purchase of Riddarhyttan Resources AB (note 9)	10,023,882	120,788	—	—	—	—	—	—
Net income for the year	—	—	—	—	—	36,994	—	—
Dividends declared (\$0.03 per share) (note 6(a))	—	—	—	—	—	(2,935)	—	—
Other comprehensive income for the year	—	—	—	—	—	—	—	4,423
Balance December 31, 2005	97,836,954	\$ 764,659	\$ 2,869	\$ 15,732	\$ 15,128	\$ (138,697)	\$	(4,624)
Shares issued under Employee Stock Option Plan (note 7(a))	1,805,085	28,217	—	—	—	—	—	—
Stock options	—	—	3,015	—	—	—	—	—
Shares issued under the Incentive Share Purchase Plan (note 7(b))	146,249	4,711	—	—	—	—	—	—
Shares issued under flow-through share private placement (note 6(b))	1,226,000	30,749	—	—	—	—	—	—
Shares issued under the Company's dividend reinvestment plan	5,003	22	—	—	—	—	—	—
Shares issued for holder conversions of convertible debentures (note 4)	9,483,709	129,910	—	—	—	—	—	—
Shares issued on exercise of warrants	4,000	85	—	(9)	—	—	—	—
Shares issued for purchase of Pinos Altos project (note 9)	2,063,635	34,310	—	—	—	—	—	—
Shares issued under public offering	8,455,000	237,991	—	—	—	—	—	—
Net income for the year	—	—	—	—	—	161,337	—	—
Dividends declared (\$0.12 per share) (note 6(a))	—	—	—	—	—	(14,523)	—	—
Stockpile inventory adjustment, net of tax (EITF 04-6)	—	—	—	—	—	(5,102)	—	—
Other comprehensive loss for the year	—	—	—	—	—	—	—	(12,365)
Adjustment for unrecognized loss on pension liability upon application of FASB Statement No. 158 (note 5(b))	—	—	—	—	—	—	—	(1,010)
Balance December 31, 2006	121,025,635	\$ 1,230,654	\$ 5,884	\$ 15,723	\$ 15,128	\$ 3,015	\$	(17,999)
Shares issued under Employee Stock Option Plan (note 7(a))	536,116	10,232	—	—	—	—	—	—
Stock options	—	—	17,689	—	—	—	—	—
Shares issued under the Incentive Share Purchase Plan (note 7(b))	167,378	7,100	—	—	—	—	—	—
Shares issued for purchase of Cumberland Resources Ltd (note 9)	13,768,510	536,556	—	—	—	—	—	—
Shares issued under the Company's dividend reinvestment plan	32,550	812	—	—	—	—	—	—
Shares issued on exercise of warrants	6,873,190	146,313	—	(15,723)	38	—	—	—
Net income for the year	—	—	—	—	—	139,345	—	—
Dividends declared (\$0.18 per share) (note 6(a))	—	—	—	—	—	(25,633)	—	—
Future tax asset adjustment upon the adoption of FIN 48 (note 8)	—	—	—	—	—	(4,487)	—	—
Other comprehensive loss for the year	—	—	—	—	—	—	—	(5,713)
Balance December 31, 2007	142,403,379	1,931,667	23,573	—	15,166	112,240	—	(23,712)

See accompanying notes

AGNICO-EAGLE MINES LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(thousands of United States dollars, US GAAP basis)

	Years ended December 31,		
	2007	2006	2005
Operating activities			
Net income for the year	\$ 139,345	\$ 161,337	\$ 36,994
Add (deduct) items not affecting cash:			
Amortization of plant and mine development	27,757	25,255	26,062
Future income and mining taxes	16,380	81,993	(2,777)
Unrealized loss on derivative contracts	—	—	8,335
Gain on sale of available-for-sale securities	(4,088)	(24,118)	(461)
Gain on Contact Diamond Corporation	—	(7,361)	—
Stock option expense	12,155	5,391	2,553
Foreign currency translation loss	32,297	2,127	1,860
Other	14,921	(7,230)	3,062
Changes in non-cash working capital balances			
Trade receivables	5,568	(28,683)	(12,862)
Income (taxes payable)/recoverable	(14,231)	21,954	8,382
Inventories	(1,187)	(2,493)	2,550
Other current assets	(55,389)	(4,422)	(1,054)
Accounts payable and accrued liabilities	55,661	4,745	10,519
Interest payable	—	(2,243)	(183)
Cash provided by operating activities	229,189	226,252	82,980
Investing activities			
Additions to property, plant and mine development	(510,877)	(149,185)	(70,270)
Purchase of gold derivatives (note 9(c))	(15,875)	—	—
Cash acquired on acquisition of Cumberland Resources Ltd. net of transaction costs (note 9(c))	84,207	—	—
Acquisition of Pinos Altos property (note 9(b))	—	(32,500)	—
Recoverable value added tax on acquisition of Pinos Altos property	9,750	(9,750)	—
Purchase of Stornoway Diamond Corporation debentures	(8,519)	—	—
Investment in Stornoway Diamond Corporation	—	(19,784)	—
Decrease (increase) in short-term investments	91,272	(110,215)	5,009
Net proceeds on available-for-sale securities	5,393	34,034	(7,089)
Purchase of available-for-sale securities	(13,079)	(12,323)	(2,362)
Decrease (increase) in restricted cash	(2,455)	—	8,173
Cash used in investing activities	(360,183)	(299,723)	(66,539)
Financing activities			
Dividends paid	(13,406)	(3,166)	(2,525)
Common shares issued	144,138	315,160	14,243
Share issue costs	—	(13,415)	(29)
Cash provided by financing activities	130,732	298,579	11,689
Effect of exchange rate changes on cash and cash equivalents	26,481	2,312	20
Net increase in cash and cash equivalents during the year	26,219	227,420	28,150
Cash and cash equivalents, beginning of year	288,575	61,155	33,005
Cash and cash equivalents, end of year	\$ 314,794	\$ 288,575	\$ 61,155
Other operating cash flow information:			
Interest paid during the year	\$ 2,406	\$ 4,214	\$ 8,304
Income, mining and capital taxes paid (recovered) during the year	\$ 22,138	\$ 1,405	\$ (6,259)

See accompanying notes

AGNICO-EAGLE MINES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(thousands of United States dollars except per share amounts, unless otherwise indicated)
December 31, 2007

1. TRADE RECEIVABLES AND REVENUES FROM MINING OPERATIONS

Trade receivables are recognized once the transfer of ownership for the metals sold has occurred and reflect the amounts owing to the Company in respect of its sales of bullion or concentrates to third parties prior to the satisfaction in full of payment obligations of the third parties.

	2007	2006
	<u> </u>	<u> </u>
Bullion awaiting settlement	\$ 122	\$ 2,520
Concentrates awaiting settlement	79,297	82,467
	<u> </u>	<u> </u>
	\$ 79,419	\$ 84,987

	2007	2006	2005
	<u> </u>	<u> </u>	<u> </u>
Revenues from mining operations (thousands):			
Gold	\$ 171,537	\$ 159,815	\$ 117,888
Silver	70,028	58,262	41,808
Zinc	156,340	211,871	67,150
Copper	34,300	34,684	14,492
	<u> </u>	<u> </u>	<u> </u>
	\$ 432,205	\$ 464,632	\$ 241,338
	<u> </u>	<u> </u>	<u> </u>

In 2007, precious metals accounted for 56% of Agnico-Eagle's revenues from mining operations (2006 — 47%; 2005 — 66%). The remaining revenues from mining operations consisted of net byproduct revenues. In 2007, these net byproduct revenues as a percentage of total revenues from mining operations consisted of 36% zinc (2006 — 45%; 2005 — 28%) and 8% copper (2006 — 8%; 2005 — 6%):

2. OTHER ASSETS

(a) *Other current assets*

	2007	2006
	<u> </u>	<u> </u>
Federal, provincial and other sales taxes receivable	24,369	16,327
Interest receivable	2,140	4,453
Prepaid expenses	13,556	733
Employee loans receivable	926	626
Government refundables	17,776	—
Advances to suppliers	4,284	—
Other	6,402	1,054
	<u> </u>	<u> </u>
	\$ 69,453	\$ 23,193
	<u> </u>	<u> </u>

In 2007, the Company realized \$5.4 million (2006 — \$35.9 million; 2005 — \$1.4 million) in proceeds and recorded a gain of \$4.1 million (2006 — \$24.1 million; 2005 — \$0.5 million) in income on the sale of available-for-sale securities. Available-for-sale securities consist of equity securities whose cost basis is determined using the average cost method. Available-for-sale securities are carried at fair value and comprise the following:

	2007	2006
	<u> </u>	<u> </u>
Cost	\$ 44,401	\$ 37,890
Unrealized gains	4,933	5,258
Unrealized losses	(11,328)	(4,388)
	<u> </u>	<u> </u>
Estimated fair value of available-for-sale securities	\$ 38,006	\$ 38,760
	<u> </u>	<u> </u>

(b) *Other assets*

	2007	2006
Deferred financing costs, less accumulated amortization of \$960 (2006 — \$154)	\$ 3,224	\$ 3,709
Stornoway Diamond Corporation debentures (note 11)	10,120	—
Loan to Contact Diamond Corporation (note 11)	—	3,422
Finnish Government Grants	2,643	—
Other	449	606
	<u>\$ 16,436</u>	<u>\$ 7,737</u>

The Company has a commitment to repay parts of the grant to the Finnish Government, should the Kittila mine not be in operation by 2013. Management currently expects that Kittila will commence production in the second half of 2008.

The fair value of the Stornoway Diamond Corporation debentures approximates their carrying amounts.

3. PROPERTY, PLANT AND MINE DEVELOPMENT

	2007			2006		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Mining properties	\$ 1,108,449	\$ 20,197	\$ 1,088,252	\$ 340,308	\$ 17,751	\$ 322,557
Plant and equipment	351,663	116,862	234,801	322,660	104,350	218,310
Mine development costs	261,613	80,792	180,821	241,275	67,986	173,289
Construction in process:						
Goldex mine project	186,302	—	186,302	80,777	—	80,777
LaRonde Mine extension	46,716	—	46,716	9,780	—	9,780
Pinos Altos mine project	37,065	—	37,065	—	—	—
Meadowbank mine project	168,374	—	168,374	—	—	—
Kittila mine project	101,966	—	101,966	21,982	—	21,982
Lapa mine project	62,766	—	62,766	33,164	—	33,164
	<u>\$ 2,324,914</u>	<u>\$ 217,851</u>	<u>\$ 2,107,063</u>	<u>\$ 1,049,946</u>	<u>\$ 190,087</u>	<u>\$ 859,859</u>

Geographic Information

	Net Book Value 2007	Net Book Value 2006
Canada	\$ 1,705,212	\$ 574,949
Finland	292,300	212,363
Mexico	107,346	70,342
U.S.A.	2,205	2,205
Total	<u>\$ 2,107,063</u>	<u>\$ 859,859</u>

In 2007, Agnico-Eagle capitalized \$0.8 million of costs (2006 — \$3.1 million) and recognized \$0.5 million of amortization expense (2006 — \$0.2 million) related to computer software. The unamortized capitalized cost for computer software at the end of 2007 was \$5.4 million (2006 — \$5.1 million).

4. LONG-TERM DEBT

(a) *Convertible subordinated debentures*

The Company's \$143.75 million principal amount convertible subordinated debentures bore interest at 4.50% per annum, payable semi-annually in cash or, at the option of the Company, common shares of the Company. The debentures were convertible into common shares of Agnico-Eagle at the option of the holder, at any time on or prior to maturity, at a rate of 71.429 common shares per \$1,000 US dollar principal amount. The debentures were redeemable by Agnico-Eagle, in whole or in part, at any time on or after February 15, 2006 at a redemption price equal to par plus accrued and unpaid interest. The Company had the option to redeem the debentures in cash or by delivering freely tradeable common shares.

The original principal amount of the Convertible Debentures was \$143.8 million. In 2005, there were aggregate conversions of \$10.9 million.

In 2006, interest on the Convertible Debentures of \$0.1 million (2005 — \$1.8 million) was capitalized for the construction of the Lapa and Goldex mine projects as well as certain construction programs at the LaRonde mine.

In late 2003, the Company entered into an interest rate swap whereby fixed rate payments on the Convertible Debentures were swapped for variable rate payments. The notional amount under the swap exactly matched the original \$143.8 million face value of the debentures and the swap agreement terminated on February 15, 2006, which was the earliest date that the debentures could be called for redemption. Under the terms of the swap agreement, the Company made interest payments of three-month LIBOR plus a spread of 2.37% and received fixed interest payments of 4.50%, which completely offset the interest payments the Company made on the Convertible Debentures. The three-month LIBOR was also capped at 3.38% such that total variable interest payments would not exceed 5.75%. In 2005, the Company made \$0.9 million in swap payments such that net interest on the Convertible Debentures was \$6.3 million.

Between January 1, 2006 and February 15, 2006, holders representing \$131.8 million aggregate principal amount converted their debentures into 9,413,189 common shares. On February 15, 2006, the Company redeemed the remaining \$1.1 million aggregate principal amount, at par plus accrued interest, by exercising its redemption option and delivering 70,520 freely tradeable common shares.

Also in 2006, the Company's interest rate swap matured. The Company made net interest payments of \$1.4 million under the terms of the swap at maturity such that net interest on the Convertible Debentures in 2006 was \$2.1 million.

(b) Revolving credit facility

In October 2006, the Company executed an amendment with its bank syndicate to increase the limit of its revolving credit facility from \$150 million to \$300 million, and to extend its term by two years to December 2011. At December 31, 2007, the facility was completely undrawn however outstanding letters of credit decreased the amounts available under the facility such that \$280 million was available for future drawdowns at December 31, 2007.

The Company entered into a new \$300 million unsecured revolving credit agreement on January 10, 2008 (the "New Facility") with a group of financial institutions and the secured facility has been terminated. The New Facility matures on January 10, 2013, however, the Company, with the consent of lenders representing 66 ² / 3 % of the aggregate commitments under the facility, has the option to extend the term of the facility for additional one-year terms. Payment and performance of the Company's obligations under the New Facility are guaranteed by certain material subsidiaries of the Company.

The New Facility contains covenants that restrict, among other things, the ability of the Company to incur additional indebtedness, make distributions in certain circumstances, sell material assets and carry on a business other than a mining business. The Company is also required to maintain certain financial ratios as well as a minimum tangible net worth.

For the year ended December 31, 2007, interest expense was \$3.3 million (2006 — \$2.9 million; 2005 — \$7.8 million), of which cash payments were \$2.4 million (2006 — \$4.2 million; 2005 — \$8.3 million). In 2007, cash interest on the facility was nil (2006 — nil; 2005 — nil) and cash standby fees on the facility were \$2.3 million (2006 — \$1.3 million; 2005 — \$1.2 million). In 2007, no interest (2006 — \$0.3 million; 2005 — \$2.5 million) was capitalized to construction in progress. The Company's weighted average interest rate on all of its debt as at December 31, 2007 was nil (2006 — nil; 2005 — 7.9%).

5. RECLAMATION PROVISION AND OTHER LIABILITIES

Reclamation provision and other liabilities consist of the following:

	2007	2006
Reclamation and closure costs (note 5(a))	\$ 44,690	\$ 22,073
Pension benefits (note 5(b))	6,786	5,384
Long term portion of capital lease obligations (note 13)	6,465	—
	<u>\$ 57,941</u>	<u>\$ 27,457</u>

(a) Reclamation and closure costs

Reclamation estimates are based on current legislation, third party estimates and feasibility study calculations. All of the accrued reclamation and closure costs are long-term in nature and thus no portion of these costs has been reclassified to current liabilities. The Company does not currently have assets that are restricted for the purposes of settling these obligations.

The following table reconciles the beginning and ending carrying amounts of the asset retirement obligations.

	2007	2006
Asset retirement obligations, beginning of year	\$ 22,073	\$ 12,569
Current year additions	21,298	8,696
Current year accretion	1,319	825
Other	—	(17)
Asset retirement obligations, end of year	\$ 44,690	\$ 22,073

The assumptions used for the calculation of the provision are as follows:

	2007	2006
Cash flows to settle the obligation (undiscounted)	\$103,356	\$61,897
Timing range for settling the obligation for all active projects	2020 - 2027	2027
Credit-adjusted risk-free interest rate range for all active projects	5.80% - 6.60%	6.60%

(b) *Pension benefits*

Effective July 1, 1997, Agnico-Eagle's defined benefit pension plan for active employees was converted to a defined contribution plan. Employees who retired prior to that date remain in the Employees Plan ("Employees Plan"). In addition, Agnico-Eagle provides a non-registered executive supplementary defined benefit plan for certain senior officers. The funded status of the Employees Plan is based on an actuarial valuation as of January 1, 2006 and projected to December 31, 2007. The funded status of the executive supplementary defined benefit plan is based on actuarial valuations as of July 1, 2007 and projected to December 31, 2007. The components of Agnico-Eagle's net pension plan expense are as follows:

	2007	2006	2005
Service cost — benefits earned during the year	\$ 429	\$ 399	\$ 274
Gain due to settlement	—	(16)	(124)
Prior service cost	24	23	21
Interest cost on projected benefit obligation	466	384	352
Return on plan assets	(171)	(166)	(157)
Amortization of net transition asset, past service liability and net experience gains	(25)	(22)	(34)
Net pension plan expense	\$ 723	\$ 602	\$ 332

Agnico-Eagle contributes 5% of its Canadian payroll expense to a defined contribution plan. The expense in 2007 was \$4.3 million (2006 — \$3.0 million; 2005 — \$2.2 million).

Assets of the Employees Plan are comprised of pooled Canadian and U.S. equity funds and pooled bond funds. As of the measurement date, the plan's assets are allocated 60% to equity securities and 40% to fixed income securities. The Employees Plan is relatively mature with a substantial portion of the projected benefit obligation liability attributable to pensioners and there are no contributions being made to the plan. Since benefit payments are completely funded from plan assets and investment returns, the plan assets are managed to achieve a moderate degree of risk in terms of short-term variability of returns. The major categories of plan assets along with minimum, maximum and target allocations are presented below:

	Minimum	Maximum	Target
Cash and short-term investments	0%	35%	5%
Fixed income securities	25%	75%	35%
Equity securities	25%	65%	60%
Real estate	0%	10%	0%

Fixed income securities must meet quality constraints in the form of minimum investment ratings. Equity securities also have quality constraints in the form of maximum allocations to any one security and maximum exposure to any one industry group.

As of December 31, 2006, the Company adopted the provisions of FASB Statement No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statements No. 87, 88, 106, and 132(R)" ("FAS 158"). FAS 158 requires employers that sponsor one or more defined benefit plans to (i) recognize the funded status of a benefit plan in its statement of financial position, (ii) recognize the gains or losses and prior service costs or credits that arise during the period as a component of other comprehensive income, net of tax, (iii) measure the defined benefit plan assets and obligations as of the date of the employer's fiscal year-end statement of financial position, and (iv) disclose in the notes to the financial statements additional information about certain effects on net periodic cost for the next fiscal year that arise from delayed recognition of the gains or losses, prior service costs or credits, and transition asset or obligation. The impact of adopting FAS 158 on the 2006 Consolidated Balance Sheets was as follows:

	Before Application of FAS 158	Adjustment	After Application of FAS 158
Reclamation provision and other liabilities	\$ 26,051	\$ 1,406	\$ 27,457
Deferred income tax liability	\$ 170,087	\$ (396)	\$ 169,691
Accumulated other comprehensive loss	\$ (16,989)	\$ (1,010)	\$ (17,999)
Total stockholders' equity	\$ 1,253,415	\$ (1,010)	\$ 1,252,405

Assets for the executives' retirement plan ("Executives Plan") consist of deposits on hand with regulatory authorities which are refundable when benefit payments are made or on the ultimate wind-up of the plan. The accumulated benefit obligation for this plan at December 31, 2007 was \$6.8 million (2006 — \$5.4 million). At the end of 2007, the remaining unamortized net transition obligation was \$1.0 million (2006 — \$1.2 million) for the Executives Plan and the net transition asset was \$0.2 million (2006 — \$0.4 million) for the Employees Plan.

The following table provides the net amounts recognized in the consolidated balance sheets as of December 31:

	Pension Benefits 2007		Pension Benefits 2006	
	Employees	Executives	Employees	Executives
Intangible liability (asset)	\$ (495)	\$ —	\$ (363)	\$ —
Accrued employee benefit liability	—	5,624	—	4,071
Accumulated other comprehensive income (loss):				
Initial transition obligation (asset)	(186)	1,017	(372)	1,162
Past service liability	—	140	—	177
Net experience (gains) losses	446	5	466	(26)
Net liability (asset)	\$ (235)	\$ 6,786	\$ (269)	\$ 5,384

The following table provides the components of the expected recognition in 2008 of amounts in accumulated other comprehensive loss:

	Employees	Executives
Initial transition obligation (asset)	\$ (186)	\$ 171
Past service liability	—	26
Net experience losses	21	—
	\$ (165)	\$ 197

The funded status of the Employees Plan and the Executives Plan for 2007 and 2006 is as follows:

	2007		2006	
	Employees	Executives	Employees	Executives
Reconciliation of the market value of plan assets				
Fair value of plan assets, beginning of year	\$ 2,341	\$ 897	\$ 2,243	\$ 747
Agnico-Eagle's contribution	—	310	—	153
Actual return on plan assets	(67)	—	272	—
Benefit payments	(185)	(155)	(172)	(153)
Other	—	—	—	153
Divestitures	—	—	—	—
Effect of exchange rate changes	398	174	(2)	(3)
Fair value of plan assets, end of year	\$ 2,487	\$ 1,226	\$ 2,341	\$ 897
Reconciliation of projected benefit obligation				
Projected benefit obligation, beginning of year	\$ 2,072	\$ 6,280	\$ 2,013	\$ 5,237
Service costs	—	429	—	399
Interest costs	108	358	99	285
Actuarial losses (gains)	(98)	34	133	641
Benefit payments	(185)	(264)	(172)	(256)
Effect of exchange rate changes	355	1,175	(1)	(26)
Projected benefit obligation, end of year	\$ 2,252	\$ 8,012	\$ 2,072	\$ 6,280
Excess (deficiency) of plan assets over projected benefit obligation	\$ 235	\$ (6,786)	\$ 269	\$ (5,383)
Comprised of:				
Unamortized transition asset (liability)	\$ 186	\$ (1,017)	\$ 372	\$ (1,162)
Unamortized net experience loss	(446)	(145)	(466)	(150)
Accrued assets (liabilities)	495	(5,624)	363	(4,071)
	\$ 235	\$ (6,786)	\$ 269	\$ (5,383)
Weighted average discount rate ⁽ⁱ⁾	5.50%	5.50%	5.00%	5.00%
Weighted average expected long-term rate of return	7.00% ⁽ⁱⁱ⁾	n.a.	7.50% ⁽ⁱⁱ⁾	n.a.
Weighted average rate of compensation increase	n.a.	3.00%	n.a.	3.00%
Estimated average remaining service life for the plan (in years)	12.0	7.0 ⁽ⁱⁱⁱ⁾	13.0	8.0 ⁽ⁱⁱⁱ⁾

Notes:

- (i) Discount rates used for the Executives Plan and Employees Plans are after-tax rates.
- (ii) Long-term rates of return were determined using, as a basis, rates for high quality debt instruments adjusted for historical rates of return actually achieved.
- (iii) Estimated average remaining service life for the Executives Plan was developed for individual senior officers.

The estimated benefits to be paid from each plan in the next ten years are presented below:

	Employees	Executives	Total
2008	\$ 178	\$ 109	\$ 287
2009	\$ 172	\$ 109	\$ 281
2010	\$ 167	\$ 109	\$ 276
2011	\$ 160	\$ 109	\$ 269
2012	\$ 154	\$ 373	\$ 527
2013 - 2017	\$ 652	\$ 2,133	\$ 2,785

6. SHAREHOLDERS' EQUITY

(a) Common shares

In February 2006, the Convertible Debentures were redeemed in full (see note 4(a)) and there are no longer shares reserved for future issuances related to the Convertible Debentures.

In 2007, the Company declared dividends on its common shares of \$0.18 per share (2006 — \$0.12 per share; 2005 — \$0.03 per share).

(b) Flow-through share private placements

In 2007, Agnico-Eagle issued nil (2006 — 1,226,000; 2005 — 500,000) common shares under flow-through share private placements for total proceeds of nil (2006 — \$35.3 million; 2005 — \$8.3 million), net of share issue costs. Proceeds from previous private placements were used by Agnico-Eagle for the purpose of incurring Canadian exploration expenditures in connection with its 2007 and 2008 exploration activities. Effective December 31, 2007, the Company renounced to its investors C\$10.1 million (2006 — C\$40.2 million; 2005 — C\$10.0 million) of such expenses for income tax purposes. The Company has no further obligations to incur exploration expenditures related to the expenditures previously renounced.

The difference between the flow-through share issuance price and the market price of Agnico-Eagle's stock at the time of purchase is recorded as a liability at the time the flow-through shares are issued. This liability is extinguished at the time the exploration expenditures are renounced to investors. The difference between the flow-through share issuance price and market price reduces the future tax expense charged to income as this difference represents proceeds received by the Company for the sale of future tax deductions to investors in the flow-through shares.

(c) Public offering

In 2002, Agnico-Eagle issued 6,900,000 warrants. Each whole warrant entitled the holder to purchase one common share at a price of \$19.00, subject to certain adjustments summarized in the prospectus relating to the issuance of the warrants. During 2007, 6,873,190 warrants were exercised (2006 — 4,000). The warrants were exercisable at any time prior to November 14, 2007, at which time 22,810 warrants expired.

In 2006 the Company closed a public offering of 8,455,000 common shares for total proceeds of \$238.0 million net of share issue costs.

(d) Accumulated other comprehensive loss

The opening balance of the cumulative translation adjustment in accumulated other comprehensive loss in 2007 and 2006 of \$(15.9) million resulted from Agnico-Eagle adopting the US dollar as its principal currency of measurement. Prior to this change, the Canadian dollar had been used as the reporting currency. Prior periods' consolidated financial statements were translated into US dollars by the current rate method using the year end or the annual average exchange rate where appropriate. This translation approach was applied from January 1, 1994. This translation gave rise to a deficit in the cumulative translation adjustment account within accumulated other comprehensive loss as at December 31, 2007 and 2006.

Effective January 1, 2001, the Company prospectively adopted the new accounting recommendations made under FAS 133 and FAS 138 on accounting for derivative financial instruments and hedging. Upon the adoption of FAS 133, the Company recorded a cumulative translation adjustment to accumulated other comprehensive loss of \$2.8 million. The Company has designated its gold put contracts and certain foreign exchange derivative contracts as cash flow hedges and, as such, unrealized gains and losses on these contracts are recorded in accumulated other comprehensive loss.

The following table presents the components of accumulated other comprehensive loss, net of related tax effects:

	2007	2006
Cumulative translation adjustment from adopting US dollar as principal reporting currency	\$ (15,907)	\$ (15,907)
Unrealized gain (loss) on available-for-sale securities	(6,484)	870
Unrealized loss on gold put option contracts	—	(1,653)
Cumulative translation adjustments	(299)	(299)
Unrealized loss on pension liability upon application of FASB Statement No. 158	(1,422)	(1,406)
Tax effect of accumulated other comprehensive loss items	400	396
	<u>\$ (23,712)</u>	<u>\$ (17,999)</u>

In 2007, a \$1.7 million (2006 — \$2.0 million) loss was reclassified from accumulated other comprehensive loss to income to reflect the amortization of gold put option contract premiums for contracts originally scheduled to mature in 2007. Also in 2007, a \$1.9 million gain (2006 — \$16.6 million gain) was reclassified from accumulated other comprehensive loss to income to reflect the realization of gains on available-for-sale securities due to the disposition of those securities.

(e) *Net income per share*

The following table provides the weighted average number of common shares used in the calculation of basic and diluted income per share:

	2007	2006	2005
Weighted average number of common shares outstanding — basic	132,768,049	115,461,046	89,029,754
Add: Dilutive impact of employee stock options	1,189,820	786,358	483,045
Dilutive impact of warrants	—	2,862,891	—
Weighted average number of common shares outstanding — diluted	133,957,869	119,110,295	89,512,799

The calculation of diluted income per share has been computed using the treasury stock method. In applying the treasury stock method, options and warrants with an exercise price greater than the average quoted market price of the common shares are not included in the calculation of diluted income per share as the effect is anti-dilutive.

In 2005, the Convertible Debentures and warrants were anti-dilutive and thus were not included in the calculation of diluted income per share.

7. STOCK-BASED COMPENSATION

(a) *Employee Stock Option Plan ("ESOP")*

The Company's ESOP provides for the granting of options to directors, officers, employees and service providers to purchase common shares. Under this plan, options are granted at the fair market value of the underlying shares on the date of grant. The number of shares subject to option for any one person may not exceed 5% of the Company's common shares issued and outstanding at the date of grant.

Up to May 31, 2001, the number of common shares reserved for issuance under the ESOP was 6,000,000 and options granted under the ESOP had a maximum term of ten years. On April 24, 2001, the Compensation Committee of the Board of Directors adopted a policy pursuant to which options granted after that date shall have a maximum term of five years. In 2001, the shareholders approved a resolution to increase the number of common shares reserved for issuance under the ESOP by 2,000,000 to 8,000,000. In 2004 and 2006, the shareholders approved a further 2,000,000 and 3,000,000 common shares for issuance under the ESOP, respectively.

Of the 1,380,000 options granted under the ESOP in 2007, 345,000 options granted vested immediately and expire in 2012. The remaining options expire in 2012 and vest in equal installments, on each anniversary date of the grant, over a three-year period. As a result of the Cumberland acquisition, 326,250 options in Cumberland were converted to options in the Company. All these options vested immediately. Of the 1,232,000 options granted under the ESOP in 2006, 308,000 options granted vested immediately and expire in 2011. The remaining options expire in 2011 and vest in equal installments, on each anniversary date of the grant, over a three-year period. Of the 982,000 options granted under the ESOP in 2005, 245,500 options granted vested immediately and expire in 2010. The remaining options expire in 2010 and vest in equal installments, on each anniversary date of the grant, over a three-year period.

The following summary sets out the activity with respect to Agnico-Eagle's outstanding stock options:

	2007		2006		2005	
	Options	Weighted average exercise price	Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding, beginning of year	2,478,790	C\$ 19.55	3,071,625	C\$ 15.78	2,383,150	C\$ 15.16
Granted	1,706,250	41.74	1,232,000	24.52	982,000	16.61
Exercised	(536,116)	17.56	(1,805,085)	16.49	(214,725)	12.44
Cancelled	(39,000)	19.16	(19,750)	19.28	(78,800)	16.33
Outstanding, end of year	3,609,924	C\$ 30.34	2,478,790	C\$ 19.55	3,071,625	C\$ 15.78
Options exercisable at end of year	1,908,049		1,137,103		2,257,250	

Cash received for options exercised in 2007 was \$8.8 million (2006 — \$26.0 million).

The weighted average grant-date fair value of options granted in 2007 was C\$12.53 (2006 — C\$8.17; 2005 — C\$4.17). The following table summarizes information about Agnico-Eagle's stock options outstanding at December 31, 2007:

	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
C\$6.55 — C\$9.20	40,573	2.1 years	C\$7.52	40,573	C\$7.52
C\$10.40 — C\$14.67	212,275	2.0 years	C\$10.75	207,775	C\$10.66
C\$15.60 — C\$19.14	914,150	1.8 years	C\$16.71	860,775	C\$16.77
C\$19.24 — C\$25.60	772,600	3.0 years	C\$23.02	285,100	C\$23.02
C\$25.62 — C\$31.70	276,176	3.3 years	C\$29.06	154,676	C\$27.90
C\$36.23 — C\$47.95	186,650	4.4 years	C\$41.39	59,150	C\$42.77
C\$48.09 — C\$52.88	1,207,500	4.0 years	C\$48.15	300,000	C\$48.15
C\$6.55 — C\$52.88	3,609,924	3.1 years	C\$30.34	1,908,049	C\$23.48

The Company has reserved for issuance 3,609,924 common shares in the event that these options are exercised.

The number of un-optioned shares available for granting of options as at December 31, 2007, 2006 and 2005 was 2,832,250, 4,212,250 and 1,943,285, respectively.

On January 2, 2008, 2,385,000 options were granted under the ESOP, of which 596,250 options vested immediately and expire in the year 2013. The remaining options expire in 2013 and vest in equal installments on each anniversary date of the grant, over a three-year period.

Agnico-Eagle estimated the fair value of options under the Black-Scholes option pricing model using the following weighted average assumptions:

	2007	2006	2005
Risk-free interest rate	4.02%	3.91%	3.1%
Expected life of options (in years)	2.5	2.5	2.5
Expected volatility of Agnico-Eagle's share price	37.6%	48.7%	35.6%
Expected dividend yield	0.29%	0.12%	0.24%

The Company uses historical volatility in estimating the expected volatility of Agnico-Eagle's share price.

The total compensation cost for the ESOP recognized in the consolidated statements of income (loss) for the current year was \$9.8 million (2006 — \$5.2 million; 2005 — \$2.4 million). The total compensation cost related to nonvested options not yet recognized was \$9.9 million as of December 31, 2007.

(b) *Incentive Share Purchase Plan*

On June 26, 1997, the shareholders approved an Incentive Share Purchase Plan (the "Purchase Plan") to encourage directors, officers and employees ("Participants") to purchase Agnico-Eagle's common shares at market values.

Under the Purchase Plan, eligible employees may contribute up to 10% of their basic annual salaries and directors may contribute up to 100% of their annual board and committee retainer fees. For both employees and directors, Agnico-Eagle contributes an amount equal to 50% of each Participant's contribution.

In 2007, 167,378 common shares were issued under the Purchase Plan (2006 — 146,249; 2005 — 245,494) for proceeds of \$7.1 million (2006 — \$4.7 million; 2005 — \$3.6 million). In June 2002, shareholders approved an increase in the maximum amount of shares reserved for issuance under the Purchase Plan to 2,500,000 from 1,000,000. Agnico-Eagle has reserved for issuance 592,151 common shares (2006 — 759,529; 2005 — 905,778) under the Purchase Plan.

8. INCOME AND MINING TAXES

Income and mining taxes recovery is made up of the following geographic components:

	2007	2006	2005
Current provision			
Canada	\$ 3,272	\$ 20,266	\$ —
Future provision			
Canada	20,363	69,645	(13,323)
Finland	(3,702)	11,522	10,546
Other	—	(2,127)	—
	\$ 19,933	\$ 99,306	\$ (2,777)

Cash income and mining taxes paid in 2007 were \$22.1 million (2006 — \$1.4 million expense; 2005 — \$6.2 million recovery).

The income and mining taxes recovery is different from the amount that would have been computed by applying the Canadian statutory income tax rate as a result of the following:

	2007	2006	2005
Combined federal and composite provincial tax rates	32.6%	34.6%	34.8%
Increase (decrease) in taxes resulting from:			
Provincial mining duties	12.3	12.3	19.2
Resource allowances	—	(3.5)	(17.8)
Impact of foreign tax rates	(2.3)	1.1	—
Permanent and other differences	(0.9)	0.8	0.8
Utilization of temporary differences for which no benefit was previously recognized	—	—	(10.4)
Utilization of losses for which no benefit was previously recognized	—	(4.5)	(34.5)
Effect of changes in Canadian income tax legislation	(29.2)	(2.7)	—
Actual rate as a percentage of pre-tax income	12.5%	38.1%	(7.9%)

As at December 31, 2007 and 2006, Agnico-Eagle's future income and mining tax assets and liabilities are as follows:

	2007		2006	
	Assets	Liabilities	Assets	Liabilities
Non-current:				
Income taxes:				
Plant and equipment	—	—	\$ 3,374	\$ —
Mine development costs	—	—	—	29,787
Mining properties	—	565,613	435	142,340
Net operating and capital loss carryforwards	17,805	—	16,029	—
Unrealized foreign exchange gain on Convertible Debentures	—	—	—	—
Mining duties	—	(55,998)	15,867	—
Reclamation provisions	—	(25,499)	6,298	(2,436)
Other	—	—	916	—
Valuation allowance	(11,900)	—	(11,860)	—
Non-current future income and mining tax assets and liabilities	\$ 5,905	\$ 484,116	\$ 31,059	\$ 169,691

All of Agnico-Eagle's future income tax assets and liabilities are denominated in local currency based on the jurisdiction in which the Company pays taxes and are translated into US dollars using the exchange rate in effect at the consolidated balance sheet date. The increase in the gross amounts of the future tax assets and liabilities was due in part to the weaker US dollar in relation to the Canadian dollar and the Swedish krona throughout 2007. In addition, upon the Cumberland acquisition, an additional \$279.8 million future tax liability was recognized attributable to the purchase price. At December 31, 2007, asset and liability amounts were translated into US dollars at an exchange rate of C\$0.9881 per \$1.00, and at an exchange rate of SEK 6.4568 per \$1.00, whereas at December 31, 2006, asset and liability amounts were translated at an exchange rate of C\$1.1652 per \$1.00, and at an exchange rate of SEK 6.8342 per \$1.00. A future income tax liability was also recorded on the acquisition of Riddarhyttan (see note 9 (a)).

The Company operates in different jurisdictions and accordingly it is subject to income and other taxes under the various tax regimes in the countries in which it operates. The tax rules and regulations in many countries are highly complex and subject to interpretation. The Company may be subject in the future to a review of its historic income and other tax filings and in connection with such reviews, disputes can arise with the taxing authorities over the interpretation or application of certain tax rules and regulations to the Company's business conducted within the country involved. The Company has not accrued any taxes associated with any such reviews of its income tax filing as no such losses are considered to be probable.

The capital loss carryforwards do not expire.

In June 2006, the Financial Accounting Standards Board (FASB) issued FIN 48 to create a single model to address accounting for uncertainty in tax positions. FIN 48 clarifies the accounting for income taxes, by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on de-recognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006.

The Company adopted the provision of FIN 48 effective January 1, 2007. As a result of the implementation of FIN 48, the Company reported a \$4,487 reduction to the January 1, 2007, balance of retained earnings.

A reconciliation of the beginning and ending amount of the unrecognized tax benefits is as follows:

Balance at January 1, 2007	\$ 4,487
Reductions for foreign exchange	(1,097)
Balance at December 31, 2007	\$ 3,390

The full amount of unrecognized tax liability of \$3,390, if recognized, would reduce our annual effective tax rate. We do not expect our unrecognized tax liability to change significantly over the next 12 months.

The Company is subject to taxes in the following significant jurisdictions: Canada, Mexico and Finland, each with varying statutes of limitations. The 1998 through 2007 tax years generally remain subject to examination.

9. ACQUISITIONS

(a) *Riddarhyttan Resources AB*

Riddarhyttan was a precious and base metals exploration and development company with a focus on the Nordic region of Europe. Riddarhyttan was the 100% owner of the Suurikuusikko gold deposit in Finland on which the Kittila mine project is located. In the second quarter of 2004, the Company acquired a 13.8% ownership interest in Riddarhyttan. In connection with this acquisition, two representatives of the Company were elected to Riddarhyttan's Board of Directors. Through the subscription for shares in Riddarhyttan's rights issue in December 2004, the Company increased its ownership level to approximately 14%.

On November 14, 2005, the Company completed its tender offer for all the shares of Riddarhyttan. As of December 31, 2005, the Company owned an aggregate of 102,880,951 shares, or approximately 97.3% of the outstanding shares and voting rights of Riddarhyttan. In 2006, the Company completed the acquisition of the remaining 2.7% of the Riddarhyttan shares that it did not already own under the compulsory acquisition procedures under Swedish law by obtaining advanced possession of these shares in the second half of 2006. Advance possession means that the Company is entitled to be registered as owner of these shares and thereby entitled to exercise all rights relating to these shares that vest in a shareholder. Payment of the redemption price was made in February 2007.

The results of operations of Riddarhyttan are included in the consolidated statements of income from October 18, 2005.

The purchase price, before transaction costs, was \$125.9 million which was paid through the issuance of 10,023,882 shares of the Company and a cash payment amounting to \$5.1 million:

	Shares Issued
Total Issuance of the Company's Shares for Riddarhyttan Acquisition:	
October 18, 2005	9,104,542
October 26, 2005	666,905
November 14, 2005	252,435
Total shares issued	10,023,882

The allocation of the total purchase price to the fair values of assets acquired is set forth in the table below:

Total Purchase Price:	
Purchase price	\$ 125,908
Balance of equity investment	11,123
Transaction costs	7,725
Total purchase price to allocate	\$ 144,756
Fair Value of Assets Acquired:	
Suurikuusikko property	\$ 194,465
Net future tax liability	(52,688)
Iso-Kuotko property	2,335
Oijarvi property	609
Other	35
Total fair value of assets acquired	\$ 144,756

(b) *Pinos Altos Project*

In March 2005, the Company entered into an agreement with Industrias Penoles S.A. de C.V. ("Penoles") to acquire the Pinos Altos project in Chihuahua, Mexico. The Pinos Altos project is located in the Sierra Madre gold belt, 225 kilometres west of the city of Chihuahua.

Under the terms of the agreement, Agnico-Eagle had the option to purchase the Pinos Altos project for cash and share consideration. In March 2006, Agnico-Eagle paid Penoles \$32.5 million in cash and issued 2,063,635 common shares to Penoles to obtain 100% ownership of the Pinos Altos project. In addition, the Company incurred \$0.2 million in transaction costs associated with the property acquisition.

The allocation of the total purchase price to the fair values of assets acquired is set forth in the table below:

Total Purchase Price:	
Purchase price	\$ 66,809
Transaction costs	167
	<hr/>
Total purchase price to allocate	\$ 66,976
	<hr/>
Fair Value of Assets Acquired:	
Pinos Altos mining property	\$ 66,976
	<hr/>

(c) **Cumberland Resources Ltd.**

On February 14, 2007, the Company and Agnico-Eagle Acquisition Corporation ("Agnico Acquisition"), a wholly-owned subsidiary of the Company, signed an agreement with Cumberland under which the Company and Agnico Acquisition (the "Offeror") agreed to make an exchange offer (the "Offer") for all of the outstanding common shares of Cumberland not already owned by the Company. At the time, the Company owned 2,037,000 or 2.6% of the outstanding shares of Cumberland on a fully diluted basis. Under the terms of the Offer, each Cumberland share was to be exchanged for 0.185 common share of Agnico-Eagle. At the time, Cumberland owned 100% of the Meadowbank gold project, located in Nunavut, Canada. As of July 9, 2007, all common shares of Cumberland were acquired pursuant to the Offer. As of July 9, 2007, a total of 13,768,510 of the Company's shares were issued for the acquisition resulting in an increase of \$536.6 million in common shares issued. The total purchase price as of July 9, 2007 amounted to \$577.0 million which was allocated to various balance sheet accounts, mainly mining properties. On August 1, 2007, the Agnico Acquisition, Cumberland and a wholly-owned subsidiary of Cumberland were amalgamated with Agnico-Eagle.

The results of operations of Cumberland are included in the income statement for the combined entity from April 17, 2007.

The purchase price paid through the issuance of 13,768,510 shares of the Company is summarized as follows.

	Shares Issued
	<hr/>
Total Issuance of the Company's Shares for Cumberland Acquisition:	
April 16, 2007	11,610,074
April 30, 2007	932,958
July 9, 2007	1,225,478
	<hr/>
Total shares issued	13,768,510
	<hr/>

In addition, the Company entered into a series of gold derivative transactions in connection with the take-over bid for Cumberland in February 2007. Prior to announcement of the take-over bid by Agnico-Eagle, Cumberland secured a gold loan facility for up to 420,000 ounces. As part of the condition of the gold loan, Cumberland entered into a series of derivative transactions to secure a minimum monetized value for the gold that was expected to be received under the gold loan. Cumberland entered into a zero-cost collar whereby a gold put option was bought with a strike price of C\$605 per ounce. The cost of the put option was financed by the sale of a gold call option with a strike price of \$800 per ounce. Both of Cumberland's derivative positions were for 420,000 ounces of gold and matured on September 20, 2007, the expected drawdown date of the loan. As Agnico-Eagle's policy is to not sell forward gold production, Agnico-Eagle entered into a series of transactions to neutralize Cumberland's derivative position. Accordingly, Agnico-Eagle purchased call options and sold put options with the exact same size, strike price and maturity as Cumberland's derivative position for \$15.9 million. All derivative positions were extinguished in late June 2007.

The allocation of the total purchase price for the 100% owned by the Company to the fair values of assets acquired is set forth in the table below:

Total Purchase Price:	
Purchase price	\$ 536,556
Share of Cumberland previously acquired for cash	9,637
Fair value of options and warrants acquired	18,956
Transaction costs	11,836
	<hr/>
Total purchase price to allocate	\$ 576,985
	<hr/>
Fair Value of Assets Acquired:	
Net working capital acquired (including cash of \$96,043)	\$ 81,704
Plant and equipment	40,238
Other net liabilities	(1,399)
Mining properties	736,197
Future income tax liability	(279,755)
	<hr/>
Total purchase price	\$ 576,985
	<hr/>

Pro forma results of operations for Agnico-Eagle assuming the acquisition of Cumberland described above had occurred as of January 1, 2006 are shown below. On a pro forma basis, there would have been no effect on Agnico-Eagle's consolidated revenues.

	Unaudited	
	2007	2006
	<hr/>	<hr/>
Pro forma net income	\$ 124,393	\$ 167,435
Pro forma income per share — basic	\$ 0.96	\$ 1.30

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2007	2006
	<hr/>	<hr/>
Trade payables	\$ 58,438	\$ 28,243
Wages payable	7,043	3,450
Accrued liabilities	33,040	10,845
Current portion of capital lease obligation	9,706	—
	<hr/>	<hr/>
	\$ 108,227	\$ 42,538
	<hr/>	<hr/>

11. RELATED PARTY TRANSACTIONS

As at December 31, 2007, the total indebtedness of Contact to the Company was nil (2006 — \$3.5 million) including accrued interest to December 31, 2007 of nil (2006 — \$0.1 million).

Contact was a consolidated entity of the Company for the year ended December 31, 2002. As of August 2003, the Company ceased consolidating Contact as the Company's investment no longer represented a "controlling financial interest".

The loan was originally advanced for the purpose of funding ongoing exploration and operating activities. The loan was repayable on demand with a rate of interest on the loan of 8% per annum. The Company, however, waived the interest on this loan commencing May 13, 2002.

In 2006, the Company tendered its 13.8 million Contact shares in conjunction with Stornoway's offer to acquire all of the outstanding shares of Contact. Under the terms of the offer, each share of Contact was exchanged for 0.36 of a Stornoway share resulting in the receipt by the Company of 4,968,747 Stornoway shares.

A \$4.4 million gain on the exchange of shares was recognized and a gain of \$2.9 million was recognized on the write-up of the loan to Contact during 2006. In addition, Agnico-Eagle subscribed to a private placement of subscription receipts by Stornoway for a total cost of \$19.8 million.

On January 26, 2007, the Company entered into a note assignment agreement with Stornoway. The agreement resulted in Stornoway acquiring the debt in full by way of assignment of the note in consideration for the issuance to the Company of 3,207,861 common shares of Stornoway at a deemed value of C\$1.25 per share on February 12, 2007.

In addition, on March 16, 2007, the Company purchased from Stornoway C\$5 million in unsecured Series A Convertible Debentures and C\$5 million in unsecured Series B Convertible Debentures. Both series of debentures mature two years after their date of issue and interest is payable under the debentures quarterly at 12% per annum. At the option of Stornoway, interest payments may be paid in cash or in shares of Stornoway. On the maturity date, the principal amount of the Series A Debentures may be repaid in cash or shares at Stornoway's election and the Series B Debentures must be repaid in cash or shares at the Company's election. During 2007, the interest payments to the Company consisted of \$0.6 million in cash and 302,450 shares in Stornoway.

12. COMMITMENTS AND CONTINGENCIES

The Company was served with a Statement of Claim on April 30, 2007 from a former employee, alleging, among other things, wrongful dismissal and seeking damages of approximately C\$13.1 million. The Company believes this claim is frivolous and without merit and will vigorously defend the matter, and therefore, no provision for this contingency has been recorded.

The Company is involved in a legal proceeding in Sweden relating to the compulsory acquisition procedures under Swedish law (note 9(a)); and the Company has been required to provide financial assurance in the form of a bank guarantee. As of December 31, 2007, the amount of this guarantee was \$3.2 million.

As part of its ongoing business and operations, the Company has been required to provide assurance in the form of letters of credit for environmental and site restoration costs, custom credits, government grants and other general corporate purposes. As at December 31, 2007, the total amount of these guarantees was \$23.0 million.

The Company has a royalty agreement with the Finnish Government relating to the Kittila mining operation. Starting 12 months after the mining operations commence, the Company has to pay 2% on net smelter return, defined as revenue less processing costs. The royalty is paid on a yearly basis the following year.

13. LEASES

(a) Capital Leases

The Company has agreements with third-party providers of mobile equipment for the development of the mines in Meadowbank, Canada, and in Kittila, Finland. These arrangements represent capital leases in accordance with the guidance in FAS 13. The leases for mobile equipment in Finland are for five years and the leases for mobile equipment in Canada are for three years. The effective annual interest rate on the lease for mobile equipment in Canada is 5.80%. The effective annual interest rate on the lease for mobile equipment in Finland is 4.99%. Amortization of capital lease expenses will start when mining commences.

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of December 31, 2007.

Year ending December 31:		
2008	\$	9,706
2009		4,914
2010		620
2011		620
2012		1,664
Later years		—
Total minimum lease payments		17,524
Less amount representing interest		(1,353)
Present value of net minimum lease payments		16,171

The Company's capital lease obligation at December 31 is comprised as follows:

	2007	2006
Total future lease payments	\$ 17,524	\$ —
Less: Interest	(1,353)	—
	16,171	—
Less: Current portion	9,706	—
Long-term portion of capital leases	6,465	—

(b) *Operating Leases*

The Company has a number of operating lease agreements involving office space. Some of the leases for office facilities contain escalation clauses for increases in operating costs and property taxes. Future minimum lease payments required to meet obligations that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2007 are as follows:

Minimum lease payments:

2008	1.2
2009	1.2
2010	1.2
2011	1.2
2012	1.2
Thereafter	9.3
Total	15.3

14. RESTRICTED CASH

The Company has provided security to support an outstanding letter of credit made available to the Company for the purchase of mining equipment. The letter of credit to expires in April, 2008.

15. FINANCIAL INSTRUMENTS

Agnico-Eagle has in the past entered into financial instruments with a number of financial institutions in order to hedge underlying revenue, cost and fair value exposures arising from commodity prices, interest rates and foreign currency exchange rates.

In 2007, financial instruments which have subjected Agnico-Eagle to market risk and concentration of credit risk consisted primarily of cash, cash equivalents and short-term investments. Agnico-Eagle places its cash and cash equivalents and short-term investments in high quality securities issued by government agencies, financial institutions and major corporations and limits the amount of credit exposure by diversifying its holdings.

Agnico-Eagle's risk management policy has attempted to mitigate the risks associated with fluctuating metal prices and foreign exchange rates. Agnico-Eagle has used over-the-counter put and call option metals and foreign exchange contracts to hedge its net revenues from mining operations and costs of production, respectively. These instruments were straightforward contracts and involve limited complexity. Agnico-Eagle was exposed to credit risk in the event of non-performance by counterparties in connection with its currency and metal option contracts. Agnico-Eagle did not obtain any security to support financial instruments subject to credit risk, but mitigated the risk by dealing with a diverse group of creditworthy counterparties and, accordingly, does not anticipate loss for non-performance. The Company continually monitors the market risk of its hedging activities.

Gold put option contracts

Agnico-Eagle's portfolio of gold put option contracts was entered into to establish a minimum price which the Company will receive from the sale of its gold production. The contracts expired monthly based on planned production volumes. These instruments had been designated as hedges under the criteria established by FAS 133 and FAS 138 on accounting for derivative financial instruments and hedging. At December 31, 2001, these option contracts did not qualify as a designated hedge under FAS 133. Accordingly, changes in fair value were recognized as part of the Company's net loss. On January 1, 2002, the Company implemented a new treasury management system that complied with the new documentation requirements of FAS 133. As a result, these option contracts qualified for hedge accounting and from 2002 onwards, changes in the fair value of these option contracts were recognized as part of other comprehensive income (loss).

Gains and losses on gold put option contracts are reclassified from accumulated other comprehensive income (loss) to income in the same period the forecasted transaction affects income. Although the gold put option contracts were liquidated in 2005, the accumulated loss on these contracts remained in accumulated other comprehensive income (loss) and have been reclassified to income based on the original maturities of these contracts. In 2007, the Company reclassified a loss of \$1.7 million relating to its gold put option contracts to income resulting in a \$nil balance in accumulated other comprehensive loss at year-end.

Silver and base metal option contracts

In January 2005, the Company purchased silver put options with a strike price of \$7.00 per ounce and also sold copper call options with a strike price of \$3,310 per tonne. The Company sold forward zinc production at a weighted average price of \$1,263 per tonne and entered into a zero-cost collar to set a minimum zinc price of \$1,215. While setting a minimum price, the zero-cost collar strategy also limits participation to zinc prices above \$1,480. In December 2005, the entire 2006 zinc collar position was collapsed at a cost of \$3.5 million. These contracts did not qualify for hedge accounting under FAS 133.

Foreign exchange, metals, and interest rate hedging program

Agnico-Eagle generates almost all of its revenues in US dollars. The Company's Canadian operations, which include the LaRonde Mine and the Goldex and Lapa mine projects, have Canadian dollar requirements for capital, operating and exploration expenditures. Agnico-Eagle entered into a series of put and call option contracts to hedge a monthly sum of Canadian dollar expenditures based on forecasted Canadian dollar requirements. The Company's written put options did not qualify for hedge accounting and thus were not designated as hedging instruments. As such, changes in fair value for these instruments were recorded in net income. These instruments were entered into to set a range for the US dollar, along with the zero-cost collar of purchased put options and written call options.

In December 2005, the Company's entire foreign exchange derivative position was collapsed generating cash flow of \$4.1 million. As a result of this transaction, Agnico-Eagle had no foreign exchange derivative positions at December 31, 2005. In 2006 however, the Company reclassified a gain of \$4.1 million relating to its foreign exchange derivative contracts to income. As at December 31, 2006 the remaining balance in accumulated other comprehensive income was \$nil.

As at December 31, 2007, there were no metal or foreign exchange derivative positions.

Other required derivative disclosures can be found in note 6(d), "Accumulated other comprehensive income (loss)", and information regarding the Company's interest rate derivatives can be found in note 4(a), "Convertible subordinated debentures".

Agnico-Eagle's exposure to interest rate risk at December 31, 2007 relates to its cash, cash equivalents and short term investments of \$396 million (2006 — \$459 million). The Company's short-term investments and cash equivalents have a fixed weighted average interest rate of 5.14% (2006 — 4.89%).

The fair values of Agnico-Eagle's current financial assets and liabilities approximate their carrying values as at December 31, 2007.

ITEM 19. EXHIBITS

Exhibits and Exhibit Index. The following Exhibits are filed as part of this Annual Report and incorporated herein by reference to the extent applicable.

Exhibit Index

Exhibit No.	Description	
1.01	By-laws of the Registrant, as amended, (incorporated by reference to Exhibit 99F to the Registrant's Annual Report on Form 20-F (File No. 001-13422) for the fiscal year ended December 31, 2003, as filed with the SEC on May 18, 2004).	*
1.02	Articles of Amalgamation of the Registrant.	*
4.01	Credit Agreement dated January 10, 2008.	*
4.02	Form of Trust Indenture (incorporated by reference to Exhibit 7.1 to the Registrant's Registration Statement on Form F-10/A (File No. 333-100902) filed with the SEC on November 8, 2002).	*
4.03	Form of Warrant Indenture (incorporated by reference to Exhibit 7.1 to the Registrant's Registration Statement on Form F-10/A (File No. 333-100850) filed with the SEC on November 6, 2002).	*
4.05	Amended and Restated Stock Option Plan (incorporated by reference to Exhibit 99.1 to the Registrant's Registration Statement on Form S-8) (File No. 333-130339), filed with the SEC on December 15, 2005).**	*
4.06	Amended and Restated Incentive Share Purchase Plan (incorporated by reference to Exhibit 99.2 to the Registrant's Registration Statement on Form S-8) (File No. 333-130339), filed with the SEC on December 15, 2005).**	*
8.01	List of subsidiaries of the Registrant.	*
11.01	Code of Ethics (incorporated by reference to Exhibit 2 to the Registrant's Form 6-K filed December 13, 2005).	*
12.01	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Subsections (A) and (B) of Section 1350, Chapter 63 of Title 18, United States Code)(Sean Boyd).	*
12.02	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Subsections (A) and (B) of Section 1350, Chapter 63 of Title 18, United States Code)(David Garofalo).	*
13.01	Certification pursuant to Title 18, United States Code, Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Sean Boyd).***	*
13.02	Certification pursuant to Title 18, United States Code, Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (David Garofalo).***	*
15.01	Consent of Independent Registered Public Accounting Firm.	*
15.02	Audit Committee Charter (incorporated by reference to Exhibit 15.04 to the Registrant's Annual Report on Form 20-F for the year ended December 31, 2005) (File No. 1-13422), filed with the SEC on March 27, 2006).	*

* Such exhibits and other information filed by the Company with the SEC are available to shareholders upon request at the SEC's public reference section or may be inspected and copied at prescribed rates at the public reference facilities maintained by the SEC located at 110 F Street, N.E., Room 1580, Washington, D.C. 20549, U.S.A.

** Management contracts or arrangements

*** Pursuant to the SEC Release No. 33-8212, this certification will be treated as "accompanying" this Annual Report on Form 20-F and not "filed" as part of such report for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of Section 18 of the Exchange Act, and this certification will not be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

Toronto, Canada
March 14, 2008

AGNICO-EAGLE MINES LIMITED

By: /s/ DAVID GAROFALO

David Garofalo
*Senior Vice President, Finance and
Chief Financial Officer*

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dollars, US GAAP basis)

AGNICO-EAGLE MINES LIMITED CONSOLIDATED STATEMENTS OF CASH FLOWS (thousands of United States dollars, US GAAP basis)

AGNICO-EAGLE MINES LIMITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (thousands of United States dollars except per share amounts, unless otherwise indicated) December 31, 2007

SIGNATURES

ARTICLES OF AMALGAMATION
STATUTS DE FUSION

1. The name of the amalgamated corporation is: *Dénomination sociale de la société issue de la fusion:*

A / G / N / I / C / O / - / E / A / G / L / E / M / I / N / E / S / L / I / M / I / T / E / D / M / I / N / E / S
A / G / N / I / C / O / - / E / A / G / L / E / L / I / M / I / T / É / E / / / / / / / / / / /
/
/ /

2. The address of the registered office is: *Adresse du siège social:*

145 King Street East, Suite 400
 (Street & Number or R.R. Number & if Multi-Office Building give Room No.)
(Rue et numéro, ou numéro de la R.R. et, s'il s'agit d'un édifice à bureau, numéro du bureau)

Toronto, Ontario */M/ 5 / C / 2 / Y / 7 /*
 (Name of Municipality or Post Office) (Postal Code)
(Nom de la municipalité ou du bureau de poste) (Code Postal)

<u>City of Toronto</u>	in	<u>Municipality of Metropolitan Toronto</u>
(Name of Municipality, Geographic Township)		(County, District or Regional Municipality)
<i>(nom de la municipalité, du ou du bureau de poste)</i>	<i>dans le/la</i>	<i>(Comté, district, municipalité régionale)</i>

3. Number (or minimum and maximum number) of directors is: *Nombre (ou nombres minimal et maximal) d'administrateurs:*

a minimum of 5 and a maximum of 12

4. The director(s) is/are: *Administrateur(s):*

		Resident Canadian State Yes or No
First name, initials and last name	Residence address, giving Street & No. or R.R. No., Municipality and Postal Code	
<i>Prénom, autre prenom et nom de famille</i>	<i>Adresse personnelle, y compris la rue et le numéro, le numéro de la R.R., le nom de la municipalité et le code postal</i>	<i>Résident Canadien Oui/Non</i>

see page 1A attached

First name, initials and last name	Residence address	Resident Canadian Yes or No
Pertti Voutilainen	[* * *]	No
Leanne Baker	[* * *]	No
Douglas R. Beaumont	[* * *]	Yes
Sean Boyd	[* * *]	Yes
Bernard Kraft	[* * *]	Yes
Mel Leiderman	[* * *]	Yes
James D. Nasso	[* * *]	Yes
Eberhard Scherkus	[* * *]	Yes
Howard Stockford	[* * *]	Yes

[* * *] Private information of individuals redacted from form above.



5. A) The amalgamation agreement has been duly adopted by the shareholders of each of the amalgamating corporations as required by subsection 176(4) of the *Business Corporations Act* on the date set out below. ☐ A *Les actionnaires de chaque société qui fusionne ont dûment adopté la convention de fusion conformément au paragraphe 176(4) de la Loi sur les sociétés par actions à la date mentionnée ci-dessous.*
- Check
A or B
- B) The amalgamation has been approved by the directors of each amalgamating corporation by a resolution as required by section 177 of the *Business Corporations Act* on the date set out below. The articles of amalgamation in substance contain the provisions of the articles of incorporation of ☒ B) *Les administrateurs de chaque sociétés qui fusionne ont approuvé la fusion par voie de résolution conformément à l'article 177 de la Loi sur les sociétés par actions à la date mentionnée ci-dessous. Les statuts de fusion reprennent essentiellement les dispositions des statuts constitutifs de*
- Cocher
A ou B

AGNICO-EAGLE MINES LIMITED/MINES AGNICO-EAGLE LIMITÉE

and are more particularly set out in these articles.

et sont énoncée textuellement aux présents statuts.

Names of amalgamating corporations

Dénomination sociale des compagnies qui fusionnent	Ontario Corporation Number Numéro de la société en Ontario	Date of Adoption/Approval Date d'adoption ou d'approbation
Agnico-Eagle Mines Limited/Mines Agnico-Eagle Limitée	1495447	2007-Jul-27
Cumberland Resources Ltd.	528134	2007-Jul-27
Agnico-Eagle Acquisition Corporation	1740720	2007-Jul-27
Meadowbank Mining Corporation	1740721	2007-Jul-27

6. Restrictions, if any, on business the corporation may carry on or on powers the corporation exercises:

Limites, s'il y a lieu, imposées aux activités commerciales ou aux pouvoirs de la société:

none

7. The classes and any maximum number of shares that the corporation is authorized to issue;

Catégories et nombre maximal, s'il y a lieu, d'actions que le société est autorisée à émettre:

The Corporation is authorized to issue an unlimited number of shares of one class designated as common shares.

8. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series:

Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions qui peut être émise en série :

The holders of the common shares are entitled:

- (a) to vote at all meetings of shareholders; and
 - (b) to receive the remaining property of the Corporation upon dissolution.
-

9. The issue, transfer or ownership of shares is/is not restricted and the restrictions (if any) are as follows:

L'émission, le transfert ou la propriété d'actions est/n'est pas restreinte. Les restrictions, s'il y a lieu, sont les suivantes :

not applicable

10. Other provisions, (if any):

Autres dispositions, s'il y a lieu:

The board of directors may from time to time, in such amounts and on such terms as it deems expedient:

- (a) borrow money on the credit of the Corporation;
- (b) issue, sell or pledge debt obligations (including bonds, debentures, notes or other similar obligations, secured or unsecured) of the Corporation;
- (c) charge, mortgage, hypothecate or pledge all or any of the currently-owned or subsequently-acquired real or personal, moveable or immoveable, property of the Corporation, including book debts, rights, powers, franchises and undertaking to secure any debt obligations or any money borrowed, or other debt or liability of the Corporation.

The board of directors may from time to time delegate to such one or more of the directors and officers of the Corporation as may be designated by the board all or any of the powers conferred on the board above to such extent and in such manner as the board shall determine at the time of each such delegation.

The English Form "Agnico-Eagle Mines Limited" and the French Form "Mines Agnico-Eagle Limitée" of the name of the Corporation are equivalent and are used separately.

11. The statements required by subsection 178(2) of the Business Corporations Act are attached as Schedule "A".

Les déclarations exigées aux termes du paragraphe 178(2) de la Loi sur les sociétés constituent l'annexe "A".

12. A copy of the amalgamation agreement or directors resolutions (as the case may be) is/are attached as Schedule "B".

Une copie de la convention de fusion ou les résolutions des administrateurs (selon la cas) constitue(nt) l'annexe "B".

These articles are signed in duplicate.

Les présents statuts sont signés en double exemplaire.

Names of the amalgamating corporations and signatures and descriptions of the office of their proper officers.

Dénomination sociale des sociétés qui fusionnent, signature et fonction de leurs dirigeants régulièrement désignés.

**AGNICO-EAGLE MINES LIMITED/MINES
AGNICO-EAGLE LIMITÉE**

by: /s/ ROBERT GREGORY LAING
Robert Gregory Laing
General Counsel, Senior
Vice-President, Legal and
Corporate Secretary

CUMBERLAND RESOURCES LTD.

by: /s/ ROBERT GREGORY LAING
Robert Gregory Laing
Director

AGNICO-EAGLE ACQUISITION CORPORATION

By: /s/ ROBERT GREGORY LAING
Robert Gregory Laing
Director

**MEADOWBANK MINING
CORPORATION**

By: /s/ ROBERT GREGORY LAING
Robert Gregory Laing
Director

SCHEDULE A

**STATEMENT OF DIRECTOR OR OFFICER
PURSUANT TO SUBSECTION 178(2) OF
THE *BUSINESS CORPORATIONS ACT* (ONTARIO)**

I, Robert Gregory Laing, of the Town of Oakville, in the Province of Ontario, hereby state as follows:

1. This Statement is made pursuant to subsection 178(2) of the *Business Corporations Act* (Ontario) (the “Act”).
2. I am the director, President and Secretary of Agnico-Eagle Acquisition Corporation (the “Corporation”) and as such have knowledge of its affairs.
3. I have conducted such examinations of the books and records of the Corporation as are necessary to enable me to make the statements set forth below.
4. There are reasonable grounds for believing that:
 - (a) the Corporation is and the corporation to be formed by the amalgamation (the “Amalgamation”) of the Corporation, Agnico-Eagle Mines Limited/Mines Agnico-Eagle Limitée, Meadowbank Mining Corporation and Cumberland Resources Ltd. will be able to pay its liabilities as they become due; and
 - (b) the realizable value of such amalgamated corporation’s assets will not be less than the aggregate of its liabilities and stated capital of all classes.
5. There are reasonable grounds for believing that no creditor of the Corporation will be prejudiced by the Amalgamation.
6. The Corporation has not been notified by any creditor that it objects to the Amalgamation.

This Statement is made this 27th day of July, 2007.

/s/ Robert Gregory Laing
Robert Gregory Laing

SCHEDULE A

STATEMENT OF DIRECTOR OR OFFICER PURSUANT TO SUBSECTION 178(2) OF THE *BUSINESS CORPORATIONS ACT* (ONTARIO)

I, Robert Gregory Laing, of the Town of Oakville, in the Province of Ontario, hereby state as follows:

1. This Statement is made pursuant to subsection 178(2) of the *Business Corporations Act* (Ontario) (the “Act”).
2. I am the director, President and Secretary of Meadowbank Mining Corporation (the “Corporation”) and as such have knowledge of its affairs.
3. I have conducted such examinations of the books and records of the Corporation as are necessary to enable me to make the statements set forth below.
4. There are reasonable grounds for believing that:
 - (a) the Corporation is and the corporation to be formed by the amalgamation (the “Amalgamation”) of the Corporation, Agnico-Eagle Mines Limited/Mines Agnico-Eagle Limitée, Agnico-Eagle Acquisition Corporation and Cumberland Resources Ltd. will be able to pay its liabilities as they become due; and
 - (b) the realizable value of such amalgamated corporation’s assets will not be less than the aggregate of its liabilities and stated capital of all classes.
5. There are reasonable grounds for believing that no creditor of the Corporation will be prejudiced by the Amalgamation.
6. The Corporation has not been notified by any creditor that it objects to the Amalgamation.

This Statement is made this 27th day of July, 2007.

/s/ Robert Gregory Laing
Robert Gregory Laing

SCHEDULE A

STATEMENT OF DIRECTOR OR OFFICER PURSUANT TO SUBSECTION 178(2) OF THE *BUSINESS CORPORATIONS ACT* (ONTARIO)

I, Robert Gregory Laing, of the Town of Oakville, in the Province of Ontario, hereby state as follows:

1. This Statement is made pursuant to subsection 178(2) of the *Business Corporations Act* (Ontario) (the "Act").
2. I am the director, President and Secretary of Cumberland Resources Ltd. (the "Corporation") and as such have knowledge of its affairs.
3. I have conducted such examinations of the books and records of the Corporation as are necessary to enable me to make the statements set forth below.
4. There are reasonable grounds for believing that:
 - (a) the Corporation is and the corporation to be formed by the amalgamation (the "Amalgamation") of the Corporation, Agnico-Eagle Mines Limited/Mines Agnico-Eagle Limitée, Agnico-Eagle Acquisition Corporation and Meadowbank Mining Corporation will be able to pay its liabilities as they become due; and
 - (b) the realizable value of such amalgamated corporation's assets will not be less than the aggregate of its liabilities and stated capital of all classes.
5. There are reasonable grounds for believing that no creditor of the Corporation will be prejudiced by the Amalgamation.
6. The Corporation has not been notified by any creditor that it objects to the Amalgamation.

This Statement is made this 27th day of July, 2007.

/s/ Robert Gregory Laing
Robert Gregory Laing

SCHEDULE A

STATEMENT OF DIRECTOR OR OFFICER PURSUANT TO SUBSECTION 178(2) OF THE *BUSINESS CORPORATIONS ACT* (ONTARIO)

I, Robert Gregory Laing, of the Town of Oakville, in the Province of Ontario, hereby state as follows:

1. This Statement is made pursuant to subsection 178(2) of the *Business Corporations Act* (Ontario) (the "Act").
2. I am the General Counsel, Senior Vice-President, Legal and Corporate Secretary of Agnico-Eagle Mines Limited/Mines Agnico-Eagle Limitée (the "Corporation") and as such have knowledge of its affairs.
3. I have conducted such examinations of the books and records of the Corporation as are necessary to enable me to make the statements set forth below.
4. There are reasonable grounds for believing that:
 - (a) the Corporation is and the corporation to be formed by the amalgamation (the "Amalgamation") of the Corporation, Meadowbank Mining Corporation, Agnico-Eagle Acquisition Corporation and Cumberland Resources Ltd. will be able to pay its liabilities as they become due; and
 - (b) the realizable value of such amalgamated corporation's assets will not be less than the aggregate of its liabilities and stated capital of all classes.
5. There are reasonable grounds for believing that no creditor of the Corporation will be prejudiced by the Amalgamation.
6. The Corporation has not been notified by any creditor that it objects to the Amalgamation.

This Statement is made this 27th day of July, 2007.

/s/ Robert Gregory Laing
Robert Gregory Laing

SCHEDULE B

RESOLUTION OF THE DIRECTORS
OF
AGNICO-EAGLE MINES LIMITED/MINES AGNICO-EAGLE LIMITÉE

“AMALGAMATION WITH AGNICO-EAGLE ACQUISITION CORPORATION,
CUMBERLAND RESOURCES LTD. AND MEADOWBANK MINING CORPORATION

WHEREAS subsection 177(1) of the *Business Corporations Act* (Ontario) (the “Act”) permits a holding corporation and one or more of its subsidiary corporations to amalgamate and continue as one corporation without complying with sections 175 and 176 of the Act;

AND WHEREAS Agnico-Eagle Acquisition Corporation (“Acquisition”), Cumberland Resources Ltd. (“Cumberland”) and Meadowbank Mining Corporation (“Meadowbank”) are subsidiary corporations of AGNICO-EAGLE MINES LIMITED/MINES AGNICO-EAGLE LIMITÉE (the “Corporation”);

AND WHEREAS it is considered desirable and in the best interests of the Corporation that the Corporation and each of Acquisition, Cumberland and Meadowbank amalgamate and continue as one corporation pursuant to subsection 177(1) of the Act;

IT IS RESOLVED THAT:

1. the amalgamation (the “Amalgamation”) of the Corporation, Acquisition, Cumberland and Meadowbank pursuant to the provisions of subsection 177(1) of the Act is hereby approved;
 2. upon the Amalgamation becoming effective, all the shares (whether issued or unissued) of Acquisition, Cumberland and Meadowbank shall be cancelled without any repayment of capital in respect thereof;
 3. except as may be prescribed by the Regulation under the Act, the articles of amalgamation of the corporation (the “Amalgamated Corporation”) continuing from the Amalgamation shall be the same as the articles of the Corporation;
-

4. upon the Amalgamation becoming effective, the by-law of the Corporation as in effect immediately prior to the Amalgamation shall be the by-law of the Amalgamated Corporation;
5. no securities shall be issued and no assets shall be distributed by the Amalgamated Corporation in connection with the Amalgamation;
6. any director or officer of the Corporation is hereby authorized and directed, for an in the name of and on behalf of the Corporation, to execute (whether under the corporate seal of the Corporation or otherwise) and deliver all such agreements, instruments, certificates and other documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable in connection with the Amalgamation, including the execution and delivery to the Director appointed under the Act of articles of amalgamation in the prescribed form in respect of the Amalgamation, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.”

The undersigned General Counsel, Senior Vice-President, Legal and Corporate Secretary of AGNICO-EAGLE MINES LIMITED/MINES AGNICO-EAGLE LIMIT É E (the “Corporation”) hereby certifies that the foregoing is a true and correct copy of a resolution passed by the directors of the Corporation on July 27, 2007, which resolution is in full force and effect as of the date hereof, unamended.

DATED July 27, 2007.

/s/ Robert Gregory Laing
Robert Gregory Laing
General Counsel, Senior Vice-
President, Legal and Corporate
Secretary

SCHEDULE B

RESOLUTION OF THE DIRECTOR OF CUMBERLAND RESOURCES LTD.

AMALGAMATION WITH AGNICO-EAGLE MINES LIMITED/MINES AGNICO-EAGLE LIMITÉE, AGNICO-EAGLE ACQUISITION CORPORATION AND MEADOWBANK MINING CORPORATION

WHEREAS subsection 177(1) of the *Business Corporations Act* (Ontario) (the “Act”) permits a holding corporation and one or more of its subsidiary corporations to amalgamate and continue as one corporation without complying with sections 175 and 176 of the Act;

AND WHEREAS CUMBERLAND RESOURCES LTD. (the “Corporation”) is a subsidiary corporation of Agnico-Eagle Mines Limited/Mines Agnico-Eagle Limitée (“Agnico”) and Agnico-Eagle Acquisition Corporation (“Acquisition”);

AND WHEREAS it is considered desirable and in the best interests of the Corporation that the Corporation and each of Acquisition, Agnico and Meadowbank Mining Corporation (“Meadowbank”) amalgamate and continue as one corporation pursuant to subsection 177(1) of the Act;

IT IS RESOLVED THAT:

1. the amalgamation (the “Amalgamation”) of the Corporation, Acquisition, Meadowbank and Agnico pursuant to the provisions of subsection 177(1) of the Act is hereby approved;
 2. upon the Amalgamation becoming effective, all the shares (whether issued or unissued) of the Corporation shall be cancelled without any repayment of capital in respect thereof;
 3. except as may be prescribed by the Regulation under the Act, the articles of amalgamation of the corporation (the “Amalgamated Corporation”) continuing from the Amalgamation shall be the same as the articles of Agnico;
-

4. upon the Amalgamation becoming effective, the by-law of Agnico as in effect immediately prior to the Amalgamation shall be the by-law of the Amalgamated Corporation;
5. no securities shall be issued and no assets shall be distributed by the Amalgamated Corporation in connection with the Amalgamation; and
6. any director or officer of the Corporation is authorized and directed, for and in the name of and on behalf of the Corporation, to execute (whether under the corporate seal of the Corporation or otherwise) and deliver all such agreements, instruments, certificates and other documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable in connection with the Amalgamation, including the execution and delivery to the Director appointed under the Act of articles of amalgamation in the prescribed form in respect of the Amalgamation, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.

The undersigned, being the sole director of CUMBERLAND RESOURCES LTD., passes the foregoing resolution pursuant to the *Business Corporations Act* (Ontario).

DATED July 27, 2007.

/s/ Robert Gregory Laing
Robert Gregory Laing

SCHEDULE B

RESOLUTION OF THE DIRECTOR OF AGNICO-EAGLE ACQUISITION CORPORATION

AMALGAMATION WITH AGNICO-EAGLE MINES LIMITED/MINES AGNICO-EAGLE LIMITÉE, MEADOWBANK MINING CORPORATION AND CUMBERLAND RESOURCES LTD.

WHEREAS subsection 177(1) of the *Business Corporations Act* (Ontario) (the “Act”) permits a holding corporation and one or more of its subsidiary corporations to amalgamate and continue as one corporation without complying with sections 175 and 176 of the Act;

AND WHEREAS AGNICO-EAGLE ACQUISITION CORPORATION (the “Corporation”) is a wholly-owned subsidiary corporation of AGNICO-EAGLE MINES LIMITED/MINES AGNICO-EAGLE LIMITÉE (“Agnico”);

AND WHEREAS it is considered desirable and in the best interests of the Corporation that the Corporation and each of Meadowbank Mining Corporation (“Meadowbank”), Agnico and Cumberland Resources Ltd. (“Cumberland”) amalgamate and continue as one corporation pursuant to subsection 177(1) of the Act;

IT IS RESOLVED THAT:

1. the amalgamation (the “Amalgamation”) of the Corporation, Meadowbank, Cumberland and Agnico pursuant to the provisions of subsection 177(1) of the Act is hereby approved;
 2. upon the Amalgamation becoming effective, all the shares (whether issued or unissued) of the Corporation shall be cancelled without any repayment of capital in respect thereof;
 3. except as may be prescribed by the Regulation under the Act, the articles of amalgamation of the corporation (the “Amalgamated Corporation”) continuing from the Amalgamation shall be the same as the articles of Agnico;
-

4. upon the Amalgamation becoming effective, the by-law of Agnico as in effect immediately prior to the Amalgamation shall be the by-law of the Amalgamated Corporation;
5. no securities shall be issued and no assets shall be distributed by the Amalgamated Corporation in connection with the Amalgamation; and
6. any director or officer of the Corporation is hereby authorized and directed, for and in the name of and on behalf of the Corporation, to execute (whether under the corporate seal of the Corporation or otherwise) and deliver all such agreements, instruments, certificates and other documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable in connection with the Amalgamation, including the execution and delivery to the Director appointed under the Act of articles of amalgamation in the prescribed form in respect of the Amalgamation, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.

The undersigned, being the sole director of AGNICO-EAGLE ACQUISITION CORPORATION, passes the foregoing resolution pursuant to the *Business Corporations Act* (Ontario).

DATED July 27, 2007.

/s/ Robert Gregory Laing
Robert Gregory Laing

SCHEDULE B

RESOLUTION OF THE DIRECTOR OF MEADOWBANK MINING CORPORATION

AMALGAMATION WITH AGNICO-EAGLE MINES LIMITED/MINES AGNICO-EAGLE LIMITÉE, AGNICO-EAGLE ACQUISITION CORPORATION AND CUMBERLAND RESOURCES LTD.

WHEREAS subsection 177(1) of the *Business Corporations Act* (Ontario) (the “Act”) permits a holding corporation and one or more of its subsidiary corporations to amalgamate and continue as one corporation without complying with sections 175 and 176 of the Act;

AND WHEREAS MEADOWBANK MINING CORPORATION (the “Corporation”) is a wholly-owned subsidiary corporation of CUMBERLAND RESOURCES LTD. (“Cumberland”);

AND WHEREAS it is considered desirable and in the best interests of the Corporation that the Corporation and each of Agnico-Eagle Acquisition Corporation (“Acquisition”), Agnico-Eagle Mines Limited/Mines Agnico-Eagle Limitée (“Agnico”) and Cumberland amalgamate and continue as one corporation pursuant to subsection 177(1) of the Act;

IT IS RESOLVED THAT:

1. the amalgamation (the “Amalgamation”) of the Corporation, Acquisition, Cumberland and Agnico pursuant to the provisions of subsection 177(1) of the Act is hereby approved;
 2. upon the Amalgamation becoming effective, all the shares (whether issued or unissued) of the Corporation shall be cancelled without any repayment of capital in respect thereof;
 3. except as may be prescribed by the Regulation under the Act, the articles of amalgamation of the corporation (the “Amalgamated Corporation”) continuing from the Amalgamation shall be the same as the articles of Agnico;
-

4. upon the Amalgamation becoming effective, the by-law of Agnico as in effect immediately prior to the Amalgamation shall be the by-law of the Amalgamated Corporation;
5. no securities shall be issued and no assets shall be distributed by the Amalgamated Corporation in connection with the Amalgamation; and
6. any director or officer of the Corporation is hereby authorized and directed, for and in the name of and on behalf of the Corporation, to execute (whether under the corporate seal of the Corporation or otherwise) and deliver all such agreements, instruments, certificates and other documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable in connection with the Amalgamation, including the execution and delivery to the Director appointed under the Act of articles of amalgamation in the prescribed form in respect of the Amalgamation, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.

The undersigned, being the sole director of MEADOWBANK MINING CORPORATION, passes the foregoing resolution pursuant to the *Business Corporations Act* (Ontario).

DATED July 27, 2007.

/s/ Robert Gregory Laing
Robert Gregory Laing

AGNICO-EAGLE MINES LIMITED
as Borrower

-and-

THE GUARANTORS FROM TIME TO TIME
PARTY TO THIS AGREEMENT
as Guarantors

-and-

THE LENDERS FROM TIME TO TIME
PARTY TO THIS AGREEMENT

-and-

THE BANK OF NOVA SCOTIA
as Co-Lead Arranger and Administrative Agent

-and-

SOCIÉTÉ GÉNÉRALE (CANADA BRANCH)
as Co-Lead Arranger and Syndication Agent

-and-

THE TORONTO-DOMINION BANK
as Documentation Agent

CREDIT AGREEMENT
DATED AS OF JANUARY 10, 2008
US\$300,000,000 CREDIT FACILITIES

BORDEN LADNER GERVAIS LLP
DAVIES WARD PHILLIPS & VINEBERG LLP

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EXHIBIT A - COMMITMENTS

EXHIBIT B - ASSIGNMENT AND ASSUMPTION AGREEMENT

EXHIBIT C - LOAN MARKET DATA TEMPLATE

EXHIBIT D - NOTICE OF BORROWING AND CERTIFICATE

EXHIBIT E - COMPLIANCE CERTIFICATE

EXHIBIT F - ADDITIONAL GUARANTOR AGREEMENT

SCHEDULE A - MATERIAL SUBSIDIARIES

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SCHEDULE C - OTHER SUPPORTED OBLIGATIONS

SCHEDULE D - LITIGATION

SCHEDULE E - EQUITY INTERESTS AND ORGANIZATION STRUCTURE

CREDIT AGREEMENT entered into as of the 10th day of January, 2008

BETWEEN:

AGNICO-EAGLE MINES LIMITED
as Borrower

-and-

1715495 ONTARIO INC.
1641315 ONTARIO INC.
AGNICO-EAGLE (DELAWARE) L.L.C.
AGNICO-EAGLE (DELAWARE) II L.L.C.
AGNICO-EAGLE (DELAWARE) III L.L.C.
AGNICO-EAGLE SWEDEN AB
AGNICO-EAGLE AB
RIDDARHYTTAN RESOURCES AB
AGNICO EAGLE MEXICO S.A. DE C.V.
as Guarantors

-and-

THE LENDERS LISTED ON EXHIBIT A
TO THIS AGREEMENT FROM TIME TO TIME
as Lenders

-and-

THE BANK OF NOVA SCOTIA,
as Administrative Agent

WHEREAS the Borrower wishes to borrow certain amounts from the Lenders and the Lenders have agreed to lend such amounts to the Borrower, subject to and in accordance with the provisions hereof;

NOW THEREFORE for valuable consideration and intending to be legally bound by this Agreement, the parties agree as follows:

1. **INTERPRETATION**

1.1 **Definitions**

The following words and expressions, when used in this Agreement, unless the contrary is stipulated, have the following meaning:

1.1.1 “**Acceptance Date**” has the meaning defined in Section 5.1.1;

- 1.1.2 “**Advance**” means any advance by the Lenders under this Agreement including (a) direct advances of funds by way of Prime Rate Advances, Swing Line Advances, US Base Rate Advances and Libor Advances, (b) indirect advances by way of BA Advances and the issuance of Letters of Credit, (c) any deemed “Advance” hereunder and (d) any renewal, extension, rollover or conversion of any “Advance”; and any reference relating to the amount of “Advances” outstanding under this Agreement means the sum (without duplication) of all outstanding Prime Rate Advances, US Base Rate Advances and Libor Advances, plus the face amount of all outstanding Bankers’ Acceptances and Letters of Credit;
- 1.1.3 “**Affiliate**” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified;
- 1.1.4 “**Agency Fee Letter**” means the confidential letter agreement dated January 10, 2008 between the Agent and the Borrower, providing for the payment of certain agency fees in relation to the Credit Facility;
- 1.1.5 “**Agent**” means The Bank of Nova Scotia, in its capacity as administrative agent for the Lenders;
- 1.1.6 “**Agreement**”, “**herein**”, “**hereby**”, “**hereto**” “**hereunder**” or similar expressions mean this agreement, the recitals hereto and any schedules hereto, as amended, supplemented, restated and replaced from time to time in accordance with the provisions hereof, and not any particular article, section, subsection, paragraph or clause or other portion hereof;
- 1.1.7 “**Applicable Law**” means (a) any domestic or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise), (b) any judgment, order, writ, injunction, decision, ruling, decree or award or (c) any regulatory policy, practice, guideline or directive; in each case, applicable to and binding on the Person referred to in the context in which the term is used or the Property of such Person as a legally enforceable requirement;
- 1.1.8 “**Applicable Margin**” means the relevant percentage set forth in the relevant row of the table in Section 2.8.1;
- 1.1.9 “**Applicable Percentage**” means, with respect to any Lender, the percentage of the total Commitments represented by such Lender’s Commitment; provided however, that if the Commitments have terminated or expired, the “Applicable Percentage” shall be the percentage of the total outstanding Advances, including participations

in respect of Letters of Credit represented by such Lender's outstanding Advances;

- 1.1.10 “**Approved Fund**” means any Person (other than a natural Person) that (a) is or will be engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the Ordinary Course and (b) is administered or managed by a Lender, an Affiliate of a Lender or an entity or an Affiliate of an entity that administers or manages a Lender;
- 1.1.11 “**Arm's Length**” has the meaning given to that term for the purposes of the *Income Tax Act* (Canada) on the date hereof;
- 1.1.12 “**Asset Disposition**” means, with respect to any Obligor, the sale, lease, transfer, assignment or other disposition or alienation of all or any part of the Property now held or subsequently acquired by it (including Equity Interests), or the entering into of any sale-leaseback transaction with respect to its Property or any part thereof;
- 1.1.13 “**Assignee**” means an Eligible Assignee who has entered into an Assignment and Assumption Agreement;
- 1.1.14 “**Assignment**” means an assignment of all or a portion of a Lender's rights and obligations under this Agreement in accordance with Sections 18.2 and 18.3;
- 1.1.15 “**Assignment and Assumption Agreement**” means an agreement substantially in the form of Exhibit B;
- 1.1.16 “**Associate**” has the meaning given to that term in the *Business Corporations Act* (Ontario) on the date hereof;
- 1.1.17 “**Available Proceeds**” has the meaning defined in Section 5.2.3.4;
- 1.1.18 “**BA Advance**” means an Advance in Canadian Dollars which the Borrower has elected to borrow by way of Bankers' Acceptances;
- 1.1.19 “**BA Lender**” means a Lender which is a bank that accepts bankers' acceptances issued in Canada;
- 1.1.20 “**BA Proceeds**” means (a) for a Bankers' Acceptance, an amount calculated on the applicable Drawdown Date by multiplying: (i) the face amount of the Bankers' Acceptance by (ii) the following fraction:

$$\frac{1}{(1 + (\text{Bankers' Acceptance Discount Rate} \times \text{Designated Period (in days)} \div 365))}$$

with such fraction being rounded up or down to the fifth decimal place and .00005 being rounded up, and (b) with respect to Non BA Lenders, the face amount of Discount Notes issued to them, less a discount established in the same manner as provided in clause (a) above (with references to “**Bankers’ Acceptances**” being replaced by references to “**Discount Notes**”);

1.1.21 “**BA Request**” has the meaning defined in subsection 5.1.1;

1.1.22 “**Bankers’ Acceptance**” means a non-interest bearing draft or bill of exchange in Canadian Dollars drawn by the Borrower and accepted by a Lender in accordance with the provisions of Article 5 and includes a Discount Note where the context permits. In cases where the Lenders elect to use a clearinghouse as contemplated by the *Depository Bills and Notes Act* (Canada), “Bankers’ Acceptance” shall mean a depository bill (as defined in such Act) in Canadian Dollars signed by the Borrower and accepted by a Lender. Drafts or bills of exchange that become depository bills may nevertheless be referred to herein as “**drafts**”;

1.1.23 “**Bankers’ Acceptance Discount Rate**” means, as determined by the Agent (a) in respect of Bankers’ Acceptances to be purchased by the Lenders which are Schedule I banks under the Bank Act (Canada), the average rate for Canadian Dollar bankers’ acceptances (rounded up to the nearest 1/100 of 1%) having Designated Periods of one, two, three, or six months quoted on Reuters Service, page CDOR “Canadian Interbank Bid BA Rates” (the “**CDOR Rate**”), having an identical Designated Period to that of the Bankers’ Acceptances to be issued on such day and (b) in respect of Bankers’ Acceptances to be purchased by the Lenders which are Schedule II banks under the Bank Act (Canada) or Schedule III banks under the Bank Act (Canada) which are not subject to the restrictions and requirements referred to in Section 524(2) thereof, and in respect of Discount Notes, the average of the rates for Canadian Dollar bankers’ acceptances quoted by the Schedule II Reference Lenders (rounded up to the nearest 1/100 of 1%), provided that such average rate may not exceed the rate determined under clause (a) by more than 0.10% per annum (in each of cases (a) and (b), the “**Discount Rates**”). In all cases, the Discount Rates shall be quoted at approximately 10:00 a.m. on the Drawdown Date calculated on the basis of a year of 365 days.

In the absence of any such determination, the “Bankers’ Acceptance Discount Rate” which would have been determined in accordance with clause (a) or clause (b) above, respectively, shall be equal to the average of the discount rates for bankers’ acceptances (rounded up to the nearest 1/100 of 1%) of:

(i) in the case of clause (a), the Schedule I Reference Lenders; and

(ii) in the case of clause (b), the Schedule II Reference Lenders,

calculated on the basis of a year of 365 days, established in accordance with their normal practices at 10:00 a.m. on the Drawdown Date, for bankers' acceptances accepted by the Schedule I Reference Lenders or the Schedule II Reference Lenders, as the case may be, in amounts equal to the amount of the BA Advances to be made that day by the Schedule I Reference Lenders or the Schedule II Reference Lenders, as the case may be, having an identical Designated Period to that of the proposed Bankers' Acceptances to be issued on such day, provided that the "Bankers' Acceptance Discount Rate" replacing the rate which would have been determined under clause (b) above shall not exceed the "Bankers' Acceptance Discount Rate" which would have been determined in accordance with clause (a) above by more than 0.10% per annum;

- 1.1.24 " **Banking Day** " means any Business Day except any Business Day in New York, New York which is a holiday or a day upon which banks are authorized or required by Applicable Law or by local proclamation to be closed in New York, New York, provided that, for LIBOR Advances, such Business Day is also a day on which prime banks accept deposits in London, England in the London interbank market;
- 1.1.25 " **Borrower** " means Agnico-Eagle Mines Limited, an Ontario corporation;
- 1.1.26 " **Branch** " means the Global Wholesale Services – Loan Operations department of The Bank of Nova Scotia at 720 King Street West, Third Floor, Toronto, Ontario, M5V 2T3 or such other branch as is designated from time to time by the Agent;
- 1.1.27 " **Business Day** " means any day, except Saturdays, Sundays and any other day which in Toronto, Ontario or Montreal, Quebec is a holiday or a day upon which banks are authorized or required by Applicable Law or by local proclamation to be closed in Toronto, Ontario or Montreal, Quebec;
- 1.1.28 " **Canadian Dollars** " or " **C\$** " means the lawful currency of Canada;
- 1.1.29 " **Capital Lease** " means any lease which is required to be capitalized on a balance sheet of the lessee in accordance with GAAP;
- 1.1.30 " **Capital Lease Obligations** " means, as to any Person, an obligation of such Person to pay rent or other amounts under a Capital Lease and

the amount of such obligation shall be the capitalized amount thereof, determined in accordance with GAAP;

- 1.1.31 “**Capital Reorganization**” means any change in the issued and outstanding Equity Interests of a Person involving the reclassification of such Equity Interests or the conversion of such Equity Interests into, or exchange of such Equity Interests for, cash, securities or other property;
- 1.1.32 “**Cash Equivalents**” means, as of the date of any determination thereof, instruments of the following types:
- 1.1.32.1 obligations of, or unconditionally guaranteed by, the governments of Canada or the USA, or any agency of either of them backed by the full faith and credit of the governments of Canada or the USA, respectively, maturing not more than one year from the date of acquisition;
- 1.1.32.2 marketable direct obligations of the governments of one of the provinces of Canada, one of the states of the USA, or any agency thereof, or of any county, department, municipality or other political subdivision of Canada or the USA, the payment or guarantee of which constitutes a full faith and credit obligation of such province, state, municipality or other political subdivision, which matures not more than one year from the date of acquisition and which, at the time of acquisition, is accorded a short-term credit rating of at least A-1 by S&P, at least P-1 by Moody’s or at least R-1(middle) by DBRS;
- 1.1.32.3 commercial paper, bonds, notes, debentures and bankers’ acceptances issued by a Person residing in Canada or the USA and not referred to in subsections 1.1.32.1, 1.1.32.2 or 1.1.32.4, and maturing not more than one year from the date of issuance which, at the time of acquisition, is accorded a short-term credit rating of at least A-1 by S&P, at least P-1 by Moody’s or at least R-1(middle) by DBRS, and, in respect of Canadian asset-backed commercial paper that is based on a DBRS rating, provided further that such asset-backed commercial paper is issued by a Person appearing on the list of “Global Liquidity Standard for ABCP Issuers” published and maintained by DBRS;
- 1.1.32.4 (a) certificates of deposit maturing not more than one year from the date of issuance thereof, issued by a bank or trust company organized under the laws of the USA, any state thereof, or Canada or any province thereof or (b) Principal Currency certificates of deposit maturing not more than one year from the date of acquisition and issued by a bank in a Principal Jurisdiction; in all cases having capital, surplus and undivided profits aggregating at least US\$500,000,000 (or the equivalent thereof in Canadian Dollars or in the currency of such Principal Jurisdiction) and whose short-term credit rating is, at the time of acquisition, accorded a short-term credit rating of at least A-1 by S&P, at least P-1 by Moody’s or at least R-1(middle) by DBRS;
- 1.1.32.5 any repurchase agreement having a term of 30 days or less entered into with any Lender or any Person satisfying the criteria set forth in subsection 1.1.32.4 which is secured by a fully perfected security interest in any obligation of the type described in subsection 1.1.32.1 or 1.1.32.2 and has a market value at the time such repurchase agreement is entered into of not less than 100% of the repurchase obligation of such commercial banking institution thereunder; and
- 1.1.32.6 investments in any security issued by an investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8) that is a money market fund in compliance with all applicable requirements of SEC Rule 2a-7 (17 CFR 270.2a-7);
- 1.1.33 “**CDS**” has the meaning defined in Section 5.11;
- 1.1.34 “**CDS & Co.**” has the meaning defined in Section 5.11;
- 1.1.35 “**Change in Law**” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any Applicable Law, (b) any change in any Applicable Law or in the administration, interpretation or application thereof by any Governmental Authority, including any such change resulting from any quashing by a Governmental Authority of an interpretation of any Applicable Law or (c) the making or issuance of any Applicable Law by any Governmental Authority;
- 1.1.36 “**Change of Control**” means:

- (a) the acquisition, directly or indirectly, by any means whatsoever, by any Person, or group of Persons acting jointly or in concert, (collectively, an “**offeror**”) of beneficial ownership of, or the power to exercise control or direction over, or securities convertible or exchangeable into, any securities of the Borrower carrying in aggregate (assuming the exercise of all such conversion or exchange rights in favour of the offeror) more than 50% of the aggregate votes represented by the voting stock then issued and outstanding or otherwise entitling the offeror to elect a majority of the board of directors of the Borrower; or
- (b) the replacement by way of election or appointment at any time of one-half or more of the total number of the then incumbent members of the board of directors of the Borrower, or the election or appointment of new directors comprising one-half or more of the total number of members of the board of directors in office immediately following such election or appointment; unless, in any such case, the nomination of such directors for election or their appointment is approved by the board of directors of the Borrower in office immediately preceding such nomination or appointment in circumstances where such nomination or appointment is made other than as a result of a dissident public proxy solicitation, whether actual or threatened;

1.1.37 “**Claim**” has the meaning defined in Section 19.14;

1.1.38 “**Closing Date**” means the date on which the initial Advance is made;

1.1.39 “**Co-Lead Arrangers**” means each of The Bank of Nova Scotia and Société Générale (Canada Branch), in such capacity;

1.1.40 “**Commitment**” means the portion of the Credit Facility which a Lender has agreed to Advance to the Borrower as set out in Exhibit A and, where the context requires, the maximum amount of Advances which such Lender has covenanted to make, which Exhibit shall be amended and distributed to all parties by the Agent from time to time as Applicable Percentages change in accordance with this Agreement;

1.1.41 “**Compliance Certificate**” means a certificate in the form of Exhibit E executed by the chief financial officer or another senior officer of the Borrower;

- 1.1.42 “**Consolidated Hedging Exposure**” means the aggregate of all amounts that would be payable to all Persons by the Borrower and its Subsidiaries or to the Borrower and its Subsidiaries, on the date of determination, taking into account all legally enforceable netting arrangements, pursuant to each ISDA Master Agreement between the Borrower and each such Person and each Subsidiary and each such Person, as if all Derivative Instruments under such ISDA Master Agreements were being terminated on that day;
- 1.1.43 “**Constituting Documents**” means, with respect to any Person, its articles or certificate of incorporation, amendment, amalgamation, continuance or association, memorandum of association, declaration of trust, partnership agreement, limited liability company agreement or other similar document, as applicable, and all unanimous shareholder agreements, other shareholder agreements, voting trust agreements and similar arrangements applicable to the Person’s Equity Interests which bind such Person, and by-laws, all as amended, supplemented, restated or replaced from time to time;
- 1.1.44 “**Contingent Obligation**” of any Person means all contingent liabilities required to be included or noted in the financial statements of such Person in accordance with GAAP;
- 1.1.45 “**Contract**” means any agreement, contract, indenture, lease, deed of trust, licence, option, undertaking, promise or any other commitment or obligation, whether oral or written, express or implied, other than a Permit;
- 1.1.46 “**Control**” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by Contract or otherwise and “**Controlling**” and “**Controlled**” have corresponding meanings;
- 1.1.47 “**Core Business**” means the development, construction and operation of mining properties and any operation relating to mining, including the manufacturing, processing or refining of products produced from mining operations and properties, and the sale of products produced from or in connection with mining operations and properties, and the financing related thereto;
- 1.1.48 “**Credit Facility**” has the meaning defined in Section 2.1.
- 1.1.49 “**Current Ratio**” means, in respect of the Borrower, at the date of determination, the ratio calculated by dividing the Borrower’s then current assets by its then current liabilities as the same would be

shown on a balance sheet of the Borrower prepared on a consolidated basis in accordance with GAAP consistently applied;

1.1.50 “ **DBRS** ” means DBRS Limited;

1.1.51 “ **Debt** ” means, with respect to a Person, without duplication, the aggregate of the following amounts, each calculated in accordance with GAAP, unless the context otherwise requires:

- 1.1.51.1 all obligations that would be considered to be indebtedness for borrowed money (including, without limitation, by way of overdraft and drafts or orders accepted representing extensions of credit), and all obligations (whether or not with respect to the borrowing of money) that are evidenced by bonds, debentures, notes or other similar instruments;
- 1.1.51.2 reimbursement obligations under bankers’ acceptances and contingent obligations of such Person in respect of any letter of credit, letters of guarantee, bank guarantee, surety bond, performance bond and similar instruments;
- 1.1.51.3 all liabilities upon which interest charges are paid or are customarily paid by that Person;
- 1.1.51.4 any Equity Interests of that Person (or of any Subsidiary of that Person) which Equity Interests, by their terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part, prior to the Maturity Date, for cash or securities constituting Debt (read without reference to this subsection 1.1.51.4) unless the issuer of such Equity Interests has by the terms of such Equity Interests the option of repaying such amounts or retiring or exchanging such Equity Interests with Equity Interests not convertible or exchangeable or redeemable for Debt (read without reference to this subsection 1.1.51.4);
- 1.1.51.5 all Capital Lease Obligations, obligations under Synthetic Leases, obligations under sale and leaseback transactions (unless the lease component of the sale

and leaseback transaction is an operating lease) and indebtedness under arrangements relating to purchase money liens and other obligations in respect of the deferred purchase price of property and services; and

1.1.51.6 the amount of the contingent obligations under any guarantee (other than by endorsement of negotiable instruments for collection or deposit in the Ordinary Course) or other agreement assuring payment of any obligation in any manner of any part or all of an obligation of another Person of the type included in subsections 1.1.51.1 through 1.1.51.5 above;

other than trade payables incurred in the Ordinary Course and payable in accordance with customary practices;

1.1.52 “ **deemed interest period** ” has the meaning defined in Section 4.9.1;

1.1.53 “ **Default** ” means an event or circumstance, the occurrence or non-occurrence of which would, with the giving of a notice, lapse of time or combination thereof or other condition subsequent, constitute an Event of Default;

1.1.54 “ **depository bills** ” has the meaning defined in Section 5.11 ;

1.1.55 “ **Derivative Instrument** ” means an agreement entered into from time to time by a Person in order to control, fix or regulate currency exchange, commodity price or interest rate fluctuations, including a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions and any combination of these transactions);

1.1.56 “ **Derivative Obligations** ” means the Obligor Hedging Exposure owed to one or more Lenders or Affiliates of a Lender under Derivative Instruments;

1.1.57 “ **Designated Period** ” means, with respect to a Libor Advance or a BA Advance, a period designated by the Borrower in accordance with, as applicable, Sections 3.2, 5.1 and 5.4;

1.1.58 “ **Discount Note** ” means a non-interest bearing promissory note denominated in Canadian Dollars issued by the Borrower to a Non-BA Lender, such note to be in the form customarily used by such Non-BA Lender;

- 1.1.59 “ **Distribution** ” means:
- 1.1.59.1 the retirement, redemption, retraction, purchase, or other acquisition of any Equity Interests of an Obligor or Related Party Debt of an Obligor;
- 1.1.59.2 the declaration or payment of any dividend, return of capital or other distribution (in cash, securities or other Property or otherwise) of, on or in respect of, any Equity Interests of an Obligor;
- 1.1.59.3 any payment or repayment of or on account of Related Party Debt of an Obligor, including in respect of principal, interest, bonus, premium or otherwise;
- 1.1.59.4 any payment of management or similar fees to any Related Party which is not an Obligor; and
- 1.1.59.5 any other payment or distribution (in cash, securities or other Property, or otherwise) of, on or in respect of any Equity Interests of an Obligor or Related Party Debt of an Obligor;
- 1.1.60 “ **Draft** ” means any draft, bill of exchange, receipt, acceptance, demand or other request for payment drawn or issued under or in respect of a Letter of Credit;
- 1.1.61 “ **Drawdown Date** ” means the date, which shall be a Business Day, of any Advance and includes, for avoidance of doubt, the date of any rollover, conversion, renewal or extension of any existing Advance;
- 1.1.62 “ **EBITDA** ” means, for any period, on a consolidated basis, an amount equal to the Borrower’s revenue from the sale of product from mines, less:
- 1.1.62.1 onsite and offsite cash operating costs for such period;
- 1.1.62.2 cash general and administrative expenses for such period;
- 1.1.62.3 cash capital taxes for such period; and
- 1.1.62.4 cash reclamation expenditures for such period;
- each component of which is to be calculated in accordance with GAAP consistently applied;

- 1.1.63 “ **Eligible Assignee** ” means (a) a Lender, (b) an Affiliate of a Lender, (c) an Approved Fund, and (d) any other Person (other than a natural person) in respect of each of which the consent of any party whose consent is required under subsection 18.2.2 has been obtained; provided that notwithstanding the foregoing, “ **Eligible Assignee** ” shall not include any Obligor or any Affiliate of an Obligor;
- 1.1.64 “ **Environmental Claims** ” means any claims (including, without limitation, third party claims, whether for personal injury or real or personal property damage or otherwise), actions, administrative proceedings (including informal proceedings), judgments, Liens, damages, punitive damages, penalties, fines, costs, liabilities (including sums paid in settlement of claims), interest or losses, including reasonable legal fees and expenses (including any such fees and expenses incurred in enforcing the Loan Documents or collecting any sums due under same), consultant fees, and expert fees, together with all other costs and expenses of any kind or nature that arise directly or indirectly from or in connection with any Environmental Laws, or any failure or breach in respect thereof, that is or allegedly is applicable to any Obligor, its respective Properties, operations or actions to the extent the same arose out of the relationships and arrangements created and contemplated hereby;
- 1.1.65 “ **Environmental Laws** ” means all Applicable Laws, now or hereafter in effect, to the extent relating to pollution or protection of the environment or property and public health and relating to (a) emissions, discharges, releases or threatened releases of any Hazardous Substance into the environment (including ambient air, surface water, ground water, land surface or subsurface strata), (b) the manufacture, processing, distribution, use, generation, treatment, storage, disposal, transport, removal or handling of any Hazardous Substance, (c) underground storage tanks and related piping, and emissions, discharges and releases or threatened releases of Hazardous Substances and (d) the modification, maintenance, use or removal of any land, wetland or waterway (including anything beneath the surface thereof);
- 1.1.66 “ **Equity Interests** ” means, with respect to any Person, all shares, interests, units, trust units, partnership, membership or other interests, participations or other equivalent rights in the Person’s equity or capital, however designated, whether voting or non voting, whether now outstanding or issued after the Closing Date, together with warrants, options or other rights to acquire any such equity interests of such Person and securities convertible into or exchangeable for any such equity interests of such Person;

- 1.1.67 “**Euro**” or “**€**” means the single currency, denominated in Euro units, of certain member states of the European Union that adopt such single currency as its currency in accordance with legislation of the European Union relating to European Economic and Monetary Union;
- 1.1.68 “**Event of Default**” means an event or circumstance described in Section 15.1;
- 1.1.69 “**Excluded Taxes**” means, with respect to the Agent, any Lender, the Issuing Lender or any other recipient of any payment to be made by or on account of any obligation under the Loan Documents, (a) taxes imposed on or measured by its overall net income or capital, and franchise taxes imposed on it (in lieu of net income taxes) by the jurisdiction (or any political subdivision thereof) under the laws of which such recipient is organized or in which its principal office is located, or in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes or any similar tax imposed by the jurisdiction in which the applicable lending office of the Lender is located and (c) in the case of any payment made by the Borrower to a Foreign Lender (other than (i) an Assignee pursuant to a request by the Borrower under subsection 6.5.2, (ii) an Assignee pursuant to an Assignment made when an Event of Default has occurred which is continuing or (iii) any other Assignee to the extent that the Borrower has expressly agreed that any withholding tax shall be an Indemnified Tax), any withholding tax that is imposed during the time such Foreign Lender is a party hereto (or designates a new lending office) on amounts payable from time to time by the Borrower to such Foreign Lender, except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts with respect to such withholding tax pursuant to Section 6.3. For greater certainty, for purposes of item (c) above, a withholding tax includes any Tax that a Foreign Lender is required to pay pursuant to Part XIII of the *Income Tax Act* (Canada) or any successor provision thereto;
- 1.1.70 “**Existing Credit Agreement**” means the third amended and restated credit agreement dated as of October 17, 2006 between the Borrower, as borrower, The Bank of Nova Scotia, as co-arranger, administrative agent and technical agent, Société Générale (Canada), as co-arranger and syndication agent, N M Rothschild & Sons Limited, as co-arranger and co-documentation agent, The Toronto-Dominion Bank, as co-documentation agent, and each bank and financial institution party thereto, as lenders, as amended by consent and amendment no. 1 to third amended and restated credit agreement dated as of November 1, 2006;

- 1.1.71 “ **Federal Funds Effective Rate** ” means, for any period, a fluctuating interest rate per annum equal, for each day during such period, to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by USA federal funds brokers as published for such day (or, if such day is not a Business Day, for the immediately preceding Banking Day) by the Federal Reserve Bank of New York or, for any day on which such rate is not so published for such day by the Federal Reserve Bank of New York, the average of the quotations for such day for such transactions received by the Agent from three Federal Funds brokers of recognized standing selected by the Agent. If for any reason the Agent shall have determined, acting reasonably, that it is unable to ascertain the Federal Funds Effective Rate for any reason, including without limitation, the inability or failure of the Agent to obtain sufficient bids or publications in accordance with the terms hereof, The Bank of Nova Scotia’s announced US Base Rate will apply;
- 1.1.72 “ **Fee Letter** ” means the confidential letter agreement dated January 10, 2008 between the Borrower and Co-Lead Arrangers, providing for the payment of certain fees in relation to the Credit Facility;
- 1.1.73 “ **First Currency** ” has the meaning defined in Section 17.1;
- 1.1.74 “ **Foreign Lender** ” means any Lender that is not organized under the laws of Canada, or a province or territory thereof, and that is not otherwise considered or deemed to be resident in Canada for income tax or withholding tax purposes;
- 1.1.75 “ **Former Swing Line Lender** ” has the meaning defined in Section 3.4.6 ;
- 1.1.76 “ **Fronting Fee** ” means the fee payable to the Issuing Lender upon the issuance or renewal of a Letter of Credit by the Issuing Lender calculated in accordance with subsection 3.3.2.2;
- 1.1.77 “ **FX Rate** ” has the meaning defined in Section 17.1 ;
- 1.1.78 “ **GAAP** ” means the generally accepted accounting principles in effect from time to time in the USA;
- 1.1.79 “ **Goldex Mine** ” means the Borrower’s Goldex mining operations and property located in or around the City of Val-d’Or, Quebec, as presently constituted and as the same may be developed or expanded from time to time, and any replacements, substitutions and modifications thereof permitted hereunder, together with all easements, rights of way, rights, titles or interests of every kind and description which the Borrower has rights to, or otherwise owns or

controls, relating to or acquired in connection with such operations, properties and claims;

- 1.1.80 “ **Governmental Authority** ” means the government of Canada or any other nation, or of any political subdivision thereof, whether provincial, state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including any supra-national bodies such as the European Union or the European Central Bank and including a Minister of the Crown, Superintendent of Financial Institutions or other comparable authority or agency;
- 1.1.81 “ **Guarantees** ” means the guarantees delivered or required to be delivered under Article 8;
- 1.1.82 “ **Guarantor Obligations** ” means the obligations of the Guarantors under the Loan Documents;
- 1.1.83 “ **Guarantors** ” means the Material Subsidiaries that are required to deliver a guarantee under Article 8 from time to time;
- 1.1.84 “ **Hazardous Substances** ” shall mean any (a) substance, waste, liquid, gaseous or solid matter, fuel, micro-organism, sound, vibration, ray, heat, odour, radiation, energy vector, plasma and organic or inorganic matter which is, alone or in any combination, hazardous, hazardous waste, hazardous material, toxic, a pollutant, a deleterious substance, a contaminant or a source of pollution or contamination and (b) any other chemical, material or substance, the exposure to which is prohibited, limited or regulated by any Governmental Authority;
- 1.1.85 “ **Indemnified Party** ” has the meaning defined in Section 19.14;
- 1.1.86 “ **Indemnified Taxes** ” means Taxes other than Excluded Taxes;
- 1.1.87 “ **Information** ” has the meaning defined in Section 19.15.2;
- 1.1.88 “ **Insolvency Proceeding** ” has the meaning defined in Section 15.1.11;
- 1.1.89 “ **Intellectual Property** ” means patents, trademarks, service marks, trade names, copyrights, trade secrets, industrial designs and other similar rights;
- 1.1.90 “ **Intercreditor Agreement** ” means an intercreditor agreement between the Agent and any holder of Subordinated Debt, in form and substance acceptable to the Lenders, acting reasonably;
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- 1.1.91 “ **Interest Payment Date** ” means the last Business Day of each month or, in relation to any Libor Advance, a day on which interest is required to be paid in accordance with Section 4.4;
- 1.1.92 “ **Investments** ” means (a) any investment in or purchase of or other acquisition of any Equity Interests of any Person, (b) any purchase or other acquisition of a business or undertaking or division of any Person, including Property comprising the business, undertaking or division of any Person or (c) any loan or advance to, or guarantee of, or the provision of any other financial assistance of any kind to, or otherwise becoming liable for, any debts, liabilities or obligations of, any Person;
- 1.1.93 “ **ISDA Master Agreement** ” means the 1992 ISDA Master Agreement (Multi-Currency - Cross Border) or the 2002 ISDA Master Agreement, each as published by the International Swaps and Derivatives Association, Inc. and, where the context permits or requires, includes all schedules, supplements, annexes and confirmations attached thereto or incorporated therein, as such agreement may be amended, supplemented or replaced from time to time;
- 1.1.94 “ **Issuing Lender** ” means The Bank of Nova Scotia, or any successor issuer of Letters of Credit appointed by the Borrower in accordance with Section 3.3.6.5;
- 1.1.95 “ **Kittila Mine** ” means Agnico-Eagle AB’s Kittila mining operations and property located in or around Kittila, Finland, as presently constituted and as the same may be developed or expanded from time to time, and any replacements, substitutions and modifications thereof permitted hereunder, together with all easements, rights of way, rights, titles or interests of every kind and description which Agnico-Eagle AB has rights to, or otherwise owns or controls, relating to or acquired in connection with such operations, properties and claims;
- 1.1.96 “ **Lapa Mine** ” means the Borrower’s Lapa mining operations and property located approximately 11 kilometres east of the LaRonde Mine, as presently constituted and as the same may be developed or expanded from time to time, and any replacements, substitutions and modifications thereof permitted hereunder, together with all easements, rights of way, rights, titles or interests of every kind and description which the Borrower

has rights to, or otherwise owns or controls, relating to or acquired in connection with such operations, properties and claims;

- 1.1.97 “**LaRonde Mine**” means the Borrower’s LaRonde mining operations and property located in or around Cadillac and Bousquet, Quebec, as presently constituted and as the same may be developed or expanded

from time to time, and any replacements, substitutions and modifications thereof permitted hereunder, together with all easements, rights of way, rights, titles or interests of every kind and description which the Borrower has rights to, or otherwise owns or controls, relating to or acquired in connection with such operations, properties and claims;

- 1.1.98 “ **LC Indemnitees** ” has the meaning defined in Section 3.3.6.1;
- 1.1.99 “ **Lender Swing Line Repayment** ” has the meaning defined in Section 3.4.6;
- 1.1.100 “ **Lenders** ” means the Lenders listed on Exhibit A, together with each Eligible Assignee who enters into an Assignment and Assumption Agreement, and includes the Issuing Lender and the Swing Line Lender and “ **Lender** ” means any one of them;
- 1.1.101 “ **Letter of Credit** ” means any documentary letter of credit, stand-by letter of credit and letter of guarantee issued by the Issuing Lender in accordance with the provisions hereof;
- 1.1.102 “ **Letter of Credit Fee** ” means the fee payable to the Issuing Lender upon issuance or renewal of each Letter of Credit issued by the Issuing Lender hereunder calculated in accordance with Section 2.8 and Section 3.3.2;
- 1.1.103 “ **LIBOR** ” means, with respect to any Designated Period of one, two, three or six months relating to a Libor Advance, the average rate for deposits in US\$ for a period comparable to the Designated Period which is quoted on Libor01 Page of Reuters, or, in case of the unavailability of such page, which is quoted on the British Bankers Association Libor Rates Telerate (page 3750 or other applicable page), in either case at or about 11:00 a.m. (London time), determined two Banking Days prior to the applicable Drawdown Date in accordance with Section 4.5; if neither of such quotes is available, then LIBOR shall be determined by the Agent as the average of the rates at which deposits in US\$ for a period similar to the Designated Period and in amounts comparable to the amount of such Libor Advance are offered by the Schedule 1 Reference Lenders to prime banks in the London inter-bank market at or about 11:00 a.m. (London time) on the date of such determination;
- 1.1.104 “ **Libor Advance** ” means, at any time, an Advance in US Dollars with respect to which the Borrower has elected to pay interest on the Libor Basis;

- 1.1.105 “**Libor Basis**” means the basis of calculation of interest on each Advance made at LIBOR, in accordance with the provisions of Sections 2.8, 4.3 and 4.4;
- 1.1.106 “**Lien**” means:
- 1.1.106.1 with respect to any Property, any mortgage, deed of trust, lien, pledge, hypothec, hypothecation, encumbrance, charge, assignment, consignment, security interest, royalty interest, adverse claim, on or otherwise affecting the Property;
 - 1.1.106.2 the interest of a vendor or lessor under any conditional sale agreement, Capital Lease or title retention agreement relating to any Property;
 - 1.1.106.3 any purchase option, call or similar right of a third party in respect of any Property having the effect of security for the payment or performance of any debt, liability or obligation;
 - 1.1.106.4 any netting arrangement or set-off arrangement (other than netting or set-off arising by operation of law in the Ordinary Course), defeasance arrangement or other similar arrangement having the effect of security for the payment or performance of any debt, liability or obligation; and
 - 1.1.106.5 any other Contract, trust or arrangement that secures payment or performance of any debt, liability or obligation;
- and “**Liens**” shall have corresponding meaning;
- 1.1.107 “**Loan Documents**” means this Agreement, the Guarantees and all other agreements, documents and instruments to which an Obligor is a party delivered under or in relation to the Credit Facility from time to time;
- 1.1.108 “**Loan Obligations**” means all obligations of the Borrower to the Agent and Lenders under or in connection with this Agreement, including but not limited to the aggregate of Advances outstanding under this Agreement, together with interest thereon and all other debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Borrower to the Agent and Lenders in any currency or remaining unpaid by the Borrower to the Agent and Lenders in any currency, in each case, under or in connection with this Agreement, whether arising from

dealings between the Agent and Lenders and the Borrower or from any other dealings or proceedings by which the Agent and Lenders may be or become in any manner whatsoever creditors of the Borrower under or in connection with this Agreement, and wherever incurred, and whether incurred by the Borrower alone or with another or others and whether as principal or surety, and all interest, fees, commissions, legal and other costs, charges and expenses incurred under or in connection with this Agreement; provided, however, that “**Loan Obligations**” shall not include “**Other Supported Obligations**”. In this definition, “**the Agent and Lenders**” shall be interpreted as “the Agent and Lenders, or any of them”;

- 1.1.109 “**Majority Lenders**” means Lenders that represent at least 66 2/3% of the Commitments or, if the Commitments have expired or terminated, “**Majority Lenders**” shall mean Lenders to whom are owed at least 66 2/3% of outstanding Advances;
- 1.1.110 “**Material Adverse Effect**” means any material adverse change in or material adverse effect on (a) the business, affairs, Property, liabilities or financial condition of the Obligors taken as a whole, (b) the ability of the Obligors, taken as a whole, to observe, perform or comply with their obligations under any of the Loan Documents or (c) the rights and remedies of, as applicable, the Agent or any of the Lenders under any of the Loan Documents;
- 1.1.111 “**Material Assets**” means (a) the Mines and all other present and after-acquired property and assets used in connection with or relating to the Mines or any other operating mine, development stage mine project or facility for the extraction or processing of ore (including all corresponding underground and surface facilities and infrastructure and all related plant, buildings, fixtures, equipment, chattels and machinery), whether situate on or off such mine, development stage mine project or facility, and all replacements, substitutions and additions thereto, (b) the Material Subsidiaries, and (c) Related Party Debt;
- 1.1.112 “**Material Contracts**” means any Contract (other than any Loan Document) to which an Obligor is or becomes a party at any time that, if terminated, would reasonably be expected to have a Material Adverse Effect;
- 1.1.113 “**Material Permit**” means each Permit issued at any time to an Obligor that, if terminated, would reasonably be expected to have a Material Adverse Effect;
- 1.1.114 “**Material Subsidiary**” means a Subsidiary of the Borrower the consolidated total assets of which, at any time, have a book value of

US\$40,000,000 or more or the consolidated total revenues of which, at any time, are US\$20,000,000 or more (on an annual basis), which on the Closing Date are listed on Schedule A; provided that, once a Subsidiary of the Borrower has such consolidated total assets or consolidated total revenue, it shall not cease to be a “Material Subsidiary” until either the Agent, with the consent of the Majority Lenders, or the Majority Lenders, have consented in writing to such Subsidiary no longer being a “Material Subsidiary”;

- 1.1.115 “**Maturity Date**” means January 10, 2013, or if such date has been extended in accordance with the terms of Section 2.6, such extended date;
- 1.1.116 “**Meadowbank Mine**” means the Borrower’s Meadowbank mining operations and property located in or around the Kivalliq district of Nunavut, as presently constituted and as the same may be developed or expanded from time to time, and any replacements, substitutions and modifications thereof permitted hereunder, together with all easements, rights of way, rights, titles or interests of every kind and description which the Borrower has rights to, or otherwise owns or controls, relating to or acquired in connection with such operations, properties and claims;
- 1.1.117 “**Mines**” means the Goldex Mine, the Kittila Mine, the LaRonde Mine, the Lapa Mine, the Meadowbank Mine and the Pinos Altos Mine;
- 1.1.118 “**Moody’s**” means Moody’s Investors Service, Inc.;
- 1.1.119 “**Net Cash Proceeds**” means, with respect to any Asset Disposition, the gross amount of proceeds payable in cash or Cash Equivalents to the Obligors, or any one or more of them, arising from such Asset Disposition, less:
- 1.1.119.1 amounts paid to discharge Permitted Liens on the Property being disposed of or indebtedness (excluding intercompany indebtedness) relating to or incurred in connection with such Property;
- 1.1.119.2 the amount of Taxes arising from in connection with or as a result of such Asset Disposition which cannot be offset against losses, depreciation or otherwise in the same taxation period such that same must actually be paid or payable in cash in respect of the then-current fiscal year; and
- 1.1.119.3 reasonable out-of-pocket costs, fees and expenses incurred in connection with such Asset Disposition, including commissions, but excluding any such

amounts paid to Affiliates of any Obligor unless such amounts are in respect of services rendered at arm's length terms;

- 1.1.120 “**Non-BA Lender**” means a Lender which does not accept bankers’ acceptances issued in Canada;
- 1.1.121 “**Notice of Borrowing**” means a notice substantially in the form of Exhibit D transmitted to the Agent by the Borrower in accordance with, as applicable, Sections 3.1, 3.2 or 3.3 or subsection 5.1.1;
- 1.1.122 “**Obligor Hedging Exposure**” means the aggregate of all amounts that would be payable to all Persons by the Obligors or to the Obligors by other Persons, on the date of determination, taking into account all legally enforceable netting arrangements, pursuant to each ISDA Master Agreement between each Obligor and any such Person, as if all Derivative Instruments under such ISDA Master Agreements were being terminated on that day;
- 1.1.123 “**Obligors**” means the Borrower and the Guarantors;
- 1.1.124 “**Ordinary Course**” means, with respect to an action taken by a Person, that the action is taken in the usual course of the normal day-to-day operations of the Person;
- 1.1.125 “**Other Derivative Counterparties**” means, at any time, up to five Persons (which are not Lenders or Affiliates of Lenders) designated in writing by the Borrower to the Agent which are, or may be, counterparties to Derivative Instruments with an Obligor, and which have a credit rating of not less than the lowest credit rating of any Lender that has a credit rating on the Closing Date from any of S&P or Moody’s or the equivalent credit rating from any rating agency if not rated by either of such credit rating agencies;
- 1.1.126 “**Other Supported Agreements**” means all agreements or arrangements (including guarantees) entered into or made from time to time by any Obligor (unless otherwise specified) in connection with (a) cash consolidation, cash management and electronic funds transfer arrangements between an Obligor and any Lender or Affiliate of a Lender and (b) *doré* purchase agreements between an Obligor and any Lender or Affiliate of a Lender;
- 1.1.127 “**Other Supported Obligations**” means all obligations of the Obligors to the Other Supported Parties under or in connection with the Other Supported Agreements and all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Obligors to the Other Supported Parties in any currency or remaining unpaid by the Obligors to the Other Supported Parties in

any currency under or in connection with the Other Supported Agreements, whether arising from dealings between the Other Supported Parties and the Obligors or from any other dealings or proceedings by which the Other Supported Parties may be or become in any manner whatever creditors of the Obligors under or in connection with the Other Supported Agreements, and wherever incurred, and whether incurred by an Obligor alone or with another or others and whether as principal or surety, and all interest, fees, commissions, legal and other costs, charges and expenses; provided, however, that “Other Supported Obligations” shall not include Loan Obligations. In this definition, “the Other Supported Parties” shall be interpreted as “the Other Supported Parties, or any of them,” and “Obligors” shall be interpreted as “Obligors, and each of them”;

- 1.1.128 “ **Other Supported Party** ” means, at any time the Agent or a Lender or an Affiliate of the Agent or a Lender which at such time is a creditor under or in connection with an Other Supported Agreement;
- 1.1.129 “ **Other Taxes** ” means all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document;
- 1.1.130 “ **Participant** ” has the meaning defined in Section 18.5 ;
- 1.1.131 “ **Pension Plan** ” means (a) a “pension plan” or “plan” which is a “registered pension plan” as defined in the *Income Tax Act* (Canada) or pension benefits standards legislation in any jurisdiction of Canada and is applicable to employees or former employees resident in Canada of any Obligor and (b) any other defined benefit, supplemental pension benefit plan or similar arrangement applicable to any employee or former employee of any Obligor;
- 1.1.132 “ **Permits** ” means licences, certificates, authorizations, consents, registrations, exemptions, permits, attestations, approvals, characterization or restoration plans, depollution program and any other approvals required by or issued pursuant to any Applicable Law, in each case, with respect to a Person or its Property, which are made, issued or approved by a Governmental Authority;
- 1.1.133 “ **Permitted Debt** ” means, with respect to any Person:
- 1.1.133.1 the Loan Obligations;
- 1.1.133.2 the Other Supported Obligations to the extent they constitute Debt;

- 1.1.133.3 the Guarantees;
- 1.1.133.4 guarantees granted to Lenders or Affiliates of Lenders in respect of obligations under Derivative Instruments entered into between any Obligor and any Lender or Affiliate of any Lender;
- 1.1.133.5 guarantees granted to Lenders or Affiliates of Lenders by any Obligor in respect of obligations under Other Supported Agreements entered into between any other Obligor and any Lender or Affiliate of any Lender;
- 1.1.133.6 Debt secured by Permitted Liens;
- 1.1.133.7 Debt owed by one or more Obligors to one or more other Obligors;
- 1.1.133.8 unsecured Debt so long as (a) no Event of Default has occurred and is continuing immediately prior to the incurrence of such Debt or would occur as a result of the incurrence or assumption of such Debt, (b) such Debt does not require principal payments until at least 12 months following the then existing Maturity Date at the time such Debt is incurred and (c) the terms and conditions of such Debt shall be no more onerous to the debtor(s) thereunder than any terms and conditions hereunder (with the exception of pricing and fees);
- 1.1.133.9 Subordinated Debt;
- 1.1.133.10 Debt acquired as a result of a purchase or acquisition described in subsections (a) or (b) of the definition of Investments which purchase or acquisition is permitted hereunder, so long as the principal amount of such Debt does not increase; and
- 1.1.133.11 Debt under the agreement dated January 7, 2007 between Agnico-Eagle AB and Nordea Bank Finland Plc, in an amount not to exceed €10,000,000.

1.1.134 “**Permitted Liens**” means, with respect to any Person:

- 1.1.134.1 Liens for taxes, duties or other governmental charges not yet due or which are being contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained on the books of such Person, in conformity with GAAP;
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- 1.1.134.2 carriers’, warehousemen’s, mechanics’, materialmen’s, repairmen’s, or other like Liens arising in the Ordinary Course and not overdue for a period of more than 60 days or which are being contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained on the books of such Person, in conformity with GAAP;
 - 1.1.134.3 pledges or deposits in connection with workers’ compensation, employment insurance and other social security legislation and other obligations of a like nature incurred in the Ordinary Course;
 - 1.1.134.4 deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the Ordinary Course;
 - 1.1.134.5 easements, servitudes, rights-of-way, restrictions, exceptions, minor title defects and other similar encumbrances (including for public utilities) which, in the aggregate, do not materially interfere with such Person or business or the use of the affected property by such Person;
 - 1.1.134.6 reservations, limitations, provisos and conditions in any original grant from the Crown or any freehold lessor of any of the real properties of such Person and statutory exceptions to title or reservations of rights which do not in the aggregate materially interfere with such Person or business or the use of the affected real property by such Person;
 - 1.1.134.7 any obligations or duties affecting any of the Property of such Person or its Subsidiaries to any municipality or other Governmental Authority with respect to any franchise, grant,

licence or permit which do not materially impair the use of such property for the purposes for which it is held;

- 1.1.134.8 Liens created in connection with Capital Leases or securing Capital Lease Obligations;
- 1.1.134.9 any Liens for unpaid royalties or duties not yet due pursuant to mining leases, claims or other mining

rights running in favour of any Governmental Authority;

- 1.1.134.10 without duplicating subsections 1.1.134.8 and 1.1.134.11, Liens on equipment and the proceeds thereof (and on no other Property) created or assumed to finance the acquisition thereof or secure the unpaid purchase price of such equipment;
- 1.1.134.11 Liens that (i) exist at the time such Person is, or the assets subject to such Liens are, acquired by an Obligor and (ii) extend only to the assets acquired or the assets of the Person acquired, as applicable;
- 1.1.134.12 royalty agreements or other rights or claims to royalties (i) on or affecting any Property acquired by an Obligor to the extent permitted by this Agreement, whether in existence at the time of such acquisition or not and (ii) on or affecting Property owned by the Borrower or any Subsidiary of the Borrower on the Closing Date, which (except for royalty agreements or other rights or claims to royalties in favour of any Governmental Authority or in respect of the Pinos Altos Mine) are not subsequently amended, restated or otherwise modified (including to increase any amounts paid thereunder), unless doing so does not have a material adverse effect on the relevant mine, and if it does have such a material adverse effect, then not without the prior written consent of the Lenders, not to be unreasonably withheld ;
- 1.1.134.13 pledges or deposits of cash or cash equivalent instruments for purposes of securing obligations to financial institutions issuing letters of credit to secure obligations under Pension Plans, retirement plans or for government reclamation costs, or pledges or deposits of cash or cash equivalent instruments to other issuers of letters of credit in the Ordinary Course, provided that such pledging or deposit does not otherwise result in a Default or an Event of Default;
- 1.1.134.14 those Liens existing on the Property of such Person (or a predecessor of such Person) on the Closing Date and set out in Schedule B and any extensions, renewals or replacements of any such Lien provided that the original principal amount of the Indebtedness or obligations secured thereby is not increased and that

any such extension, renewal or replacement is limited to the property originally encumbered thereby;

- 1.1.135 “ **Person** ” or “ **person** ” means any natural person, corporation, company, limited liability company, trust, joint venture, association, company, partnership, limited partnership, Governmental Authority, unlimited liability company or other entity;
- 1.1.136 “ **Pinos Altos Mine** ” means Agnico Eagle Mexico S.A. de C.V.’s Pinos Altos mining operations and property located in or around the municipality of Ocampo in the state of Chihuahua, Republic of Mexico, as presently constituted and as the same may be developed or expanded from time to time, and any replacements, substitutions and modifications thereof permitted hereunder, together with all easements, rights of way, rights, titles or interests of every kind and description which Agnico Eagle Mexico S.A. de C.V. has rights to, or otherwise owns or controls, relating to or acquired in connection with such operations, properties and claims;
- 1.1.137 “ **Predecessor Obligor** ” has the meaning defined in Section 14.10.1.4;
- 1.1.138 “ **Prime Rate** ” means, on any day, the greater of (a) the reference rate of interest, expressed as an annual rate, publicly announced or posted from time to time by the Agent as being its reference rate then in effect for determining interest rates on commercial loans made in Canada in Canadian Dollars, and (b) the average one month Bankers’ Acceptance rate quoted on Reuters Service, page CDOR, as at approximately 10:00 a.m. on such day, plus 0.50% per annum;
- 1.1.139 “ **Prime Rate Advance** ” means an Advance in Canadian Dollars with respect to which the Borrower has elected (or is deemed to have elected) to pay interest on the Prime Rate Basis;
- 1.1.140 “ **Prime Rate Basis** ” means the basis of calculation of interest on each Advance made at the Prime Rate, in accordance with the provisions of Sections 2.8, 4.1 and 4.2;
- 1.1.141 “ **Principal Currency** ” means each of Canadian Dollars, US Dollars, Euros, British pounds, Swiss francs and Swedish kronor;
- 1.1.142 “ **Principal Jurisdiction** ” means each of Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom;
- 1.1.143 “ **Property** ” means, with respect to any Person, any or all of its present and future undertaking, property and assets, tangible and intangible, and, for avoidance of doubt, in relation to any Property which is leased

or co-owned or which is property of a partnership or joint venture, the Property of the Person means the interest of the Person in such Property;

- 1.1.144 “ **Register** ” has the meaning defined in Section 18.3;
- 1.1.145 “ **Related Party** ” means, with respect to any Person, such Person’s Affiliates and the directors, officers and employees of such Person and such Person’s Affiliates;
- 1.1.146 “ **Related Party Debt** ” means Debt of an Obligor owed to an Affiliate (which is not an Obligor) or a Related Party (which is not an Obligor);
- 1.1.147 “ **Reporting Effective Date** ” has the meaning defined in subsection 2.8.3;
- 1.1.148 “ **Reporting Date** ” means the last day on which financial statements and Compliance Certificate can be delivered in compliance with, as applicable, subsections 13.1.1, 13.1.2 and 13.1.3;
- 1.1.149 “ **Resigning Issuing Lender** ” has the meaning defined in Section 3.3.6.5;
- 1.1.150 “ **Retiring Swing Line Lender** ” has the meaning defined in Section 3.4.5;
- 1.1.151 “ **S&P** ” means Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc.;
- 1.1.152 “ **Schedule I Reference Lender** ” means each of The Bank of Nova Scotia and The Toronto-Dominion Bank or any other Lender which is a Schedule I bank under the Bank Act (Canada) with equity in excess of C\$5,000,000,000 appointed by the Agent from time to time with the consent of the Borrower in replacement of any such Lender;
- 1.1.153 “ **Schedule II Reference Lender** ” means Société Générale (Canada Branch) or any other Lender which is a Schedule II or Schedule III bank under the Bank Act (Canada) and which is not subject to the restrictions and requirements referred to in Section 524(2) thereof, appointed by the Agent from time to time with the consent of the Borrower in replacement of such Lender;
- 1.1.154 “ **Second Currency** ” has the meaning defined in Section 17.1;
- 1.1.155 “ **Seizure Proceeding** ” has the meaning defined in Section 15.1.10;
- 1.1.156 “ **Selected Amount** ” means:

- 1.1.156.1 with respect to a BA Advance, the amount of the Advance which the Borrower has requested be advanced by way of the issuance of Bankers' Acceptances in accordance with Section 5.1; and
- 1.1.156.2 with respect to a Libor Advance, the amount that the Borrower has requested be advanced in accordance with Section 3.2;
- 1.1.157 “**Stamping Fee**” means the fee payable upon the acceptance of a Bankers' Acceptance at the applicable rate set out in Section 2.8.1 and otherwise calculated in accordance with Section 5.2.3;
- 1.1.158 “**Standby Fee**” has the meaning defined in subsection 2.8.4;
- 1.1.159 “**Subordinated Debt**” means Debt owing to a Person other than an Obligor which is contractually subordinated to the Loan Obligations so long as (a) no Event of Default has occurred and is continuing immediately prior to the incurrence of such Debt or would occur as a result of the incurrence or assumption of such Debt, (b) such Debt does not require principal payments until at least 12 months following the Maturity Date in effect at the time such Debt is incurred, (c) the terms and conditions of such Debt are no more onerous to the debtor(s) thereunder than any terms and conditions hereunder (with the exception of pricing and fees) and (d) such Debt is expressly subordinated to the Loan Obligations and otherwise subject to an Intercreditor Agreement;
- 1.1.160 “**Subsidiary**” means, with respect to a Person, a subsidiary of such Person as defined in the *Business Corporations Act* (Ontario) as of the date of this Agreement (determined as if each such Person were a body corporate);
- 1.1.161 “**Successor Entity**” has the meaning defined in Section 14.10.1.4(a);
- 1.1.162 “**Successor Issuing Lender**” has the meaning defined in Section 3.3.6.5;
- 1.1.163 “**Supported Obligations**” means the Loan Obligations, the Guarantor Obligations and the Other Supported Obligations;
- 1.1.164 “**Supported Parties**” means, at any time, the Lenders and the Agent in respect of the Loan Obligations and the Guarantor Obligations and the Other Supported Parties at such time in respect of the Other Supported Obligations; and, for greater certainty, does not include the Other Derivative Counterparties;

- 1.1.165 “ **Swing Line Advances** ” means overdrafts incurred in the Canadian Dollar and US Dollar accounts of the Borrower with the Swing Line Lender, each of which shall be deemed to be, as applicable, a Prime Rate Advance or a US Base Rate Advance made by the Swing Line Lender to the Borrower and the aggregate of which shall at no time exceed the Swing Line Limit;
- 1.1.166 “ **Swing Line Lender** ” means The Bank of Nova Scotia, and any successor thereof appointed pursuant to Section 3.4;
- 1.1.167 “ **Swing Line Limit** ” means US\$10,000,000 or the equivalent thereof in Canadian Dollars;
- 1.1.168 “ **Swing Line Loan** ” means, at any time, the aggregate of the Swing Line Advances outstanding at any time in accordance with the provisions hereof, together with any amount of interest payable to the Swing Line Lender by the Borrower pursuant thereto;
- 1.1.169 “ **Synthetic Lease** ” means any synthetic lease or similar off-balance sheet financing product where such transaction is considered borrowed money for tax purposes but is classified as an operating lease in accordance with GAAP;
- 1.1.170 “ **Tangible Net Worth** ” means, at the date of determination, the aggregate value of the Borrower’s then stated share capital, other paid-in capital and contributed surplus (but excluding any deficit or shares of the Borrower held by any of its Subsidiaries) less the aggregate value of all intangibles (including, without limitation, goodwill) all as determined on a consolidated basis in accordance with GAAP consistently applied.
- 1.1.171 “ **Taxes** ” means all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto;
- 1.1.172 “ **Total Debt** ” means, at any time, all Debt of the Borrower on a consolidated basis (which shall, for purposes of this definition, include the Consolidated Hedging Exposure owed by the Borrower and its Subsidiaries);
- 1.1.173 “ **Total Net Debt** ” means Total Debt less Unencumbered Cash;
- 1.1.174 “ **Total Net Debt to EBITDA Ratio** ” means, for any period, the ratio of Total Net Debt to EBITDA;
- 1.1.175 “ **Trade Date** ” has the meaning defined in Section 18.2.2.1;

- 1.1.176 “ **Transaction Date** ” has the meaning defined in Section 7.7;
- 1.1.177 “ **Unencumbered Cash** ” means all cash and Cash Equivalents held by the Obligors in the Principal Jurisdictions that are not subject to any Lien by any Person, other than inchoate Liens which arise by statute or operation of law, in each case, on an involuntary basis. For the avoidance of doubt, any cash or Cash Equivalents held by any joint ventures that is proportionately consolidated into the Borrower’s balance sheet shall not constitute Unencumbered Cash;
- 1.1.178 “ **US Base Rate** ” means, on any day, the rate of interest, expressed as an annual rate, publicly announced or posted from time to time by the Agent as being its reference rate then in effect for determining interest rates on commercial loans granted in Canada in US Dollars to its customers (whether or not any such loans are actually made); provided that if the US Base Rate is, for any period, less than the Federal Funds Effective Rate plus 0.50% per annum, the US Base Rate shall be deemed to be equal to the Federal Funds Effective Rate plus 0.50% per annum;
- 1.1.179 “ **US Base Rate Advance** ” means an Advance in US Dollars with respect to which the Borrower has elected (or is deemed to have elected) to pay interest on the US Base Rate Basis;
- 1.1.180 “ **US Base Rate Basis** ” means the basis of calculation of interest on each Advance made at the US Base Rate, in accordance with the provisions of Sections 2.8, 4.1 and 4.2;
- 1.1.181 “ **US Dollars** ” or “ **US\$** ” means the lawful currency of the USA in same day immediately available funds or, if such funds are not available, the currency of the USA which is ordinarily used in the settlement of international banking operations on the day on which any payment or any calculation must be made pursuant to this Agreement;
- 1.1.182 “ **USA** ” means the United States of America.

1.2 **Interpretation**

In this Agreement, unless stipulated to the contrary or the context otherwise requires:

- 1.2.1 words used herein which indicate the singular include the plural and vice versa and words used herein which indicate one gender include all genders;
- 1.2.2 references to Contracts, unless otherwise specified, are deemed to include all present and future amendments, supplements, restatements or replacements to or of such Contracts;

- 1.2.3 references to any legislation, statutory instrument or regulation or a section or other provision thereof, unless otherwise specified, is a reference to the legislation, statutory instrument, regulation, section or other provision as amended, restated or re-enacted from time to time;
- 1.2.4 references to any thing includes the whole or any part of that thing and a reference to a group of things or Persons includes each thing or Person in that group;
- 1.2.5 references to a Person includes that Person's successors and permitted assigns; and
- 1.2.6 any reference to a time shall mean local time in the City of Toronto, Ontario.

1.3 **Currency**

Unless the contrary is indicated, all amounts referred to herein are expressed in US Dollars.

1.4 **Generally Accepted Accounting Principles**

Unless the Lenders shall otherwise expressly agree or unless otherwise expressly provided herein, all of the terms of this Agreement which are defined under the rules constituting GAAP shall be interpreted, and all financial statements and reports to be prepared hereunder shall be prepared, in accordance with GAAP; provided that if there occurs after the date hereof any change in GAAP from that used in the preparation of the financial statements of the Borrower most recently delivered to the "Agent" under the Existing Credit Agreement or that affects in any respect the calculation of any covenants contained in Article 11, the Lenders and the Borrower shall negotiate in good faith amendments to the provisions of this Agreement that relate to the calculation of such covenant with the intent of having the respective positions of the Lenders and the Borrower after such change in GAAP conform as nearly as possible to their respective positions as of the date of this Agreement.

1.5 **Division and Titles**

The division of this Agreement into Articles, Sections, subsections, paragraphs, clauses and other subdivisions and the insertion of titles are for convenience of reference only and shall not affect the meaning or interpretation of this Agreement.

2. **THE CREDIT**

2.1 **Amounts of Credit Facility**

Subject to the applicable provisions hereof, each Lender agrees to make available to the Borrower, severally (not jointly and not jointly and severally), a revolving credit facility for the use of the Borrower in the amount of up to its Applicable Percentage of

US\$300,000,000 or the equivalent thereof in Canadian Dollars, as the same may be reduced in accordance with the terms hereof (the “**Credit Facility**”), provided however, that to the extent that any Swing Line Advances have been made or remain outstanding, the amount available under the Credit Facility shall be deemed to be reduced by the amount of such Swing Line Advances.

2.2 Availment Options under Credit Facility

At the option of the Borrower:

- 2.2.1 the Credit Facility may be utilized by the Borrower by requesting that Prime Rate Advances, US Base Rate Advances or Libor Advances be made by the Lenders or by presenting drafts, orders or Discount Notes to a Lender for acceptance as Bankers’ Acceptances;
- 2.2.2 the Credit Facility may be utilized by the Borrower by:
 - 2.2.2.1 requesting that Letters of Credit in Canadian Dollars, US Dollars or Euros be issued by the Issuing Lender, provided however, that the aggregate face amount of Letters of Credit outstanding at any time shall not exceed US\$80,000,000 or the equivalent thereof in Canadian Dollars or Euros; or
 - 2.2.2.2 by incurring overdrafts in its Canadian Dollar and US Dollar accounts with the Swing Line Lender to an aggregate maximum, at any time, not to exceed the Swing Line Limit or the equivalent thereof in Canadian Dollars.

2.3 Letters of Credit under Existing Credit Agreement

Notwithstanding any other provision hereof, each outstanding L/C (as defined in the Existing Credit Agreement) shall, upon satisfaction by the Obligors or waiver by the Lenders of the conditions precedent set out in Section 9.1, constitute (i) outstanding Letters of Credit hereunder, subject to all terms and conditions applicable to Letters of Credit hereunder and (ii) shall, together with any other Advance or Advances made upon the satisfaction or waiver of such conditions precedent, as aforesaid, constitute the initial Advance or Advances made under this Agreement for the purposes of Section 9.1. For greater certainty, accrued “L/C fees” (as referenced in the Existing Credit Agreement) shall constitute accrued Letter of Credit Fees hereunder and shall be payable by the Borrower on the first Business Day following completion of the fiscal quarter of the Borrower in which the Closing Date occurs in accordance with Section 3.3.2.1, and accrued “L/C fronting fees” (as referenced in the Existing Credit Agreement) shall constitute accrued Fronting Fees hereunder and shall be payable by the Borrower on the first Business Day following completion of the fiscal quarter of the Borrower in which the Closing Date occurs in accordance with Section 3.3.2.2.

2.4 **Revolving Credit Facility**

The Credit Facility is a revolving credit facility. The principal amount of any Advance under the Credit Facility which is repaid from time to time may, subject to the applicable provisions of this Agreement, be reborrowed.

2.5 **Purpose/Use of the Credit Facility**

The Borrower may use the Credit Facility for its general corporate purposes or the general corporate purposes of the other Obligors, including acquisitions as permitted under this Agreement, and to repay the obligations under the Existing Credit Agreement.

2.6 **Term and Repayment**

- 2.6.1 Unless due and payable sooner in accordance with this Agreement, all Loan Obligations shall be due and payable on January 10, 2013, unless this Agreement is extended, upon the irrevocable request of the Borrower (which request may be made at its option), with the consent of the Majority Lenders, in their sole discretion, for additional one year terms in accordance with this Section 2.6.
- 2.6.2 Each request for an extension of this Agreement must be made by the Borrower (if it wishes to exercise its option to make such request) providing the Agent with irrevocable written notice of such request at least 60, but not more than 90, days before the applicable anniversary date of the Closing Date. If the Majority Lenders consent to a request for any such extension in accordance with this Section 2.6, the Maturity Date shall be extended by one year and, unless due and payable sooner in accordance with this Agreement, all Loan Obligations shall be due and payable on the Maturity Date, as so extended, and all Commitments shall be cancelled at such extended time.
- 2.6.3 Upon receipt by the Agent of any such request by the Borrower for an extension of this Agreement, the Agent shall provide prompt written notice of such request to each Lender. Each Lender's determination of whether or not it consents to such extension shall be made in such Lender's sole discretion. If a Lender has not provided the Agent with written notice of whether or not such Lender consents to such requested extension 30 days after written notice of such request has been provided by the Agent to such Lender, such Lender shall be irrevocably deemed to have not consented to such extension.
- 2.6.4 If the Majority Lenders consent to any extension requested by the Borrower pursuant to this Section 2.6, but any Lender does not so consent, that dissenting Lender (if it is still a Lender at the relevant time) shall not be entitled to vote on any extensions subsequently requested by the Borrower pursuant to this Section 2.6 (and the

denominator in the definition of Majority Lender shall, for such purpose, be reduced by such Lender's Commitment).

- 2.6.5 If the Majority Lenders consent to any requested extension of this Agreement pursuant to this Section 2.6, but any Lender does not so consent, the Borrower may require that:
- 2.6.5.1 any such dissenting Lender assign its Commitment in accordance with Section 18.2;
- 2.6.5.2 the Commitment of any such dissenting Lender be permitted to terminate at the end of the then current term of this Agreement (with the maximum amount of the Credit Facility reducing by the amount of such Lender's Commitment at that time); or
- 2.6.5.3 such dissenting Lender's Commitments immediately terminate.
- 2.6.6 In the case of subsection 2.6.5.3, the Borrower shall immediately repay such Lender its *pro rata* share of all outstanding Advances, together with all other amounts owing by the Borrower to that Lender under Section 7.1, and upon receipt by such Lender of such amount such Lender's Commitment shall be cancelled (and the maximum amount of the Credit Facility shall be reduced by the amount of such Lender's Commitment at that time).
- 2.6.7 Any assigning Lender (in the case of subsection 2.6.5.1) or any Lender whose Commitments terminate before the Maturity Date (in the case of subsection 2.6.5.3) shall, upon such assignment or termination, assign, or cause any of its Affiliates, to either (i) if such assigning Lender, or its applicable Affiliate, is a permitted Other Derivative Counterparty, terminate each guarantee provided by any Obligor in connection therewith or (ii) assign, at a price determined in a reasonable manner from market quotations in accordance with customary market practices, all Derivative Instruments it or they hold with each Obligor to the applicable Eligible Assignee or to another Lender or its Affiliate or to an Other Derivative Counterparty.
- 2.6.8 If the Majority Lenders do not consent to any extension requested by the Borrower pursuant to the foregoing procedures, all Loan Obligations shall, unless due and payable sooner in accordance with this Agreement, be due and payable on the Maturity Date then in effect and all remaining Commitments shall be cancelled at such time.

2.7 **Voluntary Prepayments and Voluntary Cancellations**

- 2.7.1 The Borrower may prepay Prime Rate Advances and US Base Rate Advances under the Credit Facility upon one Business Day's prior written notice in the form of Exhibit D and, subject to Sections 6.4 and 7.1, may prepay Libor Advances under the Credit Facility upon three Business Days prior written notice in the form of Exhibit D, without premium or penalty in minimum amounts of C\$1,000,000 or multiples thereof, in the case of Prime Rate Advances, and in minimum amounts of US\$1,000,000 and multiples thereof, in the case of US Base Rate Advances and Libor Advances. All prepayments of Advances shall include payment of all breakage costs relating thereto in accordance with Section 6.4. No Bankers' Acceptance or Discount Note may be paid prior to its maturity date, but the Borrower may provide escrowed funds for outstanding Bankers' Acceptances and Discount Notes in accordance with Section 15.4.
- 2.7.2 The Borrower may, upon three Business Days prior written notice in the form of Exhibit D, cancel undrawn portions of the Credit Facility in minimum amounts of US\$1,000,000 and multiples thereof, or if less, the remaining undrawn portion of the Credit Facility. No Standby Fees shall be payable in respect of the portion of the Credit Facility so cancelled as and from the effective date of its cancellation. No portion of the Credit Facility which has been so cancelled may be reinstated by the Borrower.

2.8 **Interest Rates**

- 2.8.1 Interest rates, Stamping Fees, the Letter of Credit Fee rate and the Standby Fee rate shall vary and be calculated based on the Total Net Debt to EBITDA Ratio as follows:

Total Net Debt to EBITDA Ratio	Libor / Stamping Fees / Letter of Credit Fee	Base Rate or Prime Rate	Standby Fee
< 1.50	1.00%	Nil	0.375%
≥ 1.50 and < 2.00	1.15%	0.15%	0.45%
≥ 2.00 and < 2.50	1.35%	0.35%	0.50%
≥ 2.50	1.60%	0.60%	0.55%

- 2.8.2 All interest rates set forth in subsection 2.8.1 are rates per annum. Interest on Libor Advances shall accrue and

be payable at LIBOR for the applicable Designated Period plus the Applicable Margin shown in the second column of the table in subsection 2.8.1. The rate for Stamping Fees shall be the Applicable Margin shown in the second column of the table in subsection 2.8.1. The Letter of Credit Fee shall

be the Applicable Margin shown in the second column of the table in subsection 2.8.1. Interest on Prime Rate Advances and US Base Rate Advances shall, as applicable, accrue and be payable at the Prime Rate or the US Base Rate plus the Applicable Margin shown in the third column of the table in subsection 2.8.1.

2.8.3

Increases or decreases in the Applicable Margin resulting from a change in the Total Net Debt to EBITDA Ratio shall be based on the Total Net Debt to EBITDA Ratio reported in the applicable Compliance Certificate delivered by the Borrower pursuant to Section 13.1.3; provided that, from the Closing Date to the Reporting Effective Date in respect of the first full fiscal quarter of the Borrower immediately following the Closing Date, the Applicable Margin shall be based on the Total Net Debt to EBITDA Ratio reported in the Compliance Certificate delivered by the Borrower on the Closing Date. Changes in the Applicable Margin shall be effective as of two Business Days following the earlier of the day upon which such Compliance Certificate is delivered to the Agent and the day upon which such Compliance Certificate could be delivered on time pursuant to Section 13.1.3 (the “**Reporting Effective Date**”). For greater certainty, changes in Letter of Credit Fees shall be effective for that portion of the term of any Letters of Credit on or after the Closing Date, and any amount owing by the Borrower to the Lenders with respect to Letters of Credit shall be paid on the next Drawdown Date. Without waiving the requirement of the Borrower to deliver the Compliance Certificate by no later than the Reporting Date, if any Compliance Certificate required to be delivered by the Borrower is delivered after the Reporting Date, the then prevailing Applicable Margin shall continue until such Compliance Certificate is, in fact, delivered. Upon receipt of any Compliance Certificate which is delivered after the relevant Reporting Date, the Agent shall determine the amount of any overpayment or underpayment of interest or Letter of Credit Fees during the period from the Reporting Date to and including the date of actual delivery thereof by the Borrower and notify the Borrower and the Lenders of such amounts. Such determination by the Agent shall constitute *prima facie* evidence of the amount of such overpayment or underpayment, as the case may be. In the event of an underpayment, the Borrower shall, upon receipt of such notice, pay to the Agent, for the benefit of the Lenders, the amount of such underpayment. In the event of an overpayment, the amount of such overpayment shall be credited and applied to succeeding payments by the Borrower of interest or Letter of Credit Fees as they become due until such amount has been fully applied. Should the Agent, acting reasonably, determine that the calculation of the Total Net Debt to EBITDA Ratio in any Compliance Certificate is incorrect, the Agent shall advise the Borrower of such error and the Borrower and the Agent agree that, absent manifest error, the Applicable Margin

shall be adjusted in accordance with the determination by the Agent, acting reasonably, and if the Applicable Margin should have been higher, the Borrower shall pay the amount owing commencing as of the date when the adjustment would otherwise be effective in accordance with this provision, and if the Applicable Margin should have been lower, the amount of such underpayment. In the event of an overpayment, the amount of such overpayment shall be credited and applied to succeeding payments by the Borrower of interest or Letter of Credit Fees as they become due until such amount has been fully applied.

2.8.4 The Borrower shall pay a standby fee (the “**Standby Fee**”) on the daily unadvanced portion of the Credit Facility at a rate per annum which shall vary and be calculated based on the Applicable Margin shown in the fourth column of the table in subsection 2.8.1. The Standby Fee shall be calculated daily beginning on the Closing Date and shall be payable quarterly in arrears on the first Business Day following completion of each fiscal quarter of the Borrower. Any accrued but unpaid commitment fee (as referenced in the Existing Credit Agreement) shall constitute a Standby Fee hereunder and shall be payable in arrears on the first Business Day following completion of the fiscal quarter of the Borrower in which the Closing Date occurs. Upon final payment of the Loan Obligations, the Borrower shall also pay any accrued but unpaid Standby Fees on the Credit Facility.

2.8.5 Interest on Prime Rate Advances, US Base Rate Advances, Libor Advances and Stamping Fees, Letter of Credit Fees and Standby Fees received by the Agent shall be promptly distributed by the Agent to the Lenders in accordance with their respective Applicable Percentages.

2.9 **Annual Agency Fees**

The Borrower shall pay to the Agent, *inter alia*, the annual agency fee provided in the Agency Fee Letter.

2.10 **Exchange Rate Fluctuations**

If at any time fluctuations in rates of exchange in effect between currencies cause the aggregate amount of Advances (expressed in US Dollars using the FX Rate) outstanding under the Credit Facility to exceed the maximum amount of the Credit Facility permitted herein by 3%, the Borrower shall pay to the Lenders on demand such amount as is necessary to repay the excess. If the Borrower is unable to immediately pay that amount because Designated Periods have not ended or Bankers' Acceptances have not matured, the Borrower shall, on demand, cause to be deposited with the Agent escrowed funds in the amount of the excess, which shall be held by the Agent until the amount of the excess is paid in full. The Borrower shall be entitled to receive interest on cash held by the Agent as collateral in accordance with Section 15.4. If, on any Drawdown Date, the

aggregate amount of Advances under the Credit Facility (expressed in US Dollars using the FX Rate) exceeds the maximum amount of the Credit Facility permitted herein because of fluctuations in rates of exchange or otherwise, the Borrower shall immediately pay the Agent, for the benefit of the Lenders, the excess and shall not be entitled to any Advance that would result in the amount of the Credit Facility being exceeded. For greater certainty, no payments made by the Borrower under this Section 2.10 shall result in any permanent reduction in the Credit Facility.

3. ADVANCES, CONVERSIONS AND OPERATION OF ACCOUNTS

3.1 Notice of Borrowing - Direct Advances

Subject to the applicable provisions of this Agreement, on any Business Day, the Borrower shall be entitled to draw upon the Credit Facility, on one or more occasions, up to the maximum amount of the Credit Facility, by way of Prime Rate Advances and US Base Rate Advances in minimum amounts of, as applicable, C\$1,000,000 or US\$1,000,000 and in whole multiples thereof, provided that on any Business Day that is at least two Business Days prior to the day on which any Prime Rate Advance or US Base Rate Advance (other than the Swing Line Advance, which shall be made in accordance with the provisions of Section 3.4) is required, the Borrower shall have provided to the Agent a Notice of Borrowing at or before 10:00 a.m. Notices of Borrowing in respect of Libor Advances, Letters of Credit, Swing Line Advances and BA Advances shall be given in accordance with the provisions of Sections 3.2, 3.3, 3.4 and 5.1, respectively.

3.2 LIBOR Advances and Conversions

Subject to the applicable provisions of this Agreement, at or before 10:00 a.m. on at least four Business Days prior to the Drawdown Date of a proposed Libor Advance, the Borrower may request that a Libor Advance be made, that one or more US Base Rate Advances not borrowed as Libor Advances be converted into one or more Libor Advances or that a Libor Advance or any part thereof be renewed or extended, as the case may be. Each Selected Amount with respect to each Designated Period shall be in an amount of not less than US\$1,000,000, and shall be in whole multiples thereof. The Agent shall determine the LIBOR which will be in effect on the Drawdown Date (which in such case must be a Banking Day), with respect to the Selected Amount or to each of the Selected Amounts, as the case may be, having a maturity of one, two, three or six months (subject to availability) from the Drawdown Date, but no Designated Period may end after the Maturity Date, and there shall not at any time be LIBOR Advances with more than six different maturity dates outstanding with more than six different maturity dates. If, at the end of a Designated Period in respect of any Libor Advance, the Borrower has not delivered a notice of conversion or rollover to the Agent in a timely manner in accordance with the provisions of this Section 3.2, the Borrower shall be deemed to have given notice for a US Base Rate Advance.

3.3 **Letters of Credit**

- 3.3.1 **Issuance** . Subject to the applicable provisions of this Agreement, on any Business Day, as part of the credit available under the Credit Facility, upon delivery of a Notice of Borrowing to the Agent three Business Days' prior to the requested issuance of a Letter of Credit (or such longer period of time as the Issuing Lender may reasonably require to settle the form of the proposed Letter of Credit), the Borrower may request to be issued by the Issuing Lender on behalf of the Lenders one or more Letters of Credit in a maximum aggregate amount outstanding at any time not exceeding US\$80,000,000 or the equivalent thereof in Canadian Dollars or Euros. Each Letter of Credit shall be issued in Canadian Dollars, US Dollars or Euros. Concurrently with the delivery of a Notice of Borrowing requesting a Letter of Credit, the Borrower shall execute and deliver to the Issuing Lender the documents required by the Issuing Lender in respect of the requested type of Letter of Credit, including a Letter of Credit application and indemnity on the Issuing Lender's standard forms or as is otherwise required by the Issuing Lender. In the event of any conflict between the provisions of this Agreement and the provisions of any document relating to a Letter of Credit, the provisions of this Agreement shall govern and prevail. Each Letter of Credit shall have a term of not more than one year and shall otherwise be in form and substance satisfactory to the Issuing Lender, acting reasonably, provided however, that each Letter of Credit having a term which expires after the Maturity Date shall be escrowed in accordance with Section 15.4 not more than five Business Days prior to the Maturity Date. The Issuing Lender shall not be required to issue any Letter of Credit if such issuance would breach any Applicable Law or any internal policy of the Issuing Lender.
- 3.3.2 **Fees** . On the first Business Day following completion of each fiscal quarter of the Borrower, the Borrower shall pay to the Agent in arrears:
- 3.3.2.1 for the account of the Lenders, a Letter of Credit Fee calculated at the rate specified in Section 2.8 on the undrawn face amount of each outstanding Letter of Credit for the actual number of days to elapse from and including the date of issuance or renewal, as applicable, of the Letter of Credit to but excluding the expiry date of such Letter of Credit, calculated on the basis of a 365 or 366 day year, as applicable, which fee shall be non-refundable in whole or in part; and
- 3.3.2.2 for the account of the Issuing Lender, the Fronting Fee in an amount equal to 0.12% per annum on the portion of the undrawn face amount of each outstanding Letter of Credit issued by the Issuing Lender which is

attributable to Lenders other than the Issuing Lender, for the actual number of days to elapse from and including the date of issuance or renewal, as applicable, of the Letter of Credit to but excluding the expiry date of such Letter of Credit, calculated on the basis of a year of 365 or 366 days, as applicable, which fee shall be non-refundable in whole or in part;

3.3.3 Additional Fees. The Borrower shall also pay or reimburse the Issuing Lender for all customary administrative, issuance, amendment, payment and negotiation fees paid, payable or charged by the Issuing Lender in connection with any Letter of Credit issued by it.

3.3.4 General Provisions Relating to Letters of Credit.

3.3.4.1 The Issuing Lender shall not be liable for the consequences arising from any mutilation, error, omission, interruption or delay or loss in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit. Subject to the immediately preceding sentence, in furtherance and extension and not in limitation of the specific provisions of this Section 3.3 (a) any action taken or omitted by the Issuing Lender or any of its respective correspondents under or in connection with any of the Letters of Credit, if taken or omitted in good faith and in conformity with Applicable Law or customs applicable thereto, shall be binding upon the Borrower and shall not put the Issuing Lender or its respective correspondents under any resulting liability to the Borrower and (b) the Issuing Lender may accept documents in good faith and in conformity with Applicable Law or customs applicable thereto relating to Letters of Credit, without responsibility for further investigation, regardless of any notice or information to the contrary, and may make payment upon presentation of such documents, provided that the Issuing Lender shall have the right, in its sole discretion, to decline to accept such documents and decline to make such payment if such documents are not in strict compliance with the terms of such Letter of Credit. Without limiting the generality of the foregoing, the Issuing Lender may receive, accept, or pay as complying with the terms of any Letter of Credit, any demand in relation thereto otherwise in order which may be signed by, or issued to, any administrator, executor, trustee in bankruptcy, receiver

or other Person or entity acting as the representative or in place of, the beneficiary.

3.3.4.2 The Borrower acknowledges and confirms to the Issuing Lender that the Issuing Lender shall not be obliged to make any inquiry or investigation as to the right of any beneficiary to make any claim or Draft or request any payment under a Letter of Credit and payment by the Issuing Lender pursuant to a Letter of Credit shall not be withheld by the Issuing Lender by reason of any matters in dispute between the beneficiary thereof and the Borrower. The sole obligation of the Issuing Lender with respect to Letters of Credit is to cause to be paid a Draft drawn or purporting to be drawn in accordance with the terms of the applicable Letter of Credit and for such purpose the Issuing Lender is only obliged to determine that the Draft purports to comply with the terms and conditions of the relevant Letter of Credit.

3.3.4.3 The Issuing Lender shall not have any responsibility or liability for or any duty to inquire into the form, sufficiency (other than to the extent provided in subsection 3.3.4.2), authorization, execution, signature, endorsement, correctness (other than to the extent provided in subsection 3.3.4.2), genuineness or legal effect of any Draft, certificate or other document presented to it pursuant to a Letter of Credit and the Borrower unconditionally assumes all risks with respect to the same. The Borrower agrees that it assumes all risk of the acts or omissions of the beneficiary of any Letter of Credit with respect to the use by the beneficiary of the relevant Letter of Credit.

3.3.4.4 The Borrower agrees that the Issuing Lender, the Lenders and the Agent shall have no liability to it for any reason in respect of or in connection with any Letter of Credit, the issuance thereof, any payment thereunder, or any other action by any such Person or any other Person in connection therewith, other than such liability arose on account of the Issuing Lender's gross negligence or wilful misconduct.

3.3.5 Reimbursement Obligations . In the event of any drawing under a Letter of Credit, the Issuing Lender shall promptly notify the Borrower who shall immediately reimburse the amount drawn to the Issuing Lender in same day funds. In the event that the Borrower fails to

reimburse the Issuing Lender after such notification and fails to provide a Notice of Borrowing with a different option, the Borrower shall be deemed to have requested from, and given notice to, the Agent of a Prime Rate Advance, if the Letter of Credit is payable in Canadian Dollars, or a US Base Rate Advance, if the Letter of Credit is payable in US Dollars or Euros (with any drawing under a Letter of Credit payable in Euros being converted into US Dollars in accordance with the provisions hereof), on the date and in the amount of the drawing, the proceeds of which will be used to satisfy the reimbursement obligations of the Borrower to the Lenders in respect of the drawing under such Letter of Credit. The reimbursement obligations of the Borrower hereunder shall be absolute, unconditional and irrevocable and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of:

- 3.3.5.1 any lack of validity or enforceability of any Letter of Credit or this Agreement or any term or provision therein or herein;
- 3.3.5.2 the existence of any claim, set-off, compensation, defence or other right that the Borrower, any other Obligor or any other Person may at any time have against the beneficiary under any Letter of Credit, the Issuing Lender, the Agent, any Lender or any other Person, whether in connection with this Agreement or any other related or unrelated agreement or transaction;
- 3.3.5.3 any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect;
- 3.3.5.4 any dispute between or among the Obligors and any beneficiary of any Letter of Credit or any other party to which such Letter of Credit may be transferred or any claims whatsoever of the Obligors against any beneficiary of such Letter of Credit or any such transferee;
- 3.3.5.5 the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any Letter of Credit or any of the rights or benefits thereunder or proceeds thereof in whole or in part, which may prove to be invalid or ineffective for any reason; and

- 3.3.5.6 the occurrence of any event including the commencement of legal proceedings to prohibit payment by the Issuing Lender of a Letter of Credit.

The obligations of the Borrower hereunder with respect to Letters of Credit shall remain in full force and effect and shall apply to any amendment to or extension of the expiration date of any Letter of Credit.

3.3.6 Indemnification.

- 3.3.6.1 The Borrower agrees to indemnify and hold harmless the Issuing Lender and its Related Parties (collectively, the “ **LC Indemnitees** ”) from and against any and all losses, claims, damages and liabilities which the LC Indemnitees may incur (or which may be claimed against any Indemnatee) by any Person by reason of or in connection with the issuance or transfer of or payment or failure to pay under any Letter of Credit, provided that the foregoing indemnity will not, as to any Indemnatee, apply to losses, claims, damages, liabilities or related expenses to the extent they are found by a final, non-appealable judgment of a court to arise from the gross negligence or wilful misconduct of such Indemnatee or the failure of such Indemnatee to comply with the terms and conditions of such Letter of Credit (subject to minor variations or discrepancies in the documents presented in connection with such Letter of Credit).
- 3.3.6.2 The Borrower agrees, as between the Borrower and the Issuing Lender, that the Borrower shall assume all risks of the acts, omissions or misuse by the beneficiary of any Letter of Credit.
- 3.3.6.3 None of the Issuing Lender, the Agent or any other Lender shall, in any way, be liable for any failure by the Issuing Lender or anyone else to pay any drawing under any Letter of Credit as a result of any action by any Governmental Authority or any other cause beyond the control of the Issuing Lender.
- 3.3.6.4 The obligations of the Borrower under this Section 3.3 shall survive the termination of this Agreement. No acts or omissions of any current or prior beneficiary of a Letter of Credit shall in any way affect or impair the

rights of the Issuing Lender to enforce any right, power or benefit under this Agreement.

- 3.3.6.5 The Issuing Lender may resign as such (a “ **Resigning Issuing Lender** ”) upon 15 days’ prior written notice to the Agent and the Borrower, in which event the Agent, in consultation with the Borrower, shall designate another Lender as the Issuing Lender. Upon acceptance by another Lender of the appointment as the Issuing Lender (the “ **Successor Issuing Lender** ”), the Successor Issuing Lender shall succeed to the rights, powers and duties of the Resigning Issuing Lender and shall have all the rights and obligations of the Resigning Issuing Lender under this Agreement and the other Loan Documents. Unless otherwise agreed among the Successor Issuing Lender, the Agent and the Borrower, the Successor Issuing Lender shall be paid the same fees, in such capacity, as the Resigning Issuing Lender. Following the resignation of the Resigning Issuing Lender, the Resigning Issuing Lender shall continue to have all the rights and obligations of the Issuing Lender under this Agreement and the other Loan Documents with respect to Letters of Credit issued by it prior to such resignation, but the Resigning Issuing Lender shall not be required to issue additional Letters of Credit. For avoidance of doubt, the provisions of this Agreement relating to the Issuing Lender shall enure to the benefit of the Resigning Issuing Lender as to any actions taken or omitted to be taken by it (a) while it was the Issuing Lender under this Agreement or (b) at any time with respect to Letters of Credit issued by the Issuing Lender.

3.4 **Swing Line Advances**

- 3.4.1 Subject to the applicable provisions of this Agreement, the Swing Line Lender agrees to make Swing Line Advances to the Borrower on any Business Day from time to time prior to the Maturity Date. Swing Line Advances are available by way of incurring overdrafts in the Borrower’s Canadian Dollar and US Dollar accounts with the Swing Line Lender, with overdrafts in Canadian Dollars being deemed to be Prime Rate Advances and overdrafts in US Dollars being deemed to be US Base Rate Advances.
- 3.4.2 The Swing Line Lender shall ascertain the net position of the Borrower’s accounts at the close of business daily. If the net Canadian Dollar position is a debit in favour of the Swing Line Lender, the debit

will be deemed to be a Prime Rate Advance in the amount of the debit. If the net US Dollar position is a debit in favour of the Swing Line Lender, the debit will be deemed to be a US Base Rate Advance in the amount of the debit. If a net position is a credit in favour of the Borrower, the credit will be deemed to be a repayment of the Swing Line Advance by a Prime Rate Advance or US Base Rate Advance, as the case may be, in the amount of the credit to the extent of any principal amounts owing in respect thereof, and the Swing Line Lender will pay such amount to the Agent for repayment of the Loan Obligations. If, at any time, the aggregate of the Swing Line Advances exceeds US\$10,000,000 or the equivalent in Canadian Dollars, such excess shall be immediately repaid by the Borrower. No repayments of any Swing Line Advance shall be deemed to be a permanent reduction in the Credit Facility.

- 3.4.3 All interest payments and principal repayments of or in respect of the Swing Line Loan shall be solely for the account of the Swing Line Lender.
- 3.4.4 Notwithstanding anything to the contrary herein contained or contrary to the provisions of Applicable Law, if a Default or Event of Default has occurred and is continuing or if any Swing Line Loan is outstanding on the last day of each month, the Borrower shall be deemed to have made a request for, as applicable, a Prime Rate Advance and/or a US Base Rate Advance, and each Lender shall make, as applicable, a Prime Rate Advance and/or a US Base Rate Advance available to the Agent for the purpose of repaying the principal amount of the portion of the Swing Line Loan owed to the Swing Line Lender, in the amount of such Lender's Applicable Percentage multiplied by the amount of the outstanding Swing Line Loan owing to the Swing Line Lender.
- 3.4.5 If the Swing Line Lender no longer wishes to act as such, it shall notify the Borrower, the other Lenders and the Agent not less than 15 days prior to the date on which it proposes to cease acting as the Swing Line Lender. In such event, the Agent, in consultation with the Borrower, may designate another Lender as the Swing Line Lender by sending a notice to (a) the Swing Line Lender who will no longer act as such (the “**Retiring Swing Line Lender**”) and (b) the proposed new Swing Line Lender who has agreed to act as such, not less than five days prior to the date on which the replacement is to occur. The new Swing Line Lender shall make, as necessary, a Prime Rate Advance and/or a US Base Rate Advance available to the Agent for the purpose of repaying the portion of the Swing Line Loan owed to the Retiring Swing Line Lender.

- 3.4.6 If an Event of Default has occurred, other than an Event of Default under subsection 15.1.11, or if no Lender has agreed to act as a replacement for the Retiring Swing Line Lender (in such case, the Swing Line Lender is herein referred to as the “**Former Swing Line Lender**”), the Borrower shall be deemed to have made a request for, as necessary, a Prime Rate Advance and/or a US Base Rate Advance, and each Lender shall make, as necessary, a Prime Rate Advance and/or a US Base Rate Advance available to the Agent for the purpose of repaying the principal amount of the portion of the Swing Line Loan owed to the Former Swing Line Lender, in the amount of such Lender's Applicable Percentage multiplied by the amount of the outstanding Swing Line Loan owing to the Former Swing Line Lender (the “**Lender Swing Line Repayments**”). In such event, the Borrower's right to obtain Swing Line Advances will cease and the amounts outstanding thereunder will continue to form part of the Loan Obligations. However, if a Default under subsection 15.1.11 of this Agreement shall have occurred and be continuing, or if an Event of Default under subsection 15.1.11 shall have occurred, the Lenders shall not make such Lender Swing Line Repayments and the provisions of subsection 3.4.7 shall apply.
- 3.4.7 If, before the making of a Lender Swing Line Repayment under subsection 3.4.6, a Default under subsection 15.1.11 shall have occurred and be continuing or an Event of Default under subsection 15.1.11 shall have occurred, each Lender shall, on the date such Lender Swing Line Repayment was to have been made, purchase from the Former Swing Line Lender an undivided participating interest in the portion of the Swing Line Loans to be repaid, in an amount equal to its Applicable Percentage multiplied by the amount of the outstanding portion of the Swing Line Loan, and immediately transfer such amount to the Agent for the benefit of the Former Swing Line Lender, in immediately available funds. In such event, the Borrower's right to obtain Swing Line Advances will cease and the amounts outstanding thereunder will continue to form part of the Loan Obligations. If at any time after any Lender Swing Line Repayment has been made, the Former Swing Line Lender receives any payment on account of the portion of the Swing Line Loan in respect of which such Lender Swing Line Repayment has been made, the Former Swing Line Lender will distribute to the Agent for the benefit of each Lender an amount equal to its percentage Commitment multiplied by such amount (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's portion was outstanding and funded) in like funds as received; provided, however, that if such payment received by the Former Swing Line Lender is required to be returned, such Lender will return to the Agent for the benefit of the Former Swing Line Lender any portion thereof previously distributed by the Former Swing Line Lender to the Agent.

for the benefit of such Lender in like funds as such payment is required to be returned by such Former Swing Line Lender.

- 3.4.8 Each Lender's obligation to make Lender Swing Line Repayments or to purchase a participating interest in accordance with subsections 3.4.6 and 3.4.7 shall be absolute and unconditional and shall not be affected by any circumstance, including (a) any set-off, compensation, counterclaim, recoupment, defence or other right which such Lender may have against any Swing Line Lender, the Borrower, any other Obligor or any other Person for any reason whatsoever, (b) the occurrence or continuance of any Default or Event of Default, (c) any adverse change in the condition (financial or otherwise) of the Borrower, any other Obligor or any other Person, (d) any breach of this Agreement by the Borrower or any other Person, (e) any inability of the Borrower to satisfy the conditions precedent to borrowing set forth in this Agreement on any applicable Drawdown Date for such Prime Rate Advance or US Base Rate Advance or participating interest to be purchased, or (f) any other circumstances, happening or event whatsoever, whether or not similar to any of the foregoing. If any Lender does not make available the amount required under subsection 3.4.6 or 3.4.7, as the case may be, the Former Swing Line Lender shall be entitled to recover such amount on demand from such Lender, together with interest thereon, as applicable, at the Prime Rate Basis or US Base Rate Basis, as applicable, at such time from the date of non-payment until such amount is paid in full.

3.5 **Evidence of Indebtedness**

The Loan Obligations resulting from Prime Rate Advances, US Base Rate Advances, Libor Advances made by the Lenders shall be evidenced by records maintained by the Agent and by each Lender concerning those Advances it has made. The Agent shall also maintain records of the Loan Obligations resulting from BA Advances and Advances by way of issuance of Letters of Credit, and each Lender shall also maintain records relating to Bankers' Acceptances that it has accepted and the Issuing Lender shall maintain records relating to Letters of Credit it has issued. The records maintained by the Agent shall constitute *prima facie* evidence of the Loan Obligations and all details relating thereto. After a request by the Borrower, the Agent or the Lender to whom the request is made will promptly advise the Borrower of the entries in such records. The failure of the Agent or any Lender to correctly record any such amount or date shall not, however, adversely affect the obligation of the Borrower to pay any Loan Obligations in accordance with this Agreement. The Agent shall, upon the reasonable request of a Lender or the Borrower, provide any information contained in its records of Advances by such Lender or to the Borrower, and the Agent, each Lender and the Borrower shall cooperate in providing all information reasonably required to keep all accounts accurate and up-to-date.

3.6 Apportionment of Advances

The amount of each Advance will be apportioned among the Lenders by the Agent by reference to the Applicable Percentage of each Lender immediately prior to the making of any Advance, subject to the provisions of Section 5.8 with respect to BA Advances. If any amount is not in fact made available to the Agent by a Lender, the Agent shall be entitled to recover such amount (together with interest thereon at the rate determined by the Agent as being its cost of funds in the circumstances) on demand from such Lender or, if such Lender fails to reimburse the Agent for such amount on demand, from the Borrower.

3.7 Notices Irrevocable

Any notice (including any deemed notice provided for herein) given to the Agent under Article 3 or 5 may not be revoked or withdrawn.

3.8 Limits on BA Advances, Letters of Credit and Libor Advances

Nothing in this Agreement shall be interpreted as authorizing the Borrower to issue Bankers' Acceptances or borrow by way of Libor Advances for a Designated Period expiring on a date which is after the Maturity Date.

4. CALCULATION OF INTEREST AND FEES

4.1 Calculation of Interest on Prime Rate Advances and US Base Rate Advances

The principal amount of each Prime Rate Advance and each US Base Rate Advance shall bear interest, calculated daily, on the daily balance of each such Advance, from and including the Drawdown Date of, as applicable, such Prime Rate Advance or US Base Rate Advance, up to but excluding the day of repayment thereof in full at the annual rate (calculated based on a 365 or 366 day year, as applicable) applicable to each of such days which corresponds to, as applicable, the Prime Rate or the US Base Rate, at the close of business on each of such days, plus the Applicable Margin determined in accordance with subsection 2.8.1.

4.2 Payment of Interest on Prime Rate Advances and US Base Rate Advances

Interest on Prime Rate Advances and US Base Rate Advances calculated and payable in accordance with Section 4.1 shall be payable to the Agent for the account of the Lenders on the last Business Day of each month.

4.3 Calculation of Interest on Libor Basis

The principal amount of each Libor Advance shall bear interest, calculated daily, on the daily balance of such Advances, from and including the Drawdown Date up to but excluding the last day of the Designated Period of such Libor Advance, at the annual rate (calculated based on a 360-day year) applicable to each of such days which corresponds to the LIBOR applicable to each Selected Amount, plus the Applicable Margin determined in accordance with subsection 2.8.1, and shall be effective as and from and including the Drawdown Date.

4.4 **Payment of Interest on Libor Basis**

Interest on Libor Advances calculated and payable in accordance with Section 4.3 shall be payable to the Agent for the account of the Lenders, in arrears,

- 4.4.1 on the last day of the applicable Designated Period when the Designated Period is one, two or three months; or
- 4.4.2 when the applicable Designated Period exceeds three months, on the last Business Day of each period of three months during such Designated Period and on the last day of the applicable Designated Period.

4.5 **Fixing of LIBOR**

Notice of LIBOR shall be transmitted to the Borrower at approximately 11:00 a.m., two Banking Days prior to:

- 4.5.1 the date on which the Libor Advance is to be made; or
- 4.5.2 the relevant rollover date of a Libor Advance.

4.6 **Interest on Miscellaneous Amounts**

Where this Agreement does not specifically provide for a rate of interest applicable to an outstanding portion of the Loan Obligations, the interest on such portion of the Loan Obligations shall be calculated and payable on the Prime Rate Basis, in the case of amounts payable in Canadian Dollars, and on the US Base Rate Basis, in the case of amounts payable in US Dollars and Euros (with any amounts in Euros having been converted to US Dollars in accordance with the procedures set out herein), in each case payable on the last Business Day of each month.

4.7 **Default Interest**

If the Borrower fails to pay any principal amount of any Loan Obligations, any interest thereon, any fees payable hereunder or any other amount payable hereunder on the date when such amount is due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest, to the extent permitted by Applicable Law, from and including such due date up to but excluding the date of actual payment, both before and after demand, Default or judgment, at a rate of interest per annum equal to 2% greater than the interest rate which is otherwise applicable (which, in the case of LIBOR Advances, shall be based on the existing Libor Basis, until the expiry of the then applicable Designated Period and thereafter based on successive Designated Periods of one month) from the date of such non-payment until paid in full (as well after, as before Default, maturity or judgment), with interest on overdue interest bearing interest at the same rate. All interest payable pursuant to this Section 4.7 shall be payable upon demand.

4.8 **Maximum Interest Rate**

The amount of the interest or fees payable in applying this Agreement shall not exceed the maximum rate permitted by Applicable Law. Where the amount of such interest or such fees is greater than the maximum rate, the amount shall be reduced to the highest rate that may be recovered in accordance with the applicable provisions of Applicable Law.

4.9 **Interest Act**

- 4.9.1 Each rate of interest which is calculated with reference to a period (the “**deemed interest period**”) that is less than the actual number of days in the calendar year of calculation is, for the purposes of the *Interest Act* (Canada), equivalent to a rate based on a calendar year calculated by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing by the number of days in the deemed interest period.
- 4.9.2 The parties agree that all interest in this Agreement will be calculated using the nominal rate method and not the effective rate method, and that the deemed re-investment principle shall not apply to such calculations. In addition, the parties acknowledge that there is a material distinction between the nominal and effective rates of interest and that they are capable of making the calculations necessary to compare such rates.

5. **BANKERS’ ACCEPTANCES**

5.1 **Advances by Bankers’ Acceptances and Conversions into Bankers’ Acceptances**

- 5.1.1 Subject to the applicable provisions of this Agreement (including Section 6.6), the Borrower may request that a BA Advance be made, that one or more Advances not borrowed as BA Advances be converted into one or more BA Advances or that a BA Advance or any part thereof be extended, as the case may be (the “**BA Request**”) by written Notice of Borrowing to the Agent given at least four Business Days, before 10:00 a.m., prior to the date of the proposed Advance (for the purposes of this Article 5 called the “**Acceptance Date**”). BA Advances shall be in a minimum amount of C\$1,000,000 or C\$100,000 multiples thereof. Each Bankers’ Acceptance issued shall have a Designated Period of one, two, three or six months (or such other period as may be available and acceptable to the Lenders), and shall in no event mature on a date that is after the Maturity Date.
- 5.1.2 Prior to making any BA Request, the Borrower shall deliver:

5.1.2.1 to the Lenders, in the name of each BA Lender, drafts in form and substance acceptable to the Agent and the Lenders, acting reasonably; and

5.1.2.2 to the Lenders, in the name of each Lender which is a Non-BA Lender, Discount Notes;

completed and executed by its authorized signatories in sufficient quantity for the Advance requested and in appropriate denominations to facilitate the sale of the Bankers' Acceptances in the financial markets. No Lender shall be responsible or liable for its failure to accept a Bankers' Acceptance hereunder if such failure is due, in whole or in part, to the failure of the Borrower to give appropriate instructions to the Agent on a timely basis, nor shall the Agent or any Lender be liable for any damage, loss or other claim arising by reason of any loss or improper use of any such instrument except a loss or improper use arising by reason of the gross negligence or wilful misconduct of the Agent, such Lender, or their respective employees.

In order to facilitate issuances of Bankers' Acceptances pursuant hereto in accordance with the instructions given from time to time by the Borrower, the Borrower hereby authorizes each Lender, and for this purpose appoints each Lender its lawful attorney, to complete and sign Bankers' Acceptances on behalf of the Borrower, in handwritten, facsimile, mechanical or electronic signature or otherwise, and once so completed, signed and endorsed, and following acceptance of them as Bankers' Acceptances, to purchase, discount or negotiate such Bankers' Acceptances in accordance with the provisions of this Article 5, and to provide the Available Proceeds to the Agent in accordance with the provisions hereof. Drafts so completed, signed, endorsed and negotiated on behalf of the Borrower by any Lender shall bind the Borrower as fully and effectively as if so performed by an authorized officer of the Borrower. Each Lender shall maintain a record with respect to such instruments (a) received by it hereunder, (b) voided by it for any reason, (c) accepted by it hereunder and (d) cancelled at their respective maturities. Each Lender agrees to provide such records to the Borrower upon request.

5.2 **Acceptance Procedure**

With respect to each BA Advance:

5.2.1 The Agent shall promptly notify in writing each Lender of the details of the proposed BA Advance, specifying:

5.2.1.1 for each BA Lender (a) the principal amount of the Bankers' Acceptances to be accepted by such Lender,

and (b) the Designated Period of such Bankers' Acceptances; and

5.2.1.2 for each Non-BA Lender (a) the principal amount of the Discount Notes to be issued to such Lender and (b) the Designated Period of such Discount Notes.

5.2.2 The Agent shall establish the Bankers' Acceptance Discount Rate at or about 10:00 a.m. on the Acceptance Date, and the Agent shall promptly determine the amount of the BA Proceeds.

5.2.3 Forthwith, and in any event not later than 11:30 a.m. on the Acceptance Date, the Agent shall indicate to each Lender, in the manner set out in Section 16.5 and to the Borrower:

5.2.3.1 the Bankers' Acceptance Discount Rate;

5.2.3.2 the amount of the Stamping Fee applicable to the Bankers' Acceptances to be accepted by such Lender on the Acceptance Date, calculated by multiplying the appropriate percentage determined in accordance with subsection 2.8.1 by the face amount of each Bankers' Acceptance (taking into account the number of days in the Designated Period), each such Lender being authorized by the Borrower to deduct such Lender's Stamping Fee out of the BA Proceeds of the Bankers' Acceptances accepted by it;

5.2.3.3 the BA Proceeds of the Bankers' Acceptances to be purchased by such Lender on such Acceptance Date; and

5.2.3.4 the amount obtained (the " **Available Proceeds** ") by deducting the Stamping Fee referred to in subsection 5.2.3.2 from the BA Proceeds mentioned in subsection 5.2.3.3.

5.2.4 Not later than 1:00 p.m. on the Acceptance Date, each Lender shall make available to the Agent its Available Proceeds.

5.2.5 Not later than 3:00 p.m. on the Acceptance Date, subject to the applicable provisions of this Agreement, the Agent shall transfer the Available Proceeds to the Borrower and shall notify the Borrower of the details of the issue.

5.3 **Purchase of Bankers' Acceptances and Discount Notes**

Before giving value to the Borrower, the Lenders which are:

- 5.3.1 BA Lenders shall, on the Acceptance Date, accept the Bankers' Acceptances by inserting the appropriate principal amount, Acceptance Date and maturity date in accordance with the BA Request relating thereto and affixing their acceptance stamps thereto, and shall purchase or sell same; and
- 5.3.2 Non-BA Lenders shall, on the Acceptance Date, complete the Discount Notes by inserting the appropriate principal amount, Acceptance Date and maturity date in accordance with the BA Request relating thereto and shall purchase the same.

5.4 **Maturity Date of Bankers' Acceptances**

Subject to the applicable notice provisions, at or prior to the maturity date of each Bankers' Acceptance, the Borrower may:

- 5.4.1 give to the Agent a notice in the form of Exhibit D requesting that the Lenders convert all or any part of the BA Advance then outstanding which are maturing into a Prime Rate Advance; or
- 5.4.2 give to the Agent a notice in the form of Exhibit D requesting that the Lenders extend all or any part of the BA Advance outstanding which are maturing into another BA Advance by issuing new Bankers' Acceptances, subject to compliance with the provisions of subsection 5.1.1 with respect to the minimum Selected Amount; or
- 5.4.3 by no later than 10:00 a.m., two Business Days prior to the maturity date of each Bankers' Acceptance then outstanding and reaching maturity, notify the Agent that it intends to deposit in its account for the account of the Lenders on the maturity date thereof an amount equal to the principal amount of each such Bankers' Acceptance.

5.5 **Deemed Conversions on the Maturity Date of Bankers' Acceptances**

If the Borrower does not deliver to the Agent one or more of the notices contemplated by subsections 5.4.1 or 5.4.2 or does not give the notice contemplated by subsection 5.4.3, the Borrower shall be deemed to have requested and given notice that the part of the BA Advance then outstanding which is reaching maturity be converted into a Prime Rate Advance.

5.6 **Conversion and Extension Mechanism**

If under the conditions:

- 5.6.1 of subsection 5.4.1 and of Section 5.5, the Borrower requests or is deemed to have requested, as the case may be, that the Agent convert the portion of the BA Advance which is maturing into a Prime Rate Advance, the Lenders shall pay the Bankers' Acceptances which are

outstanding and maturing. Such payments by the Lenders will constitute an Advance within the meaning of this Agreement and the interest thereon shall be calculated and payable as such; or

- 5.6.2 of subsection 5.4.3, the Borrower makes a deposit in its account to repay a maturing Bankers' Acceptance, without limiting in any way the generality of Section 7.10 or 19.5, the Borrower hereby expressly and irrevocably authorizes the Agent to make any debits necessary in its account in order to pay the Bankers' Acceptances which are outstanding and maturing, provided that no such debit will constitute a prepayment under subsection 2.7.1 or cancellation under Section 2.7.2.

5.7 **No Prepayment of Bankers' Acceptances**

Notwithstanding any provision hereof, the Borrower may not repay any Bankers' Acceptance other than on its maturity date; however, this provision shall not prevent the Borrower from providing escrowed funds for any Bankers' Acceptance in accordance with Section 15.4.

5.8 **Apportionment Amongst the Lenders**

In relation to each BA Advance, the Agent is authorized by the Borrower and each Lender to allocate between the Lenders the Bankers' Acceptances to be issued by the Borrower and accepted and purchased by the Lenders, in such manner and amounts as the Agent may, in its sole discretion, consider necessary, so as to ensure that no Lender is required to accept and purchase a Bankers' Acceptance for a fraction of C\$100,000. In the event of any such allocation by the Agent, the Lenders' respective Commitments in any such Bankers' Acceptances and repayments thereof shall be adjusted accordingly. Further, the Agent is authorized by the Borrower and each Lender to cause the Applicable Percentage of one or more Lender's Advances with respect to Bankers' Acceptances to be exceeded by no more than C\$100,000 each as a result of such allocations, provided that the principal amount of all outstanding Advances of each Lender shall not thereby exceed the maximum amount of the respective Commitment of each Lender. Any resulting amount by which the requested face amount of any such Bankers' Acceptance shall have been so reduced shall be advanced, converted or continued, as the case may be, as a Prime Rate Advance, to be made contemporaneously with the BA Advance.

5.9 **Days of Grace**

The Borrower shall not claim from the Lenders any days of grace for the payment at maturity of any Bankers' Acceptances presented and accepted by the Lenders pursuant to the provisions of this Agreement. Further, the Borrower waives any defence to payment which might otherwise exist if for any reason a Bankers' Acceptance shall be held by any Lender in its own right at the maturity thereof.

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5.10 **Obligations Absolute**

The obligations of the Borrower with respect to Bankers' Acceptances shall be unconditional and irrevocable (other than in respect of a loss or the improper use of any Bankers' Acceptance arising by reason of the gross negligence or wilful misconduct of the Agent, the Lenders or their respective employees) and shall be paid strictly in accordance with the provisions of this Agreement under all circumstances, including the following circumstances:

- 5.10.1 any lack of validity or enforceability of any draft accepted by any Lender as a Bankers' Acceptance; or
- 5.10.2 the existence of any claim, set-off, defence or other right which the Borrower may have at any time against the holder of a Bankers' Acceptance, the Lenders, or any other person or entity, whether in connection with this Agreement or otherwise.

5.11 **Depository Bills and Notes Act**

In the discretion of a BA Lender, Bankers' Acceptances to be accepted by such Lender may be issued in the form of " **depository bills** " within the meaning of the *Depository Bills and Notes Act* (Canada) and deposited with the CDS Clearing and Depository Services Inc. or any successor or other clearinghouse within the meaning of the said Act (herein " **CDS** ") and may be made payable to " **CDS & Co.** " or in such other name as may be acceptable to CDS and thereafter dealt with in accordance with the procedures of CDS, consistent with the provisions hereof. The Lenders are also authorized to issue depository bills as replacements for previously issued Bankers' Acceptances, on the same terms as those replaced, and deposit them with CDS against cancellation of the previously issued Bankers' Acceptances.

6. **ILLEGALITY, INCREASED COSTS, INDEMNIFICATION AND MARKET DISRUPTIONS**

6.1 **Illegality**

If any Lender determines that any Change in Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable lending office to (a) make any Advance or maintain any Advance (or to maintain its obligation to make any Advance) or (b) determine or charge interest rates based upon any particular rate other than as a result of any breach of the *Criminal Code* (Canada), then, on notice thereof by such Lender to the Borrower through the Agent, any obligation of such Lender with respect to the activity that is unlawful shall be suspended until such Lender notifies the Agent and the Borrower that

the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall, upon demand from such Lender (with a copy to the Agent), take any necessary steps with respect to any Letter of Credit, and otherwise have the option of prepaying or, if conversion would avoid the unlawful activity, convert any Advances, in order to avoid the activity that is unlawful.

Upon any such prepayment or conversion, the Borrower shall also pay accrued interest and accrued Letter of Credit Fees on the amount so prepaid

or converted. Each Lender agrees to designate a different lending office for funding or booking its Advances hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates if such designation will avoid the need for such notice and will not, in the good faith judgment of such Lender, otherwise be materially disadvantageous to such Lender. No payment hereunder by the Borrower shall give rise to any additional obligations under Section 19.5 or be considered a payment under Section 2.7.1 or any cancellation of the Credit Facility under Section 2.7.2. Any Lender affected under this Section 6.1 shall give the Agent and Borrower prompt written notice of any change in circumstances that make it no longer subject to the circumstances that require any termination of obligations hereunder.

6.2 Increased Costs

6.2.1 General. If any Change in Law shall:

- 6.2.1.1 impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender;
- 6.2.1.2 subject any Lender to any Tax of any kind whatsoever with respect to this Agreement, any Letter of Credit, any participation in a Letter of Credit or any Advance made by it, or change the basis of taxation of payments to such Lender in respect thereof, except for Indemnified Taxes or Other Taxes covered by Section 6.3 and the imposition, or any change in the rate, of any Excluded Tax payable by such Lender; or
- 6.2.1.3 impose on any Lender or the applicable interbank market any other condition, cost or expense affecting this Agreement or Advances by or owed to such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making any Advance or maintaining any Advance (or of maintaining its obligation to make any such Advance), or to increase the cost to such Lender or the Issuing Lender of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender or the Issuing Lender hereunder (whether of principal, interest or any other amount), then upon request of such Lender and the delivery by such Lender to the Borrower and the Agent of the certificate referred to in Section 6.2.3, the Borrower will pay to such Lender within 30 days of the receipt of such request and certificate such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered. Notwithstanding

the foregoing, the Borrower shall only be obligated to pay such additional amount or amounts under this Section if the affected Lender, as a general practice, also requires compensation therefor from its other customers, where such other customers are bound by similar provisions to the foregoing provisions of this Section and where, due to the type of credit facility or other arrangements such other customers have with such Lender or the industry or jurisdiction where such other customers carry on business, such Lender would be similarly affected (and because of such Lender's confidentiality obligations to its other customers, such conditions, if applicable, shall be confirmed as having been satisfied by such Lender in the certificate referred to in Section 6.2.3, which certificate shall be conclusive absent manifest error).

- 6.2.2 Capital Requirements . If any Lender determines that any Change in Law affecting such Lender or any lending office of such Lender or such Lender's holding company, if any, regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Advances made by, or the Letters of Credit issued or participated in by such Lender, to a level below that which such Lender or its holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of its holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or its holding company for any such reduction suffered.
- 6.2.3 Certificates for Reimbursement . A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in subsection 6.2.1 or 6.2.2, including reasonable detail of the basis of calculation thereof and the event by reason of which it has become so entitled with reasonable particulars, and delivered to the Borrower shall be *prima facie* evidence of such amount or amounts owed. The Borrower shall pay such Lender the amount shown as due on any such certificate within ten days after receipt thereof.
- 6.2.4 Delay in Requests . Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation, except that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs incurred or reductions suffered more than six months prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor, unless the Change in Law giving rise to such increased costs or reductions is retroactive, in which case the six

month period referred to above shall be extended to include the period of retroactive effect thereof.

6.3 **Taxes**

- 6.3.1 Payments Free of Taxes. Any and all payments by or on account of any obligation of each Obligor hereunder or under any other Loan Document shall be made free and clear of and without deduction or withholding for any Indemnified Taxes or Other Taxes. If any Obligor, the Agent, or any Lender is required by Applicable Law to deduct or pay any Indemnified Taxes (including any Other Taxes) in respect of such payments by or on account of any obligation of an Obligor hereunder or under any other Loan Document, then (a) the sum payable shall be increased by that Obligor when payable as necessary so that after making or allowing for all required deductions and payments (including deductions and payments applicable to additional sums payable under this Section) the Agent or Lender, as the case may be, receives an amount equal to the sum it would have received had no such deductions or payments been required, (b) the Obligor shall make any such deductions and withholdings required to be made by it under Applicable Law and (c) the Obligor shall timely pay the full amount required to be deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law.
- 6.3.2 Payment of Other Taxes by the Borrower. Without limiting the provisions of Section 6.3.1, the Obligors shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with Applicable Law.
- 6.3.3 Indemnification by the Borrower. Each Obligor shall indemnify the Agent and each Lender, within thirty days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Agent or such Lender and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Agent), or by the Agent on its own behalf or on behalf of a Lender, shall be *prime facie* evidence of such amount or payment.
- 6.3.4 Evidence of Payments. As soon as practicable after any payment of Indemnified Taxes or Other Taxes by an Obligor to a Governmental Authority, the Obligor shall deliver to the Agent the original or a certified copy of a receipt issued by such Governmental Authority

evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Agent.

- 6.3.5 Status of Lenders. Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the applicable Obligor is resident for tax purposes, or under any treaty to which such jurisdiction is a party, with respect to payments hereunder or under any other Loan Document by such Obligor shall, at the request of the Borrower, deliver to such Obligor (with a copy to the Agent), at the time or times prescribed by Applicable Law or reasonably requested by the Borrower or the Agent, such properly completed and executed documentation prescribed by Applicable Law as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, (a) any Lender, if requested by the Borrower or the Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrower or the Agent as will enable the Borrower or the Agent to determine whether or not such Lender is subject to such withholding or related information reporting requirements and (b) any Lender that ceases to be, or to be deemed to be, resident in Canada for the purposes of Part XIII of the *Income Tax Act* (Canada) or any successor provision thereto shall, within five Business Days thereof, notify the Borrower and the Agent in writing.
- 6.3.6 Treatment of Certain Refunds. If the Agent or a Lender determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by an Obligor or with respect to which an Obligor has paid additional amounts pursuant to this Section or that, because of the payment of such Taxes or Other Taxes, it has benefitted from a reduction in Excluded Taxes otherwise payable by it, it shall pay to the Borrower or other Obligor, as applicable, an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower or other Obligor under this Section with respect to the Taxes or Other Taxes giving rise to such refund or reduction), net of all out-of-pocket expenses of the Agent or such Lender, as the case may be, and without interest (other than an amount equal to the net after-Tax amount of any interest paid by the relevant Governmental Authority, if any, with respect to such refund). The Borrower or the other Obligor, as applicable, upon the request of the Agent or such Lender, shall repay the amount paid over to the Borrower or other Obligor (plus any penalties, interest or other Liens imposed by the relevant Governmental Authority) to the Agent or such Lender if the Agent or such Lender is required to repay such refund or reduction to such Governmental Authority. This subsection shall not be construed to require the Agent or any Lender to make available its tax returns (or

any other information relating to its taxes that it deems confidential) to the Obligors or any other Person, to arrange its affairs in any particular manner or to claim any available refund or reduction.

6.4 **Breakage Costs, Failure to Borrow or Repay After Notice**

The Borrower shall indemnify each Lender against any loss or expense (including any loss or expense arising from interest or fees payable by such Lender to lenders of funds obtained by it in order to make or maintain any Advance and any loss or expense incurred in liquidating or re-employing deposits from which such funds were obtained) which such Lender may sustain or incur as a consequence of any: (a) default by the Borrower in giving a timely Notice of Borrowing, (b) default by the Borrower in making payment when due of the amount of, or interest on, any Advance or in the payment when due of any other amount hereunder, (c) default by the Borrower in completing or obtaining an Advance after the Borrower has given notice hereunder that it desires to obtain such Advance, (d) default by the Borrower in making any voluntary reduction of the outstanding amount of any outstanding Advance after the Borrower has given notice hereunder that it desires to make such reduction and (e) the payment of any Libor Advance otherwise than on the maturity date thereof (including without limitation any such payment required pursuant to Section 2.7 or upon acceleration pursuant to Section 15.2). A certificate of the Agent providing reasonable particulars of the calculation of any such loss or expense shall be *prima facie* evidence of such amount owed. If any Lender becomes entitled to claim any amount pursuant to this Section 6.4, it shall promptly notify the Borrower, through the Agent, of the event by reason of which it has become so entitled and reasonable particulars of the related loss or expense, provided that the failure to do so promptly shall not prejudice the Lenders' right to claim hereunder.

6.5 **Mitigation Obligations: Replacement of Lenders.**

6.5.1 **Designation of a Different Lending Office.** If any Lender requests compensation under Section 6.2, requires the Borrower to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 6.3, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Advances hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (a) would eliminate or reduce amounts payable pursuant to Section 6.2 or 6.3 or eliminate the illegal event giving rise to the suspension of such Lender's obligations, as the case may be, in the future and (b) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

6.5.2 Replacement of Lenders. If any Lender requests compensation under Section 6.2, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 6.3, or if any Lender defaults in its obligation to fund Advances hereunder, then the Borrower may, at its sole expense and effort, upon ten days' notice to such Lender and the Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Article 18), all of its interests, rights and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which Eligible Assignee may be another Lender, if a Lender accepts such Assignment), provided that:

6.5.2.1 the Borrower pays the Agent the assignment fee specified in subsection 18.2.2.5;

6.5.2.2 the assigning Lender receives payment of an amount equal to the outstanding principal of its Advances and participations in disbursements under Letters of Credit, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any breakage costs and amounts required to be paid under this Agreement as a result of prepayment to a Lender) from the Assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

6.5.2.3 in the case of any such Assignment resulting from a claim for compensation under Section 6.2 or payments required to be made pursuant to Section 6.3, such Assignment will result in a reduction in such compensation or payments thereafter; and

6.5.2.4 such Assignment does not conflict with Applicable Law.

A Lender shall not be required to make any such Assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such Assignment and delegation cease to apply.

6.6 **Market for Bankers' Acceptances and Libor Advances**

If the Lenders determine, after reasonable efforts, at any time or from time to time that: (a) there no longer exists a market for Bankers' Acceptances, or (b) as a result of market

conditions, (i) there exists no appropriate or reasonable method to establish LIBOR for a Selected Amount or a Designated Period or (ii) US Dollar deposits are not available to the Lenders in such market in the Ordinary Course in amounts sufficient to permit them to make a Libor Advance for a Selected Amount or a Designated Period, such Lenders shall so advise the Agent, and the Agent shall so notify the Borrower, and any such Lenders shall not be obliged to accept drafts of the Borrower presented to such Lenders pursuant to the provisions of this Agreement nor to honour any Notices of Borrowing in connection with any Libor Advances, and the Borrower's option to request BA Advances or Libor Advances, as the case may be, shall thereupon be suspended upon notice by the Agent to the Borrower until the circumstances giving rise to such suspension no longer exist. Thereafter, the Lenders shall promptly notify the Agent, which shall promptly notify the Borrower, of any change in circumstances of which they become aware which results in the existence of such market for Bankers' Acceptances or a reasonable method of establishing LIBOR or availability of US Dollar deposits.

7. PROVISIONS RELATING TO PAYMENTS

7.1 Payment of Losses Resulting From a Prepayment

If a prepayment in respect of a Libor Advance is made on a date other than the final day of the Designated Period applicable to such Libor Advance contrary to the provisions of this Agreement, simultaneously with such prepayment, the Borrower shall pay to the Lenders the losses, costs and expenses suffered or incurred by the Lenders with respect to such prepayment which are referred to in Section 6.4. Any attempted prepayment of a BA Advance shall be treated as a payment into an escrow account and dealt with in accordance with Section 15.4.

7.2 Imputation of Prepayments

All prepayments made in accordance with Section 2.7 shall be applied to repay all or part of the principal amount of the outstanding Loan Obligations under the Credit Facility.

7.3 Currency of Payments

All payments, repayments or prepayments, as the case may be:

- 7.3.1 of principal under the Loan Obligations or any part thereof, shall be made in the same currency as that in which they are outstanding;
- 7.3.2 of interest, shall be made in the same currency as the principal amount outstanding to which they relate;
- 7.3.3 of fees, shall be made in US Dollars alone; and
- 7.3.4 of the amounts referred to in Section 6.4, shall be made in the same currency as the losses, costs and expenses suffered or incurred by the Lenders.

7.4 **Payments by the Borrower to the Agent**

All payments to be made by the Borrower in connection with this Agreement shall be made to the Agent, at the Branch (or at any other office or account in Toronto designated by the Agent) in funds having same day value no later than 2:00 p.m. on the day any such payment is due.

7.5 **Payment on a Business Day**

Each time a payment, repayment or prepayment is due on a day that is not a Business Day, it shall be made on the next Business Day together with applicable interest during such extension.

7.6 **Payments by the Lenders to the Agent**

Any amounts payable to the Agent by a Lender shall be paid in funds having same day value to the Agent by the Lenders on a Business Day at the Branch.

7.7 **Netting**

On any Drawdown Date (a “**Transaction Date**”), the Agent shall be entitled to net amounts payable on such date by the Agent to a Lender under this Agreement against amounts payable in the same currency on such date by such Lender to the Agent under this Agreement, for the account of the Borrower. Similarly, on any Transaction Date, the Borrower hereby authorize each Lender to net amounts payable under this Agreement in one currency on such date by such Lender to the Agent, for the account of the Borrower, against amounts payable under this Agreement in the same currency on such date by the Borrower to such Lender in accordance with the Agent’s calculations made in accordance with the provisions of this Agreement.

7.8 **Application of Payments**

Except as otherwise indicated herein, all payments made to the Agent by the Borrower for the account of the Lenders shall be distributed the same day by the Agent, in accordance with its normal practice, in funds having same day value, among the Lenders to the accounts last designated in writing by each Lender to the Agent, *pro rata* in accordance with their respective Applicable Percentage, subject to adjustment, if necessary, as a result of any disproportion in Loan Obligations that may be owing to a Lender, whether as a result of the Swing Line Loan, netting pursuant to subsection 7.7 or otherwise.

7.9 **No Set-Off or Counterclaim by Borrower**

All payments by the Borrower shall be made free and clear of and without any deduction or withholding for or on account of any set-off or counterclaim.

7.10 **Debit Authorization**

The Agent is hereby authorized to debit each of the Obligor's account or accounts maintained from time to time at the Branch or elsewhere, for the amount of any interest or any other amounts due and owing hereunder from time to time payable by the Obligors, in order to obtain payment thereof.

8. **GUARANTEES**

8.1 **Guarantees**

8.1.1 Within 45 days of the Closing Date, there shall have been delivered to the Agent, for and on behalf of and for the benefit of the Supported Parties, by each Material Subsidiary (as determined as of such date) the unconditional and unlimited guarantees of the Loan Obligations and the Other Supported Obligations, in form and substance satisfactory to the Lenders, acting reasonably.

8.1.2 Notwithstanding Section 8.1.1, no Material Subsidiary shall be required to grant to the Agent, for and on behalf of and for the benefit of the Supported Parties, such a Guarantee if (a) it is prohibited from doing so under its Constating Documents and its Constating Documents cannot be amended to permit the granting of a Guarantee, provided that, if it is prohibited under its Constating Documents from granting an unlimited guarantee of the Loan Obligations and the Other Supported Obligations, but not a limited guarantee of the Loan Obligations and the Other Supported Obligations, it shall grant a limited guarantee of the Loan Obligations and the Other Supported Obligations to the maximum extent permitted by its Constating Documents, (b) it is prohibited from doing so under Applicable Law, provided that, if it is prohibited from granting an unlimited guarantee of the Loan Obligations and the Other Supported Obligations, but not a limited guarantee of the Loan Obligations and the Other Supported Obligations, it shall grant a limited guarantee of the Loan Obligations and the Other Supported Obligations to the maximum extent permitted by Applicable Law, (c) the Agent, in consultation with the Borrower, determines, acting reasonably, that the cost of obtaining such a guarantee of the Loan Obligations and the Other Supported Obligations are excessive in relation to the value of the guarantee to the Lenders or (d) it has been designated by the Borrower as a “ **non-recourse Material Subsidiary** ” and such designation has been accepted by each Lender.

8.2 **Additional Guarantors**

The Borrower shall give prompt written notice to the Agent of each Person that becomes a Material Subsidiary after the Closing Date, and the Borrower shall, within 30 days of such Person becoming a Material Subsidiary, cause each such Person to become a party to this Agreement by delivery of an agreement in the form of Exhibit F and, subject to

Section 8.1.2, to deliver to the Agent, for and on behalf of and for the benefit of the Supported Parties, an unconditional and unlimited guarantee of the Loan Obligations and the Other Supported Obligations (or, to the extent required by Section 8.1.2, a limited guarantee of the Loan Obligations and the Other Supported Obligations), in form and substance satisfactory to the Lenders, acting reasonably, together with all other items contemplated by Section 12.15 which relate to such Material Subsidiary.

8.3 **Obligations Supported by the Guarantees**

All guarantees delivered under this Article 8 shall support and secure the following debts, liabilities and obligations which, it is agreed by the Lenders among themselves, shall rank *pari passu* with each other:

- 8.3.1 the Loan Obligations;
- 8.3.2 the Other Supported Obligations; and
- 8.3.3 all other indebtedness, liabilities and obligations of the Obligor under the Loan Documents.

8.4 **Other Supported Obligations**

As of the date of this Agreement, the Other Supported Obligations are those listed in Schedule C. Upon request by a Lender, the Agent shall, from time to time, prepare and provide the Lenders and the Borrower with a revision of Schedule C to reflect changes in the Other Supported Obligations to the extent notified in writing by the Borrower to the Agent, but any failure to do so shall not affect the guarantees of any Other Supported Obligations in favour of any Other Supported Parties. Other Supported Obligations in favour of the Other Supported Parties listed on Schedule C from time to time shall be conclusively deemed to be guaranteed by the Guarantees (in the absence of manifest error) and shall not cease to be guaranteed without the prior written consent of the respective Other Supported Parties to whom the Other Supported Obligations are owed unless such Other Supported Party ceases (or, in the case of an Affiliate of a Lender which is an Other Supported Party, such Lender ceases) to be a Lender. Each Other Supported Party, by its acceptance of the benefit of any Guarantees, shall be deemed to have accepted and be bound by the provisions of this Agreement applicable to Other Supported Parties and regarding the terms upon which the Other Supported Obligations are supported by the Guarantees, and authorizes and directs the Agent to act accordingly.

8.5 **Limitation**

Notwithstanding the rights of Other Supported Parties to benefit from the Guarantees in respect of the Other Supported Obligations, all decisions concerning the Guarantees and the enforcement thereof shall be made by the Lenders or the Majority Lenders, as applicable, in accordance with this Agreement. No Other Supported Party holding Other Supported Obligations from time to time shall have any additional right to influence the Guarantees or the enforcement thereof as a result of holding Other Supported Obligations as long as this Agreement remains in force.

9. **CONDITIONS PRECEDENT**

9.1 **Initial Advance under the Credit Facility**

The following conditions precedent must be satisfied at or before the time of the initial Advance under this Agreement, unless waived by the Lenders. Where delivery of any document or instrument is referred to, each such document or instrument shall be delivered to the Agent for and on behalf of the Lenders and shall be in full force and effect and in form and substance satisfactory to the Lenders.

- 9.1.1 **Repayment of Existing Credit Agreement**. All obligations under or in connection with the Existing Credit Agreement shall have been repaid prior to or substantially concurrently with the initial Advance under this Agreement (except that outstanding L/Cs (as defined in the Existing Credit Agreement) shall continue to be outstanding as Letters of Credit hereunder and shall, together with any other Advance or Advances made upon the satisfaction or waiver of the conditions precedent set out in this Section 9.1, as aforesaid, constitute the initial Advance or Advances for purposes of this Section 9.1), and the Existing Credit Agreement shall have been terminated.
- 9.1.2 **Release of Liens**. The Agent shall have received releases and discharges, or evidence thereof or payout particulars and undertakings in relation thereto, in relation to all Liens affecting the Property of the Obligor which are not Permitted Liens in all applicable jurisdictions.
- 9.1.3 **Corporate and Other Information**. The Agent shall have received a certificate from each Canadian Obligor with copies of its Constatting Documents, a list of its officers, directors, trustees and/or partners, as the case may be, who are executing Loan Documents on its behalf with specimens of the signatures of those who are executing Loan Documents on its behalf, and copies of the corporate (or other equivalent) proceedings taken to authorize it to execute, deliver and perform its obligations under the Loan Documents and all internal approvals and authorizations of each of the Canadian Obligor to permit each to enter into and to perform its obligations in relation thereto have

been obtained.

- 9.1.4 Certificates of Status/Compliance. The Agent shall have received a certificate of status, certificate of compliance or an equivalent certificate issued by the relevant Governmental Authority in respect of each Canadian Obligor, dated within seven days of the Closing Date, evidencing the status or good standing of such Canadian Obligor in its jurisdiction of incorporation or formation.
- 9.1.5 Compliance Certificate. The Agent shall have received a Compliance Certificate dated as of the Closing Date in respect of the fiscal quarter

of the Borrower immediately preceding the Closing Date which demonstrates compliance with the financial covenants set out in Section 11 as of the end of the September 30, 2007 fiscal quarter.

9.1.6 Opinions. The Agent shall have received the following favourable legal opinion, in form and substance satisfactory to it: the opinion of Davies Ward Phillips & Vineberg LLP, counsel to the Borrower, 1715495 Ontario Inc. and 1641315 Ontario Inc., addressed to the Agent and the Lenders in relation to, among other things, the Borrower, 1715495 Ontario Inc. and 1641315 Ontario Inc., and the Loan Documents to which they are a party and such other matters as the Lenders may reasonably require.

9.1.7 Other Matters. The following conditions must also be satisfied:

9.1.7.1 there shall not have occurred or be existing any event or circumstance which has, or would reasonably be expected to have, material adverse effect on the business, property, assets, liabilities, conditions (financial or otherwise) of the Borrower and its Subsidiaries taken as a whole, or prospects of the Borrower and its Subsidiaries taken as a whole, since December 31, 2006;

9.1.7.2 all reasonably documented fees and expenses payable under the Loan Documents, the Fee Letter and the Agency Fee Letter (including upfront fees, agency fees, and legal fees and expenses of the Lenders' counsel invoiced prior to the Closing Date) shall have been paid;

9.1.7.3 as of the Closing Date, there are and will be no actions, suits, arbitration or administrative proceedings or industrial or labour disputes outstanding, pending or threatened against any of the Obligors which would reasonably be expected to have a Material Adverse Effect; and

9.1.7.4 the Agent shall have received such other documents as the Lenders may reasonably require.

9.2 Conditions Precedent to each Advance

The obligation of the Lenders to make any Advance (including the initial Advance) is subject to the conditions precedent that:

9.2.1 the representations and warranties contained in this Agreement, other than those expressly stated to be made as of a specific other date or

otherwise expressly modified in accordance with Section 10.17, are true and correct in all material respects on the date of the Advance as if made on and as of the date of the Advance;

9.2.2 except in the case of Swing Line Advances, the Agent shall have received a timely, completed Notice of Borrowing;

9.2.3 no Default or Event of Default shall have occurred and be continuing;

provided that, a rollover, conversion or extension of an existing Advance shall not be subject to the conditions precedent set out in Subsections 9.2.1 and 9.2.2, and a Notice of Borrowing shall not be required in respect of the outstanding L/Cs (as defined in the Existing Credit Agreement) constituting the initial Advance.

9.3 **Waiver of Conditions Precedent**

The conditions set out in Sections 9.1 and 9.2 are solely for the benefit of the Lenders. The conditions set out in Section 9.1 may be waived by the Agent with the consent of each Lender. The conditions set out in Section 9.2 may be waived in respect of a particular Advance by the Majority Lenders, without prejudice to the right of the Agent and the Lenders to assert any such condition in connection with any subsequently requested Advance.

10. **REPRESENTATIONS AND WARRANTIES**

For so long as any Loan Obligations remain outstanding and unpaid (other than those Loan Obligations which survive the termination of this Agreement), or the Borrower is entitled to borrow or obtain credit hereunder (whether or not the conditions precedent to such borrowing or obtaining of credit have been or may be satisfied), the Borrower hereby represents and warrants with respect to itself and each other Obligor, and each other Obligor hereby represents and warrants with respect to itself, that:

10.1 **Existence, Power and Authority**

It has the corporate (or other equivalent) power and authority to enter into and perform its obligations under each Loan Document to which it is a party, and except as permitted under Section 14.10 after the Closing Date, it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, amalgamation or organization.

10.2 **Loan Documents**

10.2.1 It is not required to obtain any Permit or to effect any filing or registration with any Governmental Authority in connection with the execution, delivery or performance of this Agreement or the other Loan Documents to which it is a party.

- 10.2.2 The entering into and the performance by it of the Loan Documents to which it is a party (a) have been duly authorized by all necessary corporate or other action on its part, (b) do not and will not violate its Constatting Documents or any Applicable Law, (c) do not and will not result in a breach of or constitute (with the giving of notice, the lapse of time or both) a default under or require a consent under any Material Permit or any Material Contract to which it is a party or by which it or its Property is bound, and (d) do not and will not result in the creation of any Lien on any of its Property and will not require it to create any Lien on any of its Property and will not result in the forfeiture of any of its Property.
- 10.2.3 Its Constatting Documents do not restrict the power of its directors, trustees or partners, as the case may be, to borrow money or to give financial assistance by way of loan, guarantee or otherwise, except for restrictions under any Constatting Document with which have been complied.
- 10.2.4 The Loan Documents to which it is or will be a party have been or will be duly executed and delivered by it (or on its behalf) and, when executed and delivered, will constitute legal, valid and binding obligations enforceable against it in accordance with their respective terms, subject to the availability of equitable remedies and the effect of bankruptcy, insolvency and other laws of general application limiting the enforceability of creditors' rights generally, and equitable principles, and to the fact that equitable remedies, including specific performance and injunctive relief, are discretionary and may not be ordered in respect of certain defaults.

10.3 **Conduct of Business**

- 10.3.1 It is qualified to carry on business in all jurisdictions in which the Property owned or leased by it or the nature of the activities carried on by it makes such qualification necessary, except to the extent that the non-qualification would not reasonably be expected to have a Material Adverse Effect.
- 10.3.2 It has all Permits required to own its Property and to carry on the business in which it is engaged (at the time this representation and warranty is given) and all such Permits are in good standing, except to the extent that the absence of Permits or lack of good standing of Permits would not reasonably be expected to have a Material Adverse Effect.
- 10.3.3 It is not in violation of any Applicable Law or Contract, the violation of which would reasonably be expected to have a Material Adverse Effect.

10.3.4 As at the Closing Date, the only business carried on by it is the Core Business.

10.4 **Litigation**

There are no actions, suits or legal proceedings instituted or pending nor, to its knowledge, threatened, against it or its Property before any arbitrator or any other Governmental Authority or instituted by any Governmental Authority which, if decided against it, would reasonably, considered on a consolidated basis with the other Obligors, be expected to have a Material Adverse Effect. As at the Closing Date, the only material litigation against it is described in Schedule D.

10.5 **Financial Statements and Information**

10.5.1 The historical financial statements which have been furnished to the Agent and the Lenders, or any of them, in connection with this Agreement, taken as a whole, are complete and fairly present the financial position of the Borrower on a consolidated basis as of the dates referred to therein and have been prepared in accordance with GAAP.

10.5.2 All projections, including forecasts, budgets, pro formas and business plans of the Borrower on a consolidated basis provided by the Borrower to the Agent and the Lenders, or any of them, under or in connection with this Agreement were prepared in good faith based on assumptions which, at the time of preparation thereof, were believed to be reasonable and are believed to be reasonable estimates of the prospects of the businesses referred to therein.

10.5.3 It is not in default under any Permitted Lien, or any Contract creating or otherwise relating to a Permitted Lien, to the extent that such defaults, together with any such defaults by the other Obligors, would reasonably be expected to have a Material Adverse Effect.

10.5.4 It has (a) no Debt that is not permitted under Section 14.1, (b) except as disclosed in writing to the Agent, no material Contingent Obligations which are not disclosed or referred to in the most recent financial statements delivered in accordance with Section 13.1 and (c) except as disclosed in writing to the Agent, not incurred any Debt which is not disclosed in or reflected in such financial statements, other than Debt incurred in the Ordinary Course since the date of such financial statements.

10.6 **Subsidiaries, etc.**

10.6.1 Schedule E fully and fairly describes, as of the Closing Date, the ownership of all of its issued and outstanding Equity Interests and of Equity Interests that it owns in other Persons. Except as set out in

Schedule E, as of the Closing Date, it does not have any Subsidiaries, direct or indirect, is not a partner in any partnership (general or limited) and is not a co-venturer in any joint venture, as of the date hereof.

10.6.2 The complete and accurate organization structure of the Obligors as of the Closing Date is set forth on Schedule E.

10.7 **Title to Property**

It has good title to all material personal or movable Property and good and marketable title to all material real or immovable Property or material leasehold interests therein owned or leased by it, free and clear from any Liens, other than any Permitted Liens.

10.8 **Taxes**

It has filed within the prescribed time periods all federal, provincial or other tax returns which it is required by Applicable Law to file, and all material taxes, assessments and other duties levied by each applicable Governmental Authority with respect to each of the Obligors have been paid when due, except to the extent that payment thereof is being contested in good faith by it in accordance with the appropriate procedures, for which adequate reserves have been established in its books.

10.9 **Insurance**

It has contracted for the insurance coverage described in Section 12.8, which insurance is in full force and effect.

10.10 **No Material Adverse Effect**

No event has occurred and no circumstance exists which would reasonably be expected to have a Material Adverse Effect.

10.11 **Pension Matters**

- 10.11.1 No steps have been taken to terminate any Pension Plan (wholly or in part), which would result in an Obligor being required to make an additional contribution to the Pension Plan; no contribution failure has occurred with respect to any Pension Plan sufficient to give rise to a Lien or charge under any Applicable Laws of any jurisdiction governing pension benefits; no condition exists and no event or transaction has occurred with respect to any Pension Plan which might result in the incurrence by any Obligor of any liability, fine or penalty; and no Obligor has any contingent liability with respect to any post-retirement non-pension benefit; in each case, that would reasonably be expected to have a Material Adverse Effect.

- 10.11.2 Each Pension Plan is in compliance in all material respects with all Applicable Laws governing pension benefits and Taxes, (i) all contributions (including employee contributions made by authorized payroll deductions or other withholdings) required to be made to the appropriate funding agency in accordance with all Applicable Laws and the terms of each Pension Plan have been made in accordance with all Applicable Laws and the terms of each Pension Plan, (ii) all liabilities under each Pension Plan are fully funded, on a going concern and solvency basis, in accordance with the terms of the respective Pension Plans, the requirements of Applicable Laws governing pension benefits and the most recent actuarial report filed with Governmental Authorities with respect to the Pension Plan, and (iii) no event has occurred and no conditions exist with respect to any Pension Plan that has resulted or would reasonably be expected to result in any Pension Plan having its registration revoked or refused for the purposes of any Applicable Laws governing pension benefits or Taxes or being placed under the administration of any relevant pension benefits Governmental Authority or being required to pay any Taxes or penalties under any Applicable Laws governing pension benefits or Taxes, except for any exceptions to clauses (i) through (iii) above that would not reasonably be expected to have a Material Adverse Effect.

10.12 **Ranking and Priority**

The Loan Obligations are unsecured unsubordinated obligations of the Borrower ranking *pari passu* with all other unsecured unsubordinated Debt of the Borrower. The Guarantor Obligations are unsecured unsubordinated obligations of each Guarantor ranking *pari passu* with all other unsecured unsubordinated Debt of such Guarantor.

10.13 **Absence of Default**

There exists no Default or Event of Default hereunder.

10.14 **Environment**

- 10.14.1 Other than as disclosed in Schedule D, there are no existing claims, demands, damages, suits, proceedings, actions, negotiations or causes of action of any nature whatsoever, whether pending or, to its knowledge, threatened, arising out of the presence on any Property owned or controlled by it, either past or present, of any Hazardous Substances, or out of any past or present activity conducted on any Property now owned by it, whether or not conducted by such or any other Obligor, involving Hazardous Substances, which would reasonably be expected to have a Material Adverse Effect.
- 10.14.2 To its knowledge, after due enquiry:

- 10.14.2.1 there are no Hazardous Substances existing on or under any Property of any Obligor which constitutes a violation of any Environmental Law for which an owner, operator or person in control of a Property may be held liable other than such as would not reasonably be expected to have a Material Adverse Effect;
- 10.14.2.2 the business of each of the Obligors is being carried on so as to comply in all material respects with all Environmental Laws and all Applicable Laws concerning health and safety matters other than any non-compliance which would not reasonably be expected to have a Material Adverse Effect; and
- 10.14.2.3 no Hazardous Substance has been spilled or emitted into the environment contrary to Environmental Laws from any Property owned, operated or controlled by any Obligor other than such as would not reasonably be expected to have a Material Adverse Effect.

10.15 **Mines**

As of the Closing Date, the Goldex Mine, the Lapa Mine, the LaRonde Mine and the Meadowbank Mine are each owned by the Borrower. As of the Closing Date, the Kittila Mine is owned by Agnico-Eagle AB, a Swedish corporation, which is an indirect, wholly-owned Subsidiary of the Borrower, or by another Obligor, and the Pinos Altos Mine is owned by Agnico-Eagle Mexico S.A. de C.V., a Mexican corporation which is an indirect, wholly-owned Subsidiary of the Borrower, or by another Obligor.

10.16 **Complete and Accurate Information**

All written information, reports and other papers and data with respect to the Obligors or their Properties which have been furnished by the Borrower to the Agent or the Lenders were, at the time the same were so furnished, complete and correct in all material respects. No document furnished or statement made in writing to the Agent or the Lenders by the Borrower in connection with the negotiation, preparation or execution of the Loan Documents at the time the same were furnished or made contains any untrue statement of a material fact or omits to state a material fact which is necessary to make the statements contained in such documents true and accurate in all material respects.

10.17 **Survival of Representations and Warranties**

All of the representations and warranties made hereunder are true and correct at the Closing Date, shall be true and correct (and shall be deemed to be repeated and made) as of the date of each Advance hereunder (except for rollovers and conversions of existing Advances and where qualified in this Article 10 as being made at a particular other date, for which such representations and warranties shall be true and correct as at that particular other date, and subject to such modifications permitted herein which are

communicated by the Borrower to the Agent in writing), and shall survive the execution and delivery of this Agreement, any investigation by or on behalf of the Lenders or the making of any Advance hereunder, if any of the same are waived they shall only be waived in writing. The Lenders shall be deemed to have relied upon such representations and warranties at each such time as a condition of making an Advance hereunder or continuing to extend the Credit Facility hereunder. The acceptance by the Borrower of any Advances issued on the Closing Date shall be deemed to be a representation and warranty made by the Borrower to the effect that all of the conditions precedent to the making of such Advances have been satisfied, except to the extent any such conditions precedent have been waived by the Lenders.

11. FINANCIAL COVENANTS

For so long as any Loan Obligations remain outstanding (other than those Loan Obligations that survive termination of this Agreement), or the Borrower is entitled to borrow or obtain credit hereunder (whether or not the conditions precedent to such borrowing or obtaining of credit have been or may be satisfied):

11.1 Total Net Debt to EBITDA Ratio

The Borrower shall, at all times, maintain a Total Net Debt to EBITDA Ratio of not more than 3.50:1.00, on a rolling four-quarter basis.

11.2 Current Ratio

The Borrower shall, at all times, maintain a Current Ratio of not less than 1.10:1.00.

11.3 Tangible Net Worth

From September 30, 2007 to December 30, 2007, the Borrower shall, at all times, have maintained a Tangible Net Worth in an amount of not less than US\$1,300,000,000, and commencing with the fiscal quarter ending December 31, 2007 and thereafter, the Borrower shall, at all times, have maintained or shall maintain, as applicable, a Tangible Net Worth in an amount of not less than US\$1,300,000,000, plus 50% of the Borrower's consolidated net income for each of its fiscal quarters, on a cumulative basis, commencing with its fiscal quarter ending December 31, 2007 (excluding any fiscal quarters in which the Borrower incurs a net loss) (all as determined on a consolidated basis in accordance with GAAP consistently applied), plus 50% of the net proceeds of any public offerings of Equity Interests (other than convertible Debt) of the Borrower received during such fiscal quarters, on a cumulative basis.

12. AFFIRMATIVE COVENANTS

For so long as any Loan Obligations remain outstanding (other than those Loan Obligations that survive termination of this Agreement), or the Borrower is entitled to borrow or obtain credit hereunder (whether or not the conditions precedent to such borrowing or obtaining of credit have been or may be satisfied), each Obligor agrees as follows:

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12.1 Existence and Good Standing

It shall (a) except as may be permitted by Section 14.10, preserve and maintain, as applicable, its corporate or other form of existence, (b) operate its affairs in compliance with its Constatting Documents and (c) except as may be permitted by Section 14.10, remain in good standing in all applicable jurisdictions except to the extent that a failure to remain in good standing would not reasonably be expected to have a Material Adverse Effect.

12.2 Permits

It shall at all times maintain in effect and obtain all Permits required by it to carry on its business, except to the extent that a failure to do so would not reasonably be expected to have a Material Adverse Effect.

12.3 Books and Records

It shall keep or cause to be kept appropriate books and records of account and record or cause to be recorded faithfully and accurately all transactions with respect to its business in accordance with GAAP.

12.4 Property

It shall maintain all of its Property necessary for the proper conduct of its business in good condition (ordinary wear and tear excepted) and make all necessary repairs, renewals, replacements and improvements thereof, except where the failure to do same would not reasonably be expected to have a Material Adverse Effect.

12.5 Material Contracts

It shall maintain in good standing and shall obtain, as and when required, all Material Contracts which it requires to permit it to acquire,

own, operate and maintain its business and Property, except to the extent that a failure to do so would not reasonably be expected to have a Material Adverse Effect, and perform its obligations under any Loan Document to which it is or will be a party. It shall cause to be faithfully observed, performed and discharged the covenants, conditions and obligations imposed on it under each Material Contract to which it is a party, and shall do all other things necessary in order to protect its interests thereunder, except to the extent and for so long as any such obligation is contested in good faith by appropriate proceedings being diligently pursued, or except where the failure to do same would not reasonably be expected to have a Material Adverse Effect.

12.6 **Financial Information**

It shall ensure that:

- 12.6.1 all of the historical financial statements which are furnished to the Agent and the Lenders, or any of them, in connection with this

Agreement from time to time are complete and fairly present the financial position of the Borrower on a consolidated basis as of the dates referred to therein and are prepared in accordance with GAAP; and

- 12.6.2 all projections, including forecasts, budgets, pro formas and business plans of the Borrower on a consolidated basis provided by the Borrower to the Agent and the Lenders, or any of them, under or in connection with this Agreement from time to time are prepared in good faith based on assumptions which are, at the time of preparation thereof, believed to be reasonable and are believed to be reasonable estimates of the prospects of the businesses referred to therein.

12.7 **Compliance with Applicable Law**

It shall operate its business in compliance with Applicable Laws (including Environmental Laws) except to the extent that a failure to do so would not reasonably be expected to have a Material Adverse Effect.

12.8 **Insurance**

It shall maintain insurance coverage with financially sound and reputable insurance companies or associations, including all-risk property insurance, comprehensive general liability insurance and business interruption insurance, in amounts and against risks customarily insured by owners of similar businesses or Property in areas which are generally similar to those in which the Obligors are engaged.

12.9 **Payment of Taxes**

It shall pay all Taxes when due and payable; withhold from each payment made to any of its past or present employees, officers or directors, and to any non-resident of the country in which it is resident, the amount of all Taxes and other deductions required to be withheld therefrom and pay the same to the proper tax or other receiving officers within the time required under any Applicable Law; and collect from all Persons the amount of all Taxes required to be collected from them and remit the same to the proper tax or other receiving officers within the time required under any Applicable Law; in each case, unless any such Taxes are (a) being contested in good faith by appropriate proceedings promptly initiated and diligently conducted and (b) reserves or other appropriate provision, if any, as shall be required by GAAP shall have been made therefor.

12.10 **Access and Inspection**

It shall allow the employees and representatives of the Agent and/or the Lenders, at any time during normal business hours and on reasonable notice, to have access to and inspect the Property of the Obligors (without any invasive or intrusive testing), to inspect and take extracts from or copies of the books and records of the Obligors and to discuss the business, Property, liabilities, financial position, operating results or business prospects of the Obligors with the officers and auditors of the Obligors, all at the cost of

the Agent and/or the Lenders, as the case may be; provided that, the employees and representatives of the Lenders shall only have such access and rights of inspection and discussion at the same time or times as the employees and representatives of the Agent have such access and rights of inspection and discussion. Notwithstanding the foregoing, if an Event of Default has occurred and is continuing, it shall allow the Agent and/or the Lenders, their employees and representatives, and any third party consultants or engineers designated by the Agent, and their respective employees and representatives, at any time, to have access to and inspect the Property of the Obligors, to inspect and take extracts from or copies of the books and records of the Obligors and to discuss the business, Property, liabilities, financial position, operating results or business prospects of the Obligors with the officers and auditors of the Obligors, all at the cost of the Borrower; provided that, the employees and representatives of the Lenders shall only have such access and rights of inspection and discussion at the same time or times as the employees and representatives of the Agent have such access and rights of inspection and discussion.

12.11 **Maintenance of Accounts**

It shall maintain one or more operating accounts at the Branch or other branches of the Agent at all times during the term of this Agreement, as well as one or more accounts with the Swing Line Lender.

12.12 **Performance of Obligations**

It shall duly and punctually pay and perform its indebtedness, liabilities and obligations hereunder and under the other Loan Documents at the times and places and in the manner required by the terms hereof and thereof.

12.13 **Litigation**

It shall diligently and in good faith contest any actions, suits or legal proceedings instituted and outstanding or pending against it, the outcome of which would reasonably be expected to have a Material Adverse Effect, and shall make such reserves or other appropriate provision therefor, if any, as shall be required by GAAP.

12.14 **Payment of Fees and Other Expenses**

Whether the transactions contemplated by this Agreement are concluded or not and whether or not any part of the Credit Facility is actually advanced, in whole or in part, the Borrower shall pay:

- 12.14.1 the reasonable, documented costs of syndicating, as well as the legal fees and costs incurred by the Agent, acting on behalf of the Lenders, for the preparation, negotiation, execution, delivery, administration, registration, publication and/or service of the term sheet and related documentation, this Agreement and the other Loan Documents, as well as any amendments, modifications, waivers, consents or examinations pertaining to this Agreement and the other Loan Documents; and

- 12.14.2 all reasonable, documented fees and out-of-pocket costs and expenses, including the legal fees and costs, incurred by the Agent, any Lender or the Issuing Lender to preserve, enforce, protect or exercise its rights hereunder or under the other Loan Documents, including all such fees and costs incurred during any workout, restructuring or negotiations in respect of the Credit Facility, any Advances and any Loan Obligations, provided that the Borrower shall not be required to pay the legal fees of more than one set of counsel for the Agent and the Lenders as a collective unit, without limiting that collective unit from retaining as many counsel in as many jurisdictions as that collective unit requires, acting together;

provided that, the Borrower shall not be responsible for the fees and expenses of any independent engineer or independent consultants appointed or consulted pursuant to Section 19.3 except to the extent that such appointment or consultation occurred upon and during the continuance of an Event of Default. All amounts due to the Agent and the Lenders pursuant to this Section 12.14 shall bear interest on the Prime Rate Basis from the date that is 30 days following demand (together with the delivery of any relevant invoice) by the Agent until the Borrower has paid the same in full, with interest on unpaid interest. The obligations of the Borrower under this Section 12.14 as such obligations relate to costs and expenses incurred prior to the repayment of the Loan Obligations and termination of the Credit Agreement shall survive the repayment of the Loan Obligations and the termination of the Commitments.

12.15 **Post-Closing Loan Documents, etc.**

In addition to the requirement for the Obligors (other than the Borrower) to have delivered Guarantees to the Agent within forty-five days of the Closing Date in accordance with Section 8.1, the Obligors shall deliver, or cause to have been delivered to the Agent within forty-five days of the Closing Date:

- 12.15.1 favourable legal opinions, each in form and substance satisfactory to the Lenders, of counsel to the Guarantors, addressed to the Agent and the Lenders in relation to, among other things, the Guarantors and the Loan Documents to which they are a party and such other matters as the Lenders may reasonably require;
- 12.15.2 certificates from each Guarantor, or in the case of the Canadian Guarantors, updated certificates, with copies of its Constatting Documents, a list of its officers, directors, trustees and/or partners, as the case may be, who are executing or who have executed Loan Documents on its behalf with specimens of the signatures of those persons, and copies of the corporate (or other equivalent) proceedings taken to authorize it to execute, deliver and perform its obligations under the Loan Documents and all internal approvals and authorizations of each of the Obligors to permit each to enter into, or to have entered into, and to perform its obligations in relation thereto;

- 12.15.3 a certificate of status, certificate of compliance or an equivalent certificate issued by the relevant Governmental Authority, where available, in respect of each Guarantor, with a current date, evidencing the status or good standing of such Guarantor in its jurisdiction of incorporation or formation;
- 12.15.4 if searches or inquiries of public record (or equivalent searches or inquiries) can be made in a relevant jurisdiction, search reports, reporting on customary searches and inquiries, from counsel to each Obligor providing evidence that there are no Liens on the Property of the Obligors other than Permitted Liens; and
- 12.15.5 such other ancillary documents and instruments relating to the Guarantees and the Guarantors as the Lenders may reasonably require.

13. **REPORTING AND NOTICE REQUIREMENTS**

During the term of this Agreement (excluding the duration of any provision hereof that survives termination of this Agreement), the Borrower shall deliver the reports specified below and shall give notices in the circumstances specified below, all in a form satisfactory to the Lenders, acting reasonably.

13.1 **Financial and Other Reporting**

- 13.1.1 The Borrower shall, as soon as practicable and in any event within 60 days of the end of each of its first three fiscal quarters, cause to be prepared and delivered to the Agent, its unaudited consolidated financial statements as at the end of such quarter, in each case including, without limitation, balance sheet, statement of income and retained earnings, statement of changes in financial position and management's discussion and analysis.
- 13.1.2 The Borrower shall, as soon as practicable and in any event within 120 days after the end of each of its fiscal years, prepare and deliver to the Agent its consolidated annual financial statements, including, without limitation, balance sheet, statement of income and retained earnings, statement of changes in financial position for such fiscal year and management's discussion and analysis, together with the notes thereto, which shall be audited by a nationally recognized accounting firm.
- 13.1.3 The Borrower shall, concurrently with the delivery of the quarterly and annual financial statements referred to in subsections 13.1.1 and 13.1.2, provide the Agent with a Compliance Certificate.
- 13.1.4 The Borrower shall, concurrently with the delivery of the quarterly and annual financial statements referred to in subsections 13.1.1 and 13.1.2, provide the Agent with a report setting forth each Derivative

Instrument to which it or any other Obligor is a party, together with the counterparty thereto and the Obligor Hedging Exposure thereunder.

- 13.1.5 The Borrower shall, concurrently with the delivery of the quarterly and annual financial statements referred to in subsections 13.1.1 and 13.1.2, provide the Agent with an operating report on the mines owned and controlled by it and its Subsidiaries (being the “Chief Operating Officer’s Quarterly Report to the Board of Directors”) in reasonable detail as required by the Lenders.
- 13.1.6 The Borrower shall, concurrently with the delivery of the annual financial statements referred to in subsection 13.1.2, provide the Agent with a copy of its mineral reserve statements in reasonable detail.
- 13.1.7 The Borrower shall, as soon as practicable and in any event within 270 days after the end of each of its fiscal years, provide the Agent with copies of its annual life of mine plans in reasonable detail.
- 13.1.8 The Borrower shall, promptly upon the filing, publishing, delivery or reporting by or on behalf of the Borrower or any other Obligor of any release, report, statement (including financial statements) or document to any regulatory authority, provide a copy of each such release, report, statement or document to the Agent except in circumstances where such filing is made on a confidential basis, in which case it shall deliver a copy thereof when such filing is no longer confidential.
- 13.1.9 The Borrower shall promptly provide the Agent with all other information, reports and certificates reasonably requested by the Agent from time to time concerning the business, financial condition and Property of the Borrower and each other Obligor.

If there is any change in a fiscal year from the accounting policies, practices and calculation methods used by the Borrower in preparing its financial statements, or components thereof, the Borrower shall provide the Lenders with all information that the Lenders require to ensure that reports provided to the Lenders, after any such change, are comparable to previous reports. In addition, all calculations made for the purposes of this Agreement shall, unless and until modified in accordance with Section 1.4, continue to be made based on the accounting policies, practices and calculation methods that were used in preparing the financial statements immediately before this Agreement came into effect if the changed policies, practices and methods would affect the results of those calculations.

13.2 **Requirements for Notice**

The Borrower shall, promptly after it becomes aware thereof, notify the Agent of:

- 13.2.1 any Default or Event of Default;

- 13.2.2 any new Material Subsidiary as contemplated by Section 8.2;
- 13.2.3 the occurrence of any action, suit, dispute, arbitration, proceeding, labour or industrial dispute or other circumstance affecting it, the result of which if determined adversely would reasonably be expected to have a Material Adverse Effect, and shall from time to time provide the Agent with all reasonable information requested by any of the Lenders concerning the status thereof;
- 13.2.4 any violation, alleged violation, notice of infraction, order, claim, suit or proceeding relating to Environmental Laws or the presence of Hazardous Substances on or originating from the Property or operations of any Obligor which would reasonably be expected to have a Material Adverse Effect;
- 13.2.5 notice of any acquisition by an Obligor of (a) any Equity Interests of any other Person (other than a Person that was, immediately prior thereto, a Subsidiary of the Borrower) or (b) a business or undertaking or division of any other Person (other than a Person that is the Borrower or a Subsidiary of the Borrower), in each case as permitted by Section 14.3.1, promptly upon any Obligor making a public announcement in respect thereof or, if no public announcement is made, upon the occurrence of any such acquisition, and such information relating to such acquisition as the Lenders may reasonably request in relation thereto; and
- 13.2.6 the occurrence or existence of event or circumstance known to it which would reasonably be expected to have a Material Adverse Effect.

14. NEGATIVE COVENANTS

For so long as any Loan Obligations remain outstanding (other than those Loan Obligations that survive termination of this Agreement), or the Borrower is entitled to borrow or obtain credit hereunder (whether or not the conditions precedent to such borrowing or obtaining of credit have been or may be satisfied), no Obligor shall, without the prior written consent of the Majority Lenders:

14.1 Debt

Incur, assume or permit to exist any Debt other than Permitted Debt. For greater certainty, no Subsidiary of the Borrower shall guarantee, or otherwise enter into any arrangement to assure the payment or performance of, any obligations of any Obligor to any Other Derivative Counterparty, and the Borrower shall not guarantee, or otherwise enter into any arrangement to assure the payment or performance of, any obligations of any other Obligor to any Other Derivative Counterparty.

14.2 **Liens**

Create, assume, enter into, or permit to exist, any Lien on its Property other than Permitted Liens.

14.3 **Investments**

Make any Investment other than:

- 14.3.1 Investments in the Core Business or in a business ancillary to or complementary to the Core Business which are made at a time when no Default or Event of Default has occurred which is continuing and no Default or Event of Default would result from such Investment;
- 14.3.2 Investments in Cash Equivalents; or
- 14.3.3 Investments by an Obligor in another Obligor.

14.4 **Distributions**

Make any Distribution to a Person other than the Borrower or an Obligor if a Default or an Event of Default has occurred which is continuing or if a Default or Event of Default would occur as a result of the Distribution.

14.5 **Asset Dispositions**

Make any Asset Disposition of any Material Assets except:

- 14.5.1 for sales of inventory;
- 14.5.2 as permitted under Section 14.10;
- 14.5.3 for sales in the Ordinary Course of obsolete or redundant equipment or equipment of no further use in an Obligor's business, unless a Default or an Event of Default has occurred and is continuing or would result therefrom; or
- 14.5.4 where the aggregate Net Cash Proceeds of Asset Dispositions made on Arm's Length terms by the Obligors in any fiscal year of the Borrower does not exceed US\$50,000,000 (or the equivalent thereof in other relevant currencies), unless a Default or an Event of Default has occurred and is continuing or would result therefrom; or
- 14.5.5 from an Obligor to another Obligor other than, subject to Section 14.5.4, any Asset Disposition of the Goldex Mine, the Lapa Mine, the LaRonde Mine or the Meadowbank Mine, or any part thereof.

14.6 **Derivative Instruments**

- 14.6.1 Enter into any Derivative Instrument:

- 14.6.1.1 with any Person other than a Lender or an Affiliate of a Lender or an Other Derivative Counterparty;
 - 14.6.1.2 for any purpose other than hedging or mitigating of interest rate, commodity or foreign exchange risks to which any Obligor is exposed in the conduct of its business or the management of its liabilities, and not for the purpose of speculation; or
 - 14.6.1.3 on a margin call basis or where the applicable Obligor has granted the applicable counterparty security for any obligations under the Derivative Instrument.
- 14.6.2 Make commitments to deliver gold or any other commodity that it produces that in the aggregate exceed 75% of the Borrower's scheduled production (on a consolidated basis) of such commodity in any three month period.

14.7 **Line of Business**

Carry on business activities that differ materially or substantially from the Core Business.

14.8 **Affiliate Transactions**

Enter into any transaction of any kind with any Affiliate or Associate (except any Obligor), or Person of which it is an Associate (except any Obligor), except on a commercially reasonable basis as if it were dealing with such Person at Arm's Length.

14.9 **Subordinated Debt**

Pay any amount in relation to any Subordinated Debt other than as expressly permitted under any applicable Intercreditor Agreement.

14.10 **Liquidation and Amalgamation**

- 14.10.1 Enter into any merger, consolidation, amalgamation, statutory arrangement (involving a business combination) or other reorganization, or liquidate, wind-up or dissolve itself (or suffer any liquidation, wind-up or dissolution), or any Capital Reorganization, other than:
 - 14.10.1.1 any Capital Reorganization of a Guarantor;
 - 14.10.1.2 any Capital Reorganization of the Borrower in which the holders of the Equity Interests of the Borrower immediately prior to the Capital Reorganization continue to have, directly or indirectly, more than 50% of the Equity Interests of the Borrower or applicable

Successor Entity immediately after such Capital Reorganization and no Default or Event of Default would result from such Capital Reorganization;

- 14.10.1.3 any Subsidiary of an Obligor that is not an Obligor may be merged, amalgamated or consolidated (including by way of liquidation or wind-up) with or into an Obligor so long as no Default or Event of Default is then existing and no Default or Event of Default would result from the consummation of such merger, amalgamation or consolidation;
- 14.10.1.4 an Obligor (the “Predecessor Obligor”) may be merged, amalgamated or consolidated with or into any other Person (which may be an Obligor) provided that:
- (a) the successor entity formed as a result of such merger, consolidation, amalgamation, statutory arrangement or other reorganization (each, a “Successor Entity”) shall (i) have the corporate (or analogous) power and authority to perform the obligations of the Predecessor Obligor under the Loan Documents to which the Predecessor Obligor is party, (ii) expressly confirm and, if necessary, assume all the obligations of the Predecessor Obligor under this Agreement and the other Loan Documents to which the Predecessor Obligor is a party pursuant to such documentation as may be reasonably satisfactory to the Agent;
 - (b) the merger, amalgamation or consolidation does not materially impair the ability of any Obligor to perform its obligations under any Loan Document to which it is a party; and
 - (c) no Default or Event of Default is then existing and no Default or Event of Default would result from the consummation of such merger, amalgamation or consolidation.

15. EVENTS OF DEFAULT AND ENFORCEMENT

15.1 Events of Default

The occurrence of any of the following events shall constitute an Event of Default:

- 15.1.1 If the Borrower fails to pay any principal amount of any Advance when due and payable; or

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- 15.1.2 If the Borrower fails to pay any amount of interest, fees, commissions or other Loan Obligations (other than amounts on account of principal) when due, and such failure continues for 5 Business Days after such amount becomes due; or

- 15.1.3 If any representation or warranty made by any Obligor or deemed to have been made by any Obligor pursuant to this Agreement, or any representation or warranty made by an officer of any Obligor in any Loan Document or in any certificate, agreement, instrument or written statement delivered by any Obligor or by an officer of any Obligor pursuant thereto was, at the time the same was made, incorrect in any material respect, and if the circumstances giving rise to such incorrect representation or warranty are capable of being corrected (such that thereafter such representation or warranty would be correct), such representation or warranty remains uncorrected for a period of 30 days after the Obligor becomes aware that such representation or warranty was incorrect, whether on its own or by notice from the Agent; or

- 15.1.4 If any Obligor breaches or fails to perform any of its obligations or undertakings hereunder or under any other Loan Document not otherwise contemplated by this Section 15.1 and has not remedied the Default within 30 days following the date on which the Agent has given written notice to the Borrower; or

- 15.1.5 If any of the financial covenants set out in Article 11 are not complied with; or

- 15.1.6 If a default occurs under one or more agreements or instruments relating to Debt of the Borrower or any Material Subsidiary other than the Loan Obligations, if the effect of such default is to accelerate, or to permit the acceleration of the due date of such Debt (whether or not acceleration actually occurs), or if the Borrower or any Material Subsidiary fails to pay any amount under any Derivative Instrument when due, whether at maturity, upon acceleration, demand or otherwise; in an aggregate amount of US\$50,000,000 or more (or the equivalent thereof in any other currency); or

- 15.1.7 If the Borrower or any Material Subsidiary ceases or threatens to cease to carry on its business (except as otherwise permitted by Section 14.10) or admits its inability or fails to pay its Debt generally; or

- 15.1.8 If an Obligor denies its obligations under the Loan Documents or claims any of the Loan Documents to be invalid or unenforceable, in whole or in part; or any of the Loan Documents is invalidated or determined to be

unenforceable by any act, regulation or action of any Governmental Authority or is determined to be invalid or unenforceable
by a court or other judicial entity of competent

jurisdiction and such determination has not been stayed pending appeal, unless such invalidity or unenforceability can be cured and such invalidity or unenforceability is cured within 30 consecutive days of notice thereof being given by the Agent to the Borrower of the occurrence of such invalidity or unenforceability, unless such invalidity or unenforceability occurred as a result of a contest initiated, acquiesced in or consented to by an Obligor; or

- 15.1.9 If one or more judgments are rendered by a court of competent jurisdiction against the Borrower or any Material Subsidiary in an aggregate amount in excess of US\$20,000,000 (or, if applicable, the equivalent thereof in other currencies) and (a) the same are not released, bonded, satisfied, discharged, vacated, stayed or accepted for payment by an insurer within 45 consecutive days after their entry, commencement or levy or (b) such Person is not contesting such judgments or decrees in good faith and by appropriate proceedings and adequate reserves in accordance with GAAP have not been set aside on its books; or
- 15.1.10 If Property of the Borrower or any Material Subsidiary having an aggregate value of more than US\$20,000,000 (or, if applicable, the equivalent thereof in other currencies) is seized or taken possession of (or subject to other similar legal proceedings by a creditor for seizure or possession of Property) (the “**Seizure Proceeding**”), except to the extent that the applicable Person is diligently and in good faith contesting any such Seizure Proceeding by appropriate proceedings and such Seizure Proceeding remains undismissed or unstayed for a period of 60 consecutive days; or the Borrower or any Material Subsidiary takes any action in furtherance of, or indicates its consent to, approval of, or acquiescence in, any such Seizure Proceeding; or
- 15.1.11 If (a) the Borrower or any Material Subsidiary commits an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* (Canada) or any other applicable legislation in any applicable jurisdiction, makes an assignment in favour of its creditors, consents to the filing of an application for a bankruptcy order against it, files a notice of intention to make a proposal or a proposal within the meaning of the *Bankruptcy and Insolvency Act* (Canada) or the *Companies’ Creditors Arrangement Act* (Canada) or takes such action or any other action for the relief of debtors under any other applicable legislation in any applicable jurisdiction, or makes a motion to a tribunal to name, or consents to, approves or accepts the appointment of a trustee-in-bankruptcy, receiver, liquidator, sequestrator or other similar official with respect to itself or its Property, commences any other proceeding with respect to itself or its Property under the provisions of any Applicable Law contemplating reorganizations, proposals, rectifications, compromises or liquidations in connection

with insolvent Persons, in any jurisdiction whatsoever, (b) a trustee-in-bankruptcy, receiver, liquidator or sequestrator is named with respect to the Borrower, any Material Subsidiary or any of their respective Property or the Borrower or any Material Subsidiary is judged insolvent or bankrupt or (c) a proceeding seeking to name a trustee-in-bankruptcy, receiver, liquidator, sequestrator or other similar official, or to force the Borrower or any Material Subsidiary into bankruptcy, is commenced against the Borrower or such Material Subsidiary (an “**Insolvency Proceeding**”) unless the applicable Person is diligently and in good faith contesting such Insolvency Proceeding by appropriate proceedings and such Insolvency Proceeding is not settled or withdrawn within 60 consecutive days of its commencement; or

15.1.12 If there occurs any Change of Control of the Borrower.

15.2 **Remedies**

Upon the occurrence of any Event of Default which is continuing, the Agent may, at its option, and shall, if required to do so by the Majority Lenders, declare immediately due and payable, without presentation, demand, protest or other notice of any nature, which the Borrower hereby expressly waives, notwithstanding any provision to the contrary effect in this Agreement or in the other Loan Documents:

15.2.1 the entire amount of the Loan Obligations, including (subject to Section 15.4) the amount corresponding to the face amount of all Letters of Credit then outstanding, the principal amount of the BA Advances then outstanding, in principal and interest, notwithstanding the fact that one or more of the holders of the Bankers’ Acceptances have not demanded payment in whole or in part or have demanded only partial payment from the Lenders, and the amount of the Other Supported Obligations. The Borrower shall not have the right to invoke against the Agent or the Lenders (or any Affiliate of any Lender) any defence or right of action, indemnification or compensation of any nature or kind whatsoever that the Borrower may at any time have or have had with respect to any holder of one or more of the Letters of Credit, Derivative Instruments or Bankers’ Acceptances issued in accordance with the provisions hereof; and

15.2.2 an amount equal to the amount of losses, costs and expenses assumed by the Lenders and referred to in Sections 6.4 and 19.14; and

the Credit Facility shall cease and as and from such time shall be cancelled, and the Lenders may exercise all of their rights and recourses under the provisions of this Agreement and of the other Loan Documents. For greater certainty, (i) from and after the occurrence and during the continuance of any Default or Event of Default, the Lenders shall not be obliged to make any further Advances under the Credit Facility and (ii) after the Agent makes a declaration as contemplated by this Section 15.2 or the Loan

Obligations otherwise become immediately due and payable, no Event of Default may be cured by the Obligor.

15.3 **Notice**

Except where otherwise expressly provided herein, no notice or demand of any nature is required to be given to the Borrower by the Agent in order to put the Borrower in default, the latter being in default by the simple lapse of time granted to execute an obligation or by the simple occurrence of a Default.

15.4 **Escrowed Funds for Letters of Credit and Bankers' Acceptances**

- 15.4.1 Immediately upon any Loan Obligations becoming due and payable under Section 15.2, the Borrower shall, without necessity of further act or evidence, be and become thereby unconditionally obligated to deposit forthwith with the Agent for the benefit of, as applicable, the Issuing Lender and each other Lender cash or Cash Equivalents equal to the full face amount at maturity of all Letters of Credit and Bankers' Acceptances then outstanding for its account.
- 15.4.2 On that day which is 5 Business Days prior to the Maturity Date, the Borrower shall, without necessity of further act or evidence, be and become unconditionally obligated to deposit forthwith with the Agent for the benefit of the Issuing Lender cash or Cash Equivalents equal to the full face amount at maturity of all Letters of Credit then outstanding.
- 15.4.3 In the event of any purported prepayment of a Bankers' Acceptance or if the Borrower otherwise requests that it be permitted to cash collateralize a Bankers' Acceptance, it shall, without necessity of further act or evidence, be and become thereby unconditionally obligated to deposit forthwith with the Agent for the benefit of the Lenders cash or Cash Equivalents equal to the full face amount at maturity of all applicable Bankers' Acceptances.
- 15.4.4 The Borrower hereby unconditionally promises and agrees to deposit with the Agent immediately upon demand cash or Cash Equivalents in the amount so demanded.
- 15.4.5 The Borrower authorizes the Lenders, or any of them, to debit its accounts with the amount required to pay such Letters of Credit and to pay such Bankers' Acceptances, notwithstanding that such Bankers' Acceptances may be held by the Lenders, or any of them, in their own right at maturity. Amounts paid to, or obtained by, the Agent pursuant to such a demand in respect of Bankers' Acceptances and Letters of Credit shall be applied against, and shall reduce, *pro rata* among the Lenders, to the extent of the amounts paid to, or obtained by, the Agent in respect of Bankers' Acceptances and Letters of Credit, respectively, the obligations of the Borrower to pay amounts then or thereafter payable under Bankers' Acceptances and Letters of Credit,

respectively, at the times amounts become payable thereunder. The Borrower shall be entitled to receive interest on cash or Cash Equivalents held by the Agent under this Section if no Event of Default has occurred and is continuing, but neither the Agent nor any Lender shall be responsible for the rate of return, if any, earned on such amounts.

- 15.4.6 If the Agent holds cash or Cash Equivalents in the amount of the full face amount of the outstanding Letters of Credit and Bankers' Acceptances at the Maturity Date, such cash and Cash Equivalents shall be the property of the Lenders to be applied as set out in Section 15.4.5, and except for any obligations herein which by their terms survive termination of this Agreement and which may relate to such outstanding Letters of Credit and Bankers' Acceptances, the Borrower shall have no further obligations under or in connection with such Letters of Credit or Bankers' Acceptance.

15.5 **Costs**

If an Event of Default occurs, and within the limits contemplated by Section 12.14, the Agent may impute to the account of the Lenders and pay to other Persons reasonable sums for services rendered with respect to obtaining payment hereunder and may deduct the amount of such costs and payments from the proceeds which it receives therefrom. The balance of such proceeds may be held by the Agent and, when the Agent decides it is opportune, may be applied to the account of the part of the Loan Obligations of the Borrower to the Lenders which the Agent deems preferable, without prejudice to the rights of the Lenders against the Borrower for any loss of profit.

15.6 **Relations with the Obligors**

The Agent may grant extensions, renounce security (if any security has, at the time been granted to the Agent), accept compromises, grant acquittances and releases and otherwise negotiate with the Obligors, as it deems advisable without in any way diminishing the liability of the Obligors nor prejudicing the rights of the Lenders hereunder.

15.7 **Application of Proceeds**

Notwithstanding any other provision of this Agreement or any other Loan Document, the Agent shall apply the proceeds of realization arising from the enforcement of this Agreement or any other Loan Document and of any credit or compensating balance in reduction of the Loan Obligations and the Other Supported Obligations on a *pro rata* basis.

16. THE AGENT AND THE LENDERS

16.1 Authorization of Agent

Each Lender hereby irrevocably appoints and authorizes the Agent to act for all purposes as its agent hereunder and under the other Loan Documents with such powers as are expressly delegated to the Agent by the terms of this Agreement, together with such other powers as are reasonably incidental thereto. The Agent shall have no duties or responsibilities except those expressly set forth in this Agreement. As to any matters not expressly provided for by this Agreement, the Agent shall act hereunder or in connection herewith in accordance with the instructions of the Lenders in accordance with the provisions of this Article, but in the absence of any such instructions, the Agent may (but shall not be obliged to) act as it shall deem fit in the best interests of the Lenders, and any such instructions and any action taken by the Agent in accordance herewith shall be binding upon each Lender. The Agent and its Related Parties shall not, by reason of this Agreement, be deemed to be a trustee or fiduciary for the benefit of any Lender, any Obligor or any other Person, irrespective of whether a Default or Event of Default may have occurred. Neither the Agent nor any of its Related Parties shall be responsible to the Lenders for (a) any recitals, statements, representations or warranties contained in this Agreement or any other Loan Document or in any certificate or other document referred to, or provided for in, or received by any of them under, this Agreement, (b) the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or any collateral provided for thereby, (c) the satisfaction of any condition specified in this Agreement, other than to confirm receipt of items expressly required to be delivered to the Agent or (d) any failure by the Borrower or any other Obligor to perform its obligations hereunder or under any other Loan Documents. The Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Agent from among the Lenders (including the Person serving as Agent) and their respective Affiliates. The Lenders agree that the Agent may employ agents and attorneys and shall not be responsible for the negligence or misconduct of any such agents or attorneys selected by it with reasonable care. Neither the Agent nor any of its Related Parties shall be responsible to the Lenders for any action taken or omitted to be taken by it or its Related Parties under or in connection herewith, except for its or their own gross negligence or wilful misconduct. Notwithstanding the foregoing, the Agent may, without the consent of the Lenders, but for greater certainty only, with the consent of the other parties hereto, make amendments to the Loan Documents that are for the sole purpose of curing any immaterial or administrative ambiguity, defect or inconsistency, but the Agent shall promptly notify the Lenders of any such action.

16.2 Agent's Responsibility

- 16.2.1 The Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Agent may also rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition

hereunder to the making of an Advance that by its terms must be fulfilled to the satisfaction of a Lender or the Issuing Lender, the Agent may presume that such condition is satisfactory to such Lender or the Issuing Lender unless the Agent shall have received notice to the contrary from such Lender or the Issuing Lender prior to the making of such Advance. The Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts. The Agent may deem and treat each Lender as the holder of the Commitment made by such Lender for all purposes hereof unless and until an Assignment has been completed in accordance with Section 18.2.

- 16.2.2 The Agent shall not be deemed to have knowledge of the occurrence of a Default or Event of Default unless the Agent has received notice from a Lender or the Borrower describing such a Default or Event of Default and stating that such notice is a “ **Notice of Default** ”. In the event that the Agent receives such a notice of the occurrence of a Default or Event of Default or otherwise becomes aware that a Default or Event of Default has occurred, the Agent shall promptly give notice thereof to the Lenders. The Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Lenders in accordance with the provisions of this Article provided that, unless and until the Agent shall have received such directions, the Agent may (but shall not be obliged to) take such action, or refrain from taking such action, with respect to such a Default or Event of Default as it shall deem advisable in the best interest of the Lenders. The Agent shall not be required to take any action that, in its opinion or in the opinion of its counsel, may expose the Agent to liability or that is contrary to any Loan Document or Applicable Law.
- 16.2.3 Except (in the case of the Agent) for notices, reports and other documents and information expressly required to be furnished to the Lenders by the Agent hereunder, the Agent shall have no duty or responsibility to provide any Lender with any credit or other information concerning the affairs or financial condition of the Obligor which may come to the attention of the Agent, except where provided to the Agent for the Lenders as set out herein. Nothing in this Agreement shall oblige the Agent to disclose any information relating to the Obligor if such disclosure would or might, in the opinion of the Agent, constitute a breach of any Applicable Law or duty of secrecy or confidence.
- 16.2.4 The Agent shall have no responsibility (a) to any Obligor on account of the failure of any Lender to perform its obligations hereunder or under any other Loan Document or (b) to any Lender on account of the

failure of any Obligor to perform its obligations hereunder or under any other Loan Document.

- 16.2.5 Each Lender severally represents and warrants to the Agent that it has made its own independent investigation of the financial condition and affairs of the Obligors in connection with the making and continuation of its Commitment and has not relied on any information provided to such Lender by the Agent in connection herewith, and each Lender represents and warrants to the Agent that it shall continue to make its own independent appraisal of the creditworthiness of the Obligors while any Loan Obligations are outstanding or the Lenders have any obligations hereunder.

16.3 **Rights of Agent as Lender**

With respect to its Commitment, the Agent in its capacity as a Lender shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not acting as the Agent. The Agent may (without having to account therefor to any Lender) accept deposits from, lend money to and generally engage in any kind of banking or other business with the Obligors as if it were not acting as the Agent and may accept fees and other consideration from the Obligors for customary services in connection with this Agreement and the Loan Obligations and otherwise without having to account for the same to the Lenders.

Any reference in this Agreement to the Agent means, where the Agent is also a Lender, the agency department of such Lender specifically responsible for acting as Agent under and in connection with this Agreement. In acting as Agent, the agency department will be treated as a separate entity from any other department or division of the Lender in question. Without limiting the foregoing, the Agent shall not be deemed to have notice of a document or information received by any other department or division of that Lender, nor will the Lender concerned be deemed to have notice of a document or information received by the Agent.

16.4 **Indemnity by Lenders**

Each Lender shall indemnify the Agent and hold it harmless, to the extent not otherwise reimbursed by the Borrower or another Obligor, rateably in accordance with its Applicable Percentage and not jointly or jointly and severally, for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever (including the fees, charges and disbursements of counsel) which may be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of this Agreement or any other Loan Documents or the transactions contemplated hereby or thereby (excluding, unless a Default or Event of Default is apprehended or has occurred and is continuing, normal administrative costs and expenses incidental to the performance of its agency duties hereunder) or the enforcement of any of the terms hereof or of any other Loan

Documents, provided that no Lender shall be liable for any of the foregoing to the extent they arise from the Agent's gross negligence or wilful misconduct.

16.5 **Notice by Agent to Lenders**

As soon as practicable after its receipt thereof, the Agent will forward to each Lender a copy of each report, notice or other document required by this Agreement to be delivered to the Agent for such Lender.

16.6 **Protection of Agent - Advances and Payments**

- 16.6.1 Unless the Agent shall have been notified in writing by any Lender prior to a Drawdown Date that such Lender does not intend to make available to the Agent such Lender's Applicable Percentage of such Advance, the Agent may assume that such Lender has made such Lender's Applicable Percentage of such Advance available to the Agent on the Drawdown Date and the Agent may, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such corresponding amount is not in fact made available to the Agent by such Lender, the Agent shall be entitled to recover such amount (together with interest thereon at the rate determined by the Agent as being its applicable rate for interbank compensation based on prevailing banking industry standards) on demand from such Lender or, if such Lender fails to reimburse the Agent for such amount on demand, from the Borrower.
- 16.6.2 Unless the Agent shall have been notified in writing by the Borrower prior to the date on which any payment is due hereunder that the Borrower does not intend to make such payment, the Agent may assume that the Borrower will make such payment when due and the Agent may, in reliance upon such assumption, make available to each Lender on such payment date an amount equal to such Lender's *pro rata* share of such assumed payment. If it is established that the Borrower has not in fact made such payment to the Agent, each Lender shall forthwith on demand repay to the Agent the amount made available to such Lender (together with interest thereon at the rate determined by the Agent as being its applicable rate for interbank compensation based on prevailing banking industry standards).

16.7 **Notice by Lenders to Agent**

Each Lender shall endeavour to use its best efforts to notify the Agent of the occurrence of any Default or Event of Default forthwith upon becoming aware of such event, but no Lender shall be liable if it fails to give such notice to the Agent.

16.8 **Sharing Among the Lenders**

Each Lender, and by its acceptance of the benefit of each Guarantee, each Other Supported Party, agrees that as amongst themselves, except as otherwise provided for by the provisions of this Agreement, all amounts received by the Agent, in its capacity as administrative agent for the Lenders pursuant to this Agreement or any other Loan Document (other than the Agency Fee Letter) and whether received by voluntary payment, by the exercise of the right of set-off or compensation or by counterclaim, cross-claim, separate action or as proceeds of realization of any security:

- 16.8.1 prior to any Loan Obligations becoming due and payable under Section 15.2, shall be shared by each Lender *pro rata*, determined in accordance with the Applicable Percentages of each Lender; and
- 16.8.2 following any Loan Obligations becoming due and payable under Section 15.2, shall be shared by each Supported Party, *pro rata*, based on its percentage of the aggregate Supported Obligations;

and each Lender undertakes to do all such things as may be reasonably required to give full effect to this Section 16.8. If any amount so shared is later recovered from the Lender who originally received it, each other Lender shall restore its proportionate share of such amount to such Lender, without interest.

As a necessary consequence of the foregoing, each Lender shall share, in a percentage equal to its Applicable Percentage, any losses incurred as a result of any Event of Default, and shall pay to the Agent, within 2 Business Days following a request by the Agent, any amount required to ensure that such Lender bears its Applicable Percentage of such losses, if any, including any amounts required to be paid to any Lender in respect of any Bankers' Acceptances and Letters of Credit. Such obligation to share losses shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation, (a) any set-off, compensation, counterclaim, recoupment, defence or other right which such Lender may have against the Agent, any Obligor or any other Person for any reason whatsoever, (b) the occurrence or continuance of any Default or Event of Default, (c) any adverse change in the condition (financial or otherwise) of the Borrower or any other Person, (d) any breach of this Agreement by the Borrower or any other Person, or (e) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing. Where necessary to give effect to this Section 16.8, a Lender shall purchase a participation in the Advances of other Lenders. If any Lender does not make available the amount required hereunder, the Agent shall be entitled to recover such amount on demand from such Lender, together with interest thereon at the rate determined by the Agent as being its applicable rate for interbank compensation based on prevailing banking industry standards from the date of non payment until such amount is paid in full.

The provisions of this Section shall not be construed to apply to (a) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loan Obligations to any Assignee or Participant, other than to any Obligor or any Affiliate of an Obligor (as to which the provisions of this paragraph shall apply), (b) any payment made while no Event of Default has occurred and is continuing in respect of

obligations of the Borrower to such Lender that do not arise under or in connection with the Loan Documents, (c) any payment made in respect of an obligation that is secured by a Permitted Lien or that is otherwise entitled to priority over any Obligor's obligations under or in connection with the Loan Documents, (d) any reduction arising from an amount owing to an Obligor on account of Derivative Obligations upon the termination of any Derivative Instrument except for a net amount available after the termination of all Derivative Obligations between the Obligors and such Lender (or an Affiliate of a Lender) and the set-off of resulting amounts owing by the Obligors and to the Obligors, or (e) any payment to which such Lender is entitled as a result of any form of credit insurance obtained by such Lender.

16.9 Procedure With Respect to Advances

Subject to the applicable provisions of this Agreement, upon receipt of a Notice of Borrowing from the Borrower, the Agent shall, without delay, advise each Lender of the receipt of such notice, of the Drawdown Date, of its Applicable Percentage of the amount of such Advance and of the relevant details of the Agent's account(s). Subject to the applicable provisions of this Agreement, each Lender shall disburse its Applicable Percentage of each Advance, and shall make it available to the Agent (no later than 10:00 a.m.) on the Drawdown Date, by depositing its Applicable Percentage of the Advance in the Agent's account in the applicable currency, as the case may be. The Agent will make such amounts available to the Borrower on the Drawdown Date, at the Branch, and, in the absence of other arrangements made in writing between the Agent and the Borrower, by transferring or causing to be transferred an equivalent amount in the case of a Prime Rate Advance, US Base Rate Advance, Libor Advance and the Available Proceeds in the case of Bankers' Acceptances, in accordance with the instructions of the Borrower which appear in the Notice of Borrowing with respect to each Advance; however, the obligation of the Agent with respect hereto is limited to taking the steps judged commercially reasonable in order to follow such instructions, and once undertaken, such steps shall constitute *prima facie* evidence that the amounts have been disbursed in accordance with the applicable provisions. Subject to the foregoing sentence, the Agent shall not be liable for damages, claims or costs imputed to the Borrower and resulting from the fact that the amount of an Advance did not arrive at its agreed-upon destination.

16.10 Accounts Kept by Each Lender

Each Lender shall keep in its books, in respect of its Commitment, accounts for Libor Advances, Prime Rate Advances, US Base Rate Advances, Bankers' Acceptances and other amounts payable by the Borrower under this Agreement. Each Lender shall make appropriate entries showing, as debits, the amount of the Debt of the Borrower to it in respect of the Libor Advances, Prime Rate Advances, US Base Rate Advances and BA Advances, as the case may be, the amount of all accrued interest and any other amount due to such Lender pursuant hereto and, as credits, each payment or repayment of principal and interest made in respect of such Debt as well as any other amount paid to such Lender pursuant hereto. These accounts shall constitute (in the absence of contradictory entries in the accounts of the Agent referred to in Section 3.5) *prima facie* evidence of their content against the Borrower.

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16.11 Binding Determinations

The Agent shall in good faith to make any determination that is required in order to apply this Agreement and, once made, such determination shall be final and binding upon all Lenders, except in the case of manifest error.

16.12 Amendment of Article 16

The provisions of this Article 16 relating to the rights and obligations of the Lenders and the Agent *inter se*, other than under Sections 16.13 or 16.14, may be amended or added to, from time to time, by the execution by the Agent and the Lenders of an instrument in writing and such instrument in writing shall validly and effectively amend or add to any or all of the provisions of this Article affecting the Lenders without requiring the execution of such instrument in writing by the Borrower.

16.13 Decisions, Amendments and Waivers of the Lenders

Subject to the provisions of Section 16.14, all decisions taken by the Lenders shall be taken as follows: (a) if there are two Lenders, by unanimous consent, or (b) if there are three or more Lenders, by the Majority Lenders. The Agent shall confirm such consent to each Lender and to the Borrower. Notwithstanding the foregoing, no amendment, modification or waiver of any provision of any Loan Document dealing with the rights and duties of the Agent shall be taken without the written consent of the Agent, no amendment, modification or waiver of any provision of any Loan Document dealing with the rights and duties of the Issuing Lender shall be taken without the written consent of the Issuing Lender, and no amendment, modification or waiver of any provision of any Loan Document dealing with the rights and duties of the Swing Line Lender shall be taken without the written consent of the Swing Line Lender.

16.14 Authorized Waivers, Variations and Omissions

If so authorized in writing by the Lenders, the Agent, on behalf of the Lenders, may grant waivers, consents, vary the terms of this Agreement and the other Loan Documents and do or omit to do all acts and things in connection herewith or therewith. Notwithstanding the foregoing, except with the prior written agreement of each Lender, nothing in Section 16.13 or this Section 16.14 shall authorize (a) any extension of the date for, or alteration in the rate, amount, currency or mode of calculation or computation of any payment of principal or interest, fees or other amount, (b) any increase in the Commitment of a Lender, (c) any extension of any

Maturity Date (other than as set out in Section 2.6), (d) any change in the terms of this Article 16, (e) any change in the manner of making decisions among the Lenders, including the definition of Majority Lenders, (f) the release of any Obligor except in the context of the sale of such Obligor if and to the extent permitted by Section 14.10, (g) the release, in whole or in part, of any of the Loan Documents or of any of the Guarantees, (h) any change in or any waiver of the conditions precedent provided for in Section 9.1 or (i) any amendment to this Section 16.14.

16.15 Provisions for the Benefit of Lenders Only

The provisions of this Article 16 relating to the rights and obligations of the Lenders and Agent *inter se* shall be operative as between the Lenders and Agent only, and the Obligors shall not have any rights under or be entitled to rely for any purposes upon such provisions.

16.16 Assignment by Agent to an Affiliate

The Agent may, at any time and from time to time, assign its rights and transfer its obligations hereunder, in whole or in part, to an Affiliate acceptable to the Borrower, acting reasonably, upon notice to the Lenders, provided that such assignment does not result in an increase in the amounts payable by any Obligor hereunder.

16.17 Collective Action of the Lenders

Each of the Lenders hereby acknowledges that to the extent permitted by Applicable Law, any Guarantees and the remedies provided under the Loan Documents to the Lenders are for the benefit of the Lenders (and Other Supported Parties) collectively and acting together and not severally and further acknowledges that its rights hereunder and under any Guarantees are to be exercised not severally, but by the Agent upon the decision of the requisite majority of Lenders as contemplated in the relevant Loan Document. Accordingly, notwithstanding any provision of any Loan Document, each of the Lenders covenants and agrees that it shall not be entitled to take any action under any of the Loan Documents including any declaration of Event of Default hereunder, such that any such action may only be taken through the Agent in accordance with the provisions hereof or upon the prior written agreement of the Majority Lenders. Each of the Lenders agrees to cooperate with the Agent as reasonably requested from time to time.

16.18 Resignation of Agent

- 16.18.1 The Agent may at any time give notice of its resignation to the Lenders, the Issuing Lender and the Borrower. Upon receipt of any such notice of resignation, the Majority Lenders shall have the right, in consultation with the Borrower, to appoint a successor, which shall be a Lender having an office in Toronto, Ontario, or an Affiliate of any such Lender with an office in Toronto. The Agent may also be removed at any time by the Majority Lenders upon 30 days' notice to the Agent and the Borrower as long as the Majority Lenders, in consultation with the Borrower, appoint and obtain the acceptance of a successor within such 30 days, which shall be a Lender having an office in Toronto, or an Affiliate of any such Lender with an office in Toronto.
- 16.18.2 If no such successor shall have been so appointed by the Majority Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may on behalf of the Lenders, appoint a successor Agent

meeting the qualifications specified in subsection 16.18.1, provided that if the Agent shall notify the Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (a) the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held or cash or Cash Equivalents held in escrow by the Agent on behalf of the Lenders under any of the Loan Documents, the retiring Agent shall continue to hold such collateral security or cash or Cash Equivalents until such time as a successor Agent is appointed) and (b) all payments, communications and determinations provided to be made by, to or through the Agent shall instead be made by or to each Lender directly, until such time as the Majority Lenders appoint a successor Agent as provided for above in Section 16.18.1.

- 16.18.3 Upon a successor's appointment as Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the former Agent, and the former Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided in the preceding paragraph). The fees payable by the Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the termination of the service of the former Agent, the provisions of this Section 16.18 and of Section 19.14 shall continue in effect for the benefit of such former Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the former Agent was acting as Agent.

17. CURRENCY CONVERSION, ETC.

17.1 Rules of Conversion

If for the purpose of obtaining judgment in any court or for any other purpose hereunder, it is necessary to convert an amount due, advanced or to be advanced hereunder from the currency in which it is due (the “**First Currency**”) into another currency (the “**Second Currency**”) the rate of exchange used shall be that at which, in accordance with normal banking procedures, the Agent could purchase, in the Canadian money market or the Canadian exchange market, as the case may be, the First Currency with the Second Currency on the date on which the judgment is rendered, the sum is payable or advanced or to be advanced, as the case may be. The Borrower agrees that its obligations in respect of any First Currency due from it to the Agent or the Lenders in accordance with the provisions hereof shall, notwithstanding any judgment rendered or payment made in the Second Currency, be discharged by a payment made to the Agent on account thereof in the Second Currency only to the extent that, on the Business Day following receipt of such payment in the Second Currency, the Agent may, in accordance with normal

banking procedures, purchase on the Canadian money market or the Canadian foreign exchange market, as the case may be, the First Currency with the amount of the Second Currency so paid or which a judgment rendered payable (the rate applicable to such purchase being in this Section called the (“ **FX Rate** ”)); and if the amount of the First Currency which may be so purchased is less than the amount originally due in the First Currency, the Borrower agrees as a separate and independent obligation and notwithstanding any such payment or judgment to indemnify the Lenders against such deficiency. The agreements in this Section shall survive the termination of the Commitments and the repayment of all other amounts outstanding hereunder and under the other Loan Documents.

17.2 Determination of Equivalent Amount in another Currencies

If, in their discretion, the Lenders or the Agent choose or, pursuant to the terms of this Agreement, are obliged to choose, calculate or determine the equivalent in one currency of the amount in another currency the Agent, in accordance with the conversion rules stipulated in Section 17.1:

17.2.1 on any Drawdown Date; or

17.2.2 at any other time when such a calculation or determination under this Agreement (including Section 2.10) or any other Loan Document is contemplated;

shall, using the FX Rate at such time on such date, determine the equivalent amount in such currency, as the case may be, of any security or amount expressed in the other currency pursuant to the terms hereof. Immediately following such determination, the Agent shall inform the Borrower of the conclusion which the Lenders have reached.

18. ASSIGNMENT

18.1 Assignment by the Borrower

The rights of the Borrower and each other Obligor under the provisions hereof may not be transferred or assigned (except by operation of law as may be permitted pursuant to Section 14.10), and no Obligor may transfer or assign any of its obligations, any such assignment being null and void and of no effect against the Agent and the Lenders and rendering any balance outstanding of the Loan Obligations immediately due and payable at the option of the Lenders and further releasing the Lenders from any obligation to make any further Advances under the provisions hereof.

18.2 Assignments and Transfers by the Lenders

18.2.1 No Lender may assign or otherwise transfer any of its rights or obligations hereunder except (a) to an Eligible Assignee in accordance with the provisions of subsection 18.2.2, or (b) by way of a sale of a participation in accordance with the provisions of Section 18.5 (and

any other attempted assignment or transfer by any party hereto shall be null and void).

18.2.2 Each Lender may assign or transfer to an Eligible Assignee in accordance with this Article 18 up to 100% of its rights, benefits and obligations hereunder; provided that:

18.2.2.1 except (a) if an Event of Default has occurred that is continuing, (b) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loan Obligations at the time owing to it or (c) in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund with respect to a Lender, the aggregate amount of the Commitment being assigned (which for this purpose includes Advances outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Advances of the applicable assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption Agreement with respect to such assignment is delivered to the Agent or, if "**Trade Date**" is specified in the Assignment and Assumption Agreement, as of the Trade Date) shall not be less than US\$10,000,000, unless each of the Agent and, so long as no Default or Event of Default has occurred and is continuing, the Borrower, otherwise consent to a lower amount (each such consent not to be unreasonably withheld or delayed);

18.2.2.2 any assignment must be approved by the Agent (such approval not to be unreasonably withheld or delayed) unless the proposed Assignee is itself already a Lender;

18.2.2.3 any assignment must be approved by the Issuing Lender (such approval not to be unreasonably withheld or delayed, unless the Person that is the proposed assignee has a credit rating of less than BBB by S&P or Baa2 by Moody's, in which case, such approval to be in the Issuing Lender's sole discretion), unless the Person that is the proposed assignee is itself already a Lender with a Commitment under this Agreement;

18.2.2.4 any assignment must be approved by the Borrower (such approval not to be unreasonably withheld or delayed, provided that it shall be reasonable for the

Borrower to withhold its consent if such assignment would give rise to a direct claim against an Obligor under Article 6 or Section 19.14) unless (i) the proposed Assignee is itself already a Lender, or (ii) a Default has occurred that is continuing, or (iii) an Event of Default has occurred that is continuing; and

- 18.2.2.5 the parties to each Assignment shall execute and deliver to the Agent an Assignment and Assumption Agreement, together with a processing and recordation fee in an amount of US\$5,000, and the Eligible Assignee, if it is not a Lender, shall deliver to the Agent an administrative questionnaire.

Subject to acceptance and recording thereof by the Agent pursuant to Section 18.3, from and after the effective date specified in each Assignment and Assumption Agreement, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption Agreement, have the rights and obligations of a Lender under this Agreement and the other Loan Documents, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption Agreement, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption Agreement covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) with respect to matters and circumstances from and after the effective date of such Assignment but shall continue to be entitled to the benefits of Article 6 and Section 19.14 with respect to facts and circumstances occurring prior to the effective date of such Assignment. Any Assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 18.5. Any payment by an Assignee to an assigning Lender in connection with an Assignment or transfer shall not be or be deemed to be a repayment by the Borrower or a new Advance to the Borrower.

18.3 **Register**

The Agent shall maintain at one of its offices in Toronto, Ontario, a copy of each Assignment and Assumption Agreement delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Advances owing to, each Lender pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be *prima facie* evidence of each of the foregoing items, and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding any notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

18.4 **Electronic Execution of Assignments**

The words “execution,” “signed,” “signature,” and words of like import in any Assignment and Assumption Agreement shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law, including Parts 2 and 3 of the *Personal Information Protection and Electronic Documents Act* (Canada), the *Electronic Commerce Act, 2000* (Ontario) and other similar federal or provincial laws based on the Uniform Electronic Commerce Act of the Uniform Law Conference of Canada or its Uniform Electronic Evidence Act, as the case may be.

18.5 **Participations**

Any Lender may at any time, without the consent of, the Borrower or the Agent, sell participations to any Person (other than a natural person, an Obligor or any Affiliate of an Obligor) (each, a “**Participant**”) in all or a portion of such Lender’s rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Advances owing to it); provided that (a) such Lender’s obligations under this Agreement shall remain unchanged, (b) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and (c) the Borrower, the Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under this Agreement; provided further that, on or after any sale by a Lender of such a participation, such Lender shall forthwith provide notice thereof to the Agent and the Borrower. Any payment by a Participant to a Lender in connection with a sale of a participation shall not be or be deemed to be a repayment by the Borrower or a new Advance to the Borrower. Subject to Section 18.6, the Borrower agrees that each Participant shall be entitled to the benefits of Article 6 to the same extent as if it were a Lender and had acquired its interest by Assignment pursuant to subsection 18.2.2.

18.6 **Limitations Upon Participant Rights**

A Participant shall not be entitled to receive any greater payment under Sections 6.2 and 6.3 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant. A Participant that would be a Foreign Lender if it were a Lender to the Borrower shall not be entitled to the benefits of Section 6.3 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with subsection 6.3.5 as though it were a Lender to the Borrower.

18.7 **Promissory Notes**

Upon the request of any Lender, the Borrower will execute and deliver one or more promissory notes in form and substance acceptable to such Lender, acting reasonably, evidencing the Commitment under this Agreement and any Advances hereunder.

19. MISCELLANEOUS

19.1 Notices

- 19.1.1 General. Except where otherwise expressly specified herein, all notices, requests, demands or other communications between the parties hereto shall be in writing and shall be made by prepaid registered mail, prepaid overnight courier, fax or physical delivery to the address or fax number of such party and to the attention indicated on the signature page of this Agreement of such party or to any other address, attention or fax number which such party hereto may subsequently communicate to each in writing in such manner. Any notice, request, demand or other communication shall be deemed to have been received by the party to whom it is addressed (a) upon receipt by the addressee (or refusal thereof), in the case of prepaid overnight courier or physical delivery, (b) three days after delivery in the mail, if sent by prepaid registered mail, and (c) on the day of transmission, if faxed before 5:00 p.m. (local time) on a Business Day, and on the next Business Day following transmission, if faxed after 5:00 p.m. (local time) on a Business Day; provided that, any notice to the Borrower shall be deemed to be notice to all Obligor. If normal postal or fax service is interrupted by strike, work slow-down or other cause, the party sending the notice shall use such services which have not been interrupted or shall deliver such notice by messenger in order to ensure its prompt receipt by the other party. Notwithstanding any other provision in the Loan Documents, any notice, request, demand or other communication which is required to be given or delivered to any Guarantor hereunder or under any other Loan Document shall be deemed to have been given to and received by such Obligor if given in the manner required by this Section to the Borrower.
- 19.1.2 Electronic Communications. Notices and other communications by the Agent to the Lenders and the Issuing Lender hereunder may be delivered or furnished by electronic communication (including email and Internet or intranet websites) pursuant to procedures approved by the Agent, provided that the foregoing shall not apply to notices by the Agent to any Lender of Advances to be made or Letters of Credit to be issued if such Lender has notified the Agent that it is incapable of receiving notices by electronic communication. The Agent or the Borrower may, in their discretion, agree to accept notices and other communications to each other hereunder by electronic communications pursuant to procedures approved by them, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Agent otherwise prescribes, (a) notices and other communications sent to an email address shall be deemed received upon the sender's receipt of an acknowledgement

from the intended recipient (such as by the “return receipt requested” function, as available, return email or other written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, and (b) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (a) of notification that such notice or communication is available and identifying the website address therefor.

19.2 Amendment and Waiver

The rights, remedies and recourses of the Agent and the Lenders under this Agreement and the other Loan Documents are cumulative and do not exclude any other rights, remedies and recourses which the Agent or the Lenders might have, and no omission or delay on the part of the Agent or the Lenders in the exercise of any right shall have the effect of operating as a waiver of any such right, remedy or recourse, and the partial or sole exercise of a right, remedy, recourse or power will not prevent the Agent or the Lenders from exercising thereafter any other right, remedy, recourse or power. Without limiting the generality of the foregoing sentence, in the event that the Agent does not immediately make a declaration accelerating the Loan Obligations under Section 15.2 following the occurrence of an Event of Default, such absence of a declaration shall not be construed as a waiver of its right to make such a declaration and shall in no way hinder, estop or prevent the Agent from making such a declaration at a later time. The provisions of this Agreement may only be amended or waived by an instrument in writing in each case signed by the Agent with the approval of, as applicable, the Lenders or Majority Lenders in accordance with Section 16.14, or by the Lenders or Majority Lenders, as applicable, on the same terms, and further, unless otherwise expressly provided herein, may only be amended by written instrument of the Obligors.

19.3 Independent Engineer and Other Consultants

Subject to Sections 12.10 and 12.14, the Agent and/or the Majority Lenders shall have the right at any time and from time to time to appoint an independent engineer to act on behalf of the Agent and the Lenders for such purposes as the Agent or the Majority Lenders may determine to carry out such duties as may be set forth in this Agreement or as may be required by the Agent or the Majority Lenders from time to time. Subject to Sections 12.10 and 12.14, the Agent and/or the Lenders may also, from time to time, consult and retain any other independent consultants determined by them to be appropriate for the same purpose.

19.4 Entire Agreement

The entire agreement between the parties is expressed herein, and no variation or modification of its terms shall be valid unless expressed in writing and signed by the parties. All previous agreements, promises, proposals, representations, understandings

and negotiations between the parties hereto which relate in any way to the subject matter of this Agreement are hereby deemed to be null and void.

19.5 Indemnification and Set-Off

In addition to the other rights now or hereafter conferred by Applicable Law and those described in subsection 5.6.2 and Section 7.10, and without limiting such rights, following the occurrence of an Event of Default which is continuing, each Lender and the Agent is hereby authorized by each Obligor, at any time and from time to time, subject to the obligation to give notice to the Borrower subsequently and within a reasonable time, to set-off, indemnify, compensate, use and allocate any deposit (general or special, term or demand, including any debt evidenced by certificates of deposit, whether or not matured) and any other debt at any time held or due by a Lender to an Obligor or to its credit or its account, with respect to and on account of the Loan Obligations and the Other Supported Obligations, including, without limitation, the accounts of any nature or kind which flow from or relate to this Agreement or the other Loan Documents, and whether or not the Agent has made demand under the terms hereof or has declared the amounts referred to in Section 15.2 as payable in accordance with the provisions of that Section and even if such obligation and Debt or either of them is a future or unmatured Debt.

19.6 Benefit of Agreement

This Agreement shall be binding upon and enure to the benefit of each party hereto and its successors and permitted assigns.

19.7 Counterparts

This Agreement may be signed in any number of counterparts, each of which shall be deemed to constitute an original, and all of the separate counterparts shall constitute one single document. Delivery of an executed counterpart of a signature page of this Agreement by fax or by sending a scanned copy by electronic mail shall be as effective as delivery of a manually executed counterpart of this Agreement.

19.8 This Agreement to Govern

In the event of any conflict or inconsistency between the terms of this Agreement and the terms of any other Loan Document, the provisions of this Agreement shall govern to the extent necessary to remove the conflict or inconsistency.

19.9 Applicable Law

This Agreement, its interpretation and its application shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

19.10 Severability

Each provision of this Agreement is separate and distinct from the others, such that any decision of a court or tribunal to the effect that any provision of this Agreement is null or unenforceable shall in no way affect the validity of the other provisions of this Agreement or the enforceability thereof. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by Applicable Law, each Obligor hereby waives any provision of any Applicable Law that renders any provision hereof prohibited or unenforceable in any respect.

19.11 Further Assurances

Each Obligor covenants and agrees that, at the request of the Agent, it will at any time and from time to time execute and deliver such further and other documents and instruments and do all acts and things as the Agent may reasonably require in order to evidence the Debt of the Borrower under this Agreement or otherwise, to confirm its Guarantee or to further implement or evidence any provision hereof or of the other Loan Documents

19.12 Good Faith and Fair Consideration

Each party hereto acknowledges and declares that it has entered into this Agreement freely and of its own will. In particular, each party hereto acknowledges that this Agreement was freely negotiated by it in good faith, there was no exploitation of the Obligors by the Lenders and there is no serious disproportion between the consideration provided by the Lenders and that provided by the Obligors.

19.13 Responsibility of the Lenders

Each Lender shall be solely responsible for the performance of its own obligations hereunder. Accordingly, no Lender is in any way or jointly or jointly and severally responsible for the performance of the obligations of any other Lender.

19.14 **Indemnity**

The Borrower shall indemnify and hold harmless each Supported Party and their agents, consultants and advisors (other than agents, consultants and advisors to the extent that their costs and expenses are not, pursuant to Section 12.14, to be borne by the Borrower), and each of their Related Parties and each of their agents, consultants and advisors (other than agents, consultants and advisors to the extent that their costs and expenses are not, pursuant to Section 12.14, to be borne by the Borrower), (each, an “**Indemnified Party**”) from and against any and all claims, damages, losses, liabilities, costs and expenses (including, without limitation, reasonable fees and expenses of counsel), including Environmental Claims, (each, a “**Claim**”) that may be incurred by, or asserted or awarded against, any Indemnified Party, in each case arising out of or in connection with or by reason of, the preparation for the defence of, any investigation, litigation or proceeding,

brought by Persons other than an Indemnified Party arising out of, related to or in connection with (a) this Agreement, (b) the other Loan Documents or (c) any of the transactions contemplated herein or therein or the actual or proposed use of the proceeds of the Advances, whether or not such investigation, litigation or proceeding is brought by any Obligor, its directors, shareholders or creditors or by an Indemnified Party, or any other Person, or any Indemnified Party is otherwise a party thereto, and whether or not the transactions contemplated hereby are consummated; except to the extent (i) such Claim results from such Indemnified Party's gross negligence, wilful misconduct, fraud, bad faith or breach of any Loan Document to which such Indemnified Party is a party or relates to the liability of an Indemnified Party to an Obligor under any Loan Document or (ii) relates solely to a Claim between Indemnified Parties resulting from a Claim brought by any Person, with no fault on the part of any Obligor; provided that in the case of clauses (i) and (ii) above, the Borrower has obtained a judgment in its favour of a court of competent jurisdiction. Each Obligor agrees not to assert any claim against any Indemnified Party, and, without in any way limiting any of their other rights or remedies hereunder or at law, each Lender and the Agent, also agrees not to assert any claim against any Obligor, its officers, directors, employees, agents or advisors, on any theory of liability for special, indirect, consequential or punitive damages arising out of or otherwise relating to this Agreement and the other Loan Documents and any of the transactions contemplated herein or therein or the actual or proposed use of the proceeds of the Advances. The agreements in this Section shall survive the termination of the Commitments and the repayment of all other amounts outstanding hereunder and under the other Loan Documents.

19.15 **Confidentiality**

- 19.15.1 Each of the Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to it, its Affiliates and its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting having jurisdiction over it (including any self-regulatory authority), (c) to the extent required by Applicable Law or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any Assignee of or Participant in, or any prospective Assignee of or Participant in, any of its rights or obligations under this Agreement, or (ii) any actual or prospective counterparty (or its advisors) to any Derivative Instrument, credit-linked note or similar transaction relating to the Obligors and their obligations, (g) with the consent of the

Borrower, or (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Agent or any Lender on a non-confidential basis from a source other than an Obligor.

19.15.2 For purposes of this Section, “ **Information** ” means all information received in connection with this Agreement from any Obligor or any Related Person in respect thereof or any of their respective advisors, in each case, relating to any Obligor or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Agent or any Lender on a non-confidential basis prior to such receipt. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. In addition, the Agent may disclose to any agency or organization that assigns standard identification numbers to loan facilities such basic information describing the facilities provided hereunder as is necessary to assign unique identifiers (and, if requested, supply a copy of this Agreement), it being understood that the Person to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to make available to the public only such Information as such person normally makes available in the course of its business of assigning identification numbers.

19.15.3 In addition, and notwithstanding anything herein to the contrary, the Agent may provide the information described on Exhibit C concerning the Borrower and the credit facilities established herein to Loan Pricing Corporation and/or other recognized trade publishers of information for general circulation in the loan market.

19.16 **Reinstatement**

This Agreement shall remain in full force and effect and continue to be effective if any petition or other proceeding is filed by or against the Borrower or any other Obligor for liquidation or reorganization, or if the Borrower or any other Obligor becomes insolvent or makes an assignment for the benefit of any creditor or creditors, or if an interim receiver, receiver, receiver and manager or trustee be appointed for all or any significant part of the Property of the Borrower or any other Obligor, and shall continue to be effective or to be reinstated, as the case may be, if at any time payment and performance of the obligations hereunder or under the other Loan Documents, or any part thereof, is, pursuant to Applicable Law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of such obligations, whether as a fraudulent preference, a reviewable transaction, or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the obligations hereunder and under the other

Loan Documents shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

19.17 Submission to Jurisdiction

Each Obligor irrevocably and unconditionally submits, for itself and its Property, to the non-exclusive jurisdiction of the courts of the Province of Ontario, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Loan Document shall affect any right that the Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any Obligor or its Property in the courts of any jurisdiction.

19.18 Waiver of Venue

Each Obligor irrevocably and unconditionally waives, to the fullest extent permitted by Applicable Law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in Section 19.17. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defence of an inconvenient forum to the maintenance of such action or proceeding in any such court.

19.19 Waiver of Jury Trial

EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

19.20 Language

The parties acknowledge that they have required that this Agreement, the Loan Documents and all documents, notices and legal proceedings entered into, given or

instituted pursuant hereto or relating directly or indirectly hereto be drawn up in English. Les parties reconnaissent avoir exigé la rédaction en anglais de la présente convention ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement ou à la suite de la présente convention.

19.21 **Third Party Beneficiaries**

Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in Section 18.5 and, to the extent contemplated hereby, the Related Parties of each of the Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

19.22 **Formal Date**

For the purposes of convenience, this Agreement may be referred to as bearing the formal date of January 10 2008, notwithstanding its actual date of signature.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

40 King Street West
Scotia Plaza, 62nd Floor
Toronto, Ontario
M5W 2X6

Attention: Alastair Borthwick

Telecopier: (416) 866-3329

THE BANK OF NOVA SCOTIA ,
as Administrative Agent

By: (signed) Alastair Borthwick

Name: Alastair Borthwick

Title: Director

By: (signed) Stella Luna

Name: Stella Luna

Title: Associate Director

[signature page for Credit Agreement relating to Agnico-Eagle Mines Limited et al.]

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

40 King Street West
Scotia Plaza, 62nd Floor
Toronto, Ontario
M5W 2X6

Attention: Ray Clarke

Facsimile: (416) 866-2009

THE BANK OF NOVA SCOTIA ,
as Lender

By: (signed) Ray Clarke

Name: Ray Clarke

Title: Director

By: (signed) Ian Stephenson

Name: Ian Stephenson

Title: Associate Director

IN WITNESS WHEREOF, the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

1501 McGill College Avenue
Suite 1800
Montreal, Quebec
H3A 3M8

Attention: Mariette Jean

Facsimile: (514) 841-6250

with a copy to

100 Yonge Street, Suite 1002
Toronto, Ontario
M5C 2W1

Attention: Michael Manion

Facsimile: (416) 364-1879

**SOCIÉTÉ GÉNÉRALE (CANADA
BRANCH)**

By: (signed) Michael C. Manion

Name: Michael C. Manion

Title: Director

By: (signed) Yvon J. Jeghers

Name: Yvon J. Jeghers, CA

Title: Managing Director

IN WITNESS WHEREOF, the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

THE TORONTO-DOMINION BANK

66 Wellington Street West
TD Tower, 8th Floor
Toronto, Ontario
M5K 1A2

By: (signed) Rohan Appadurai
Name: Rohan Appadurai
Title: Managing Director

Attention: Rohan Appadurai

Facsimile: (416) 944-5164

By: _____

Name:
Title:

S4

IN WITNESS WHEREOF, the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

NATIONAL BANK OF CANADA

Credit Capital Markets
1155 Metcalfe Street
5th floor
Montreal, Quebec
H3B 4S9

By: (signed) Andre Marenger
Name: Andre Marenger
Title: Director

Attention: Andre Marenger

Facsimile: (514) 390-7860

By: (signed) Roch Ledoux
Name: Roch Ledoux
Title: Director

S5

IN WITNESS WHEREOF, the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

BANK OF MONTREAL

Loan Products Group
100 King Street West
4th Floor
Toronto, Ontario
M5X 1A1

By: (signed) Robert Wright

Name: Robert Wright

Title: Vice-President

Attention: Robert Wright

By: _____

Name:

Facsimile: (416) 359-7796

Title:

S6

IN WITNESS WHEREOF, the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

N M ROTHSCHILD & SONS LIMITED

New Court
St. Swithin's Lane
London, England
EC4P 4DU

By: (signed) George Pyper
Name: George Pyper
Title: Director

Attention: Andrew Johnson / Patrick
McCormack

By: (signed) Derek McCrone
Name: Derek McCrone
Title: Assistant Director

Facsimile: +44 20 7280 5403

S7

IN WITNESS WHEREOF, the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

145 King Street East, Suite 400
Toronto, Ontario
M5C 2Y7

Attention: David Garofalo

Facsimile: (416) 367-4681

AGNICO-EAGLE MINES LIMITED

By: (signed) David A. Garofalo

Name: David A. Garofalo

Title: Senior Vice-President, Finance
& Chief Financial Officer

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

c/o Agnico-Eagle Mines Limited
145 King Street East, Suite 400
Toronto, Ontario
M5C 2Y7

Attention: David Garofalo

Facsimile: (416) 367-4681

1715495 ONTARIO INC.

By: (signed) David A. Garofalo

Name: David A. Garofalo

Title: President

S9

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

1641315 ONTARIO INC.

c/o Agnico-Eagle Mines Limited
145 King Street East, Suite 400
Toronto, Ontario
M5C 2Y7

By: (signed) David A. Garofalo
Name: David A. Garofalo
Title: Chief Financial Officer

Attention: David Garofalo

Facsimile: (416) 367-4681

S10

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

c/o Agnico-Eagle Mines Limited
145 King Street East, Suite 400
Toronto, Ontario
M5C 2Y7

Attention: David Garofalo

Facsimile: (416) 367-4681

AGNICO-EAGLE (DELAWARE) L.L.C.

By: (signed) R. Gregory Laing

Name: R. Gregory Laing

Title: Secretary

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

c/o Agnico-Eagle Mines Limited
145 King Street East, Suite 400
Toronto, Ontario
M5C 2Y7

Attention: David Garofalo

Facsimile: (416) 367-4681

AGNICO-EAGLE (DELAWARE) II L.L.C.

By: (signed) David A. Garofalo

Name: David A. Garofalo

Title: Director

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

c/o Agnico-Eagle Mines Limited
145 King Street East, Suite 400
Toronto, Ontario
M5C 2Y7

Attention: David Garofalo

Facsimile: (416) 367-4681

AGNICO-EAGLE (DELAWARE) III L.L.C.

By: (signed) David A. Garofalo

Name: David A. Garofalo

Title: Director

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

c/o Agnico-Eagle Mines Limited
145 King Street East, Suite 400
Toronto, Ontario
M5C 2Y7

Attention: David Garofalo

Facsimile: (416) 367-4681

AGNICO-EAGLE SWEDEN AB

By: (signed) David A. Garofalo

Name: David A. Garofalo

Title: Authorized Signatory

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

c/o Agnico-Eagle Mines Limited
145 King Street East, Suite 400
Toronto, Ontario
M5C 2Y7

Attention: David Garofalo

Facsimile: (416) 367-4681

AGNICO-EAGLE AB

By: (signed) David A. Garofalo

Name: David A. Garofalo

Title: Authorized Signatory

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

c/o Agnico-Eagle Mines Limited
145 King Street East, Suite 400
Toronto, Ontario
M5C 2Y7

Attention: David Garofalo

Facsimile: (416) 367-4681

RIDDARHYTTAN RESOURCES AB

By: (signed) David A. Garofalo

Name: David A. Garofalo

Title: Authorized Signatory

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

c/o Agnico-Eagle Mines Limited
145 King Street East, Suite 400
Toronto, Ontario
M5C 2Y7

Attention: David Garofalo

Facsimile: (416) 367-4681

AGNICO EAGLE MEXICO S.A. DE C.V.

By: (signed) David A. Garofalo

Name: David A. Garofalo

Title: Attorney in Fact

Subsidiaries

Name	Jurisdiction of Incorporation	Other names under which entity operates
1641315 Ontario Inc.	Ontario	None
1715495 Ontario Inc.	Ontario	None
989093 Ontario Limited	Ontario	None
Agnico-Eagle AB	Sweden	None
Agnico-Eagle (Delaware) LLC	Delaware	None
Agnico-Eagle (Delaware) II LLC	Delaware	None
Agnico-Eagle (Delaware) III LLC	Delaware	None
Agnico Eagle Mexico, S.A. de C.V.	Mexico	None
Agnico-Eagle Oijarvi Oy	Finland	None
Agnico-Eagle Sweden AB	Sweden	None
Agnico-Eagle (USA) Limited	Colorado	None
Genex Exploration Corp.	Yukon	None
Oijarvi Resources Oy	Finland	None
Riddarhyttan Resources AB	Sweden	None
Riddarhyttan Resources Oy	Finland	None
Servicios Agnico Eagle Mexico, S.A. de C.V.	Mexico	None
Servicios Pinos Altos, S.A. de C.V.	Mexico	None

CERTIFICATION

I, Sean Boyd, certify that:

1. I have reviewed this Annual Report on Form 20-F of Agnico-Eagle Mines Limited (the “Company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13(a)-15(f) and 15d-15(f)) for the Company and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):

- (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
- (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

By : /s/ Sean Boyd

Sean Boyd

Vice Chairman and Chief Executive Officer

Toronto, Canada
March 14, 2008

CERTIFICATION

I, David Garofalo, certify that:

1. I have reviewed this Annual Report on Form 20-F of Agnico-Eagle Mines Limited (the “Company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13(a)-15(f) and 15d-15(f)) for the Company and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):

- (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
- (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

By : /s/ David Garofalo

David Garofalo
Senior Vice President, Finance and
Chief Financial Officer

Toronto, Canada
March 14, 2008

**Certification of Chief Executive Officer pursuant to
Title 18, United States Code, Section 1350, as adopted pursuant to
Section 906 of The Sarbanes-Oxley Act of 2002**

I, Sean Boyd, Vice Chairman and Chief Executive Officer of Agnico-Eagle Mines Limited (“Agnico-Eagle”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

The Annual Report on Form 20-F of Agnico-Eagle for the year ended December 31, 2007 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and

The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Agnico-Eagle.

By: /s/ Sean Boyd
Sean Boyd
Vice Chairman and Chief Executive Officer

Toronto, Canada
March 14, 2008

A signed original of this written statement required by Section 906 has been provided to Agnico-Eagle and will be retained by Agnico-Eagle and furnished to the Securities and Exchange Commission or its staff upon request.

**Certification of Chief Financial Officer pursuant to
Title 18, United States Code, Section 1350, as adopted pursuant to
Section 906 of The Sarbanes-Oxley Act of 2002**

I, David Garofalo, Senior Vice-President, Finance and Chief Financial Officer of Agnico-Eagle Mines Limited (“Agnico-Eagle”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

The Annual Report on Form 20-F of Agnico-Eagle for the year ended December 31, 2007 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and

The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Agnico-Eagle.

By: /s/ David Garofalo
David Garofalo
Senior Vice President, Finance and
Chief Financial Officer

Toronto, Canada
March 14, 2008

A signed original of this written statement required by Section 906 has been provided to Agnico-Eagle and will be retained by Agnico-Eagle and furnished to the Securities and Exchange Commission or its staff upon request.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Form S-8 (as may be amended or supplemented) (File No. 333-130339) pertaining to the Agnico-Eagle Mines Limited amended and Restated Employee Stock Option Plan and the Agnico-Eagle Mines Limited Amended and Restated Incentives Share Purchase Plan, the Registration Statement on Form F-10 pertaining to Agnico-Eagle Mines Limited (as may be amended or supplemented) (File No. 333-138921), our report dated March 14, 2008, with respect to the consolidated financial statements of Agnico-Eagle Mines Limited as of December 31, 2007 and our report dated March 14, 2008, with respect to the effectiveness of internal control over financial reporting of Agnico-Eagle Mines Limited which reports appear in the December 31, 2007 Annual Report on Form 20-F of Agnico-Eagle Mines Limited.

Toronto, Canada
March 24, 2008

ERNST & YOUNG LLP
Chartered Accountants
Licensed Public Accountants