



Second Quarter Report 2009

QUARTERLY MANAGEMENT'S DISCUSSION AND ANALYSIS

UNITED STATES GAAP

(all figures are expressed in US dollars unless otherwise noted and
all units of measurement expressed in metric unless otherwise noted)

Results of Operations

Agnico-Eagle Mines Limited ("Agnico-Eagle" or the "Company") reported second quarter net income of \$1.2 million, or \$0.01 per share, compared to net income of \$8.3 million, or \$0.06 per share, in the second quarter of 2008. These net income results of the second quarter of 2009 include a non-cash foreign currency translation loss of \$16.7 million, or \$0.12 per share, as well as a stock option expense of \$5.0 million, or \$0.03 per share. Excluding these non-cash items, net income increased significantly when compared to the second quarter of 2008 due to a large increase in gold revenue. Gold production in the second quarter of 2009 increased to 119,053 ounces from 67,757 ounces in the second quarter of 2008 due to the commencement of commercial production at the Kittila and Lapa Mines, combined with full production of the Goldex Mine during the second quarter of 2009. Cash provided from operating activities was \$26.4 million in the second quarter of 2009 compared to \$92.8 million in the prior year's second quarter. The impact of significantly higher gold production, compared to the second quarter of 2008, was more than offset by changes in working capital related to a build-up of gold in inventory from the start up of new mines.

The table below summarizes the key variances in net income for the second quarter of 2009 from the net income reported for the same period in 2008.

<u>(millions of dollars)</u>	<u>Second Quarter</u>	<u>Year to Date</u>
Increase in gold revenue	\$ 53.6	\$ 79.2
Decrease in silver revenue	(1.5)	(8.2)
Increase (decrease) in zinc revenue	2.6	(21.0)
Decrease in copper revenue	(7.0)	(15.6)
Weaker Canadian dollar	6.1	15.5
Higher production costs (due to additional mines) . . .	(21.1)	(36.5)
Increased depreciation & amortization (due to additional mines)	(8.0)	(13.1)
Higher non cash foreign currency translation loss . . .	(15.5)	(16.9)
Lower (higher) income and mining taxes	(12.4)	34.9
Increased corporate costs and other	(3.9)	—
Net positive (negative) variance	<u><u>(\$ 7.1)</u></u>	<u><u>\$ 18.3</u></u>

On May 1, 2009, both the Kittila Mine and Lapa Mine achieved commercial production. As a result, commencing on May 1, 2009, all revenues generated and their related costs of production at the Kittila Mine and Lapa Mine were recognized on the income statement versus being capitalized to property, plant and mine development prior to commercial production.

In the second quarter of 2009, revenues from mining operations increased to \$133.1 million from \$85.4 million in the second quarter of 2008. This is mainly due to the increase in gold production by the Goldex, Kittila and Lapa mines that were not in commercial production in the second quarter of 2008. These three new mines sold an incremental 43,448 ounces during the second quarter of 2009 when compared to the second quarter of 2008. In addition, during the second quarter of 2009, there were higher realized gold prices partially offset by lower realized silver and copper prices when compared to the second quarter of 2008.

In the second quarter of 2009, total cash costs per ounce increased to \$326 per ounce of gold produced from \$113 per ounce in the second quarter of 2008. The main drivers leading to the increase in total cash costs for the quarter were lower byproduct revenue due to lower realized sales prices on copper and silver combined with the fact that the three new mines are producing only gold with no credits against production costs from byproduct revenue.

The following tables provides a reconciliation of the total cash costs per ounce of gold produced and mine site costs per tonne to the interim consolidated financial statements for the LaRonde, Goldex, Lapa and Kittila Mines:

(thousands of dollars, except where noted)	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
LaRonde	\$ 41,526	\$ 46,041	\$ 79,773	\$ 89,692
Goldex	12,479	—	23,950	—
Lapa	3,818	—	3,818	—
Kittila	3,190	—	3,190	—
Total production costs per Consolidated Statements of Income	\$ 61,013	\$ 46,041	\$110,731	\$ 89,692

LaRonde Mine

Production costs per Consolidated Statements of Income	\$ 41,526	\$ 46,041	\$ 79,773	\$ 89,692
Adjustments:				
Byproduct revenues	(37,031)	(39,862)	(58,857)	(102,804)
Inventory adjustment ⁽ⁱ⁾	2,138	864	1,109	135
Non-cash reclamation provision . .	(293)	(306)	(567)	(613)
Cash operating costs	\$ 6,340	\$ 6,737	\$ 21,458	\$ (13,590)
Gold production (ounces)	58,034	59,452	109,372	110,344
Total cash costs (per ounce) ⁽ⁱⁱ⁾	\$ 109	\$ 113	\$ 196	\$ (123)

(thousands of dollars, except where noted)	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
Production costs per Consolidated Statements of Income	\$41,526	\$46,041	\$79,773	\$89,692
Adjustments:				
Inventory adjustment ⁽ⁱⁱⁱ⁾	2,137	(1,902)	1,109	(902)
Non-cash reclamation provision . .	(293)	(306)	(567)	(613)
Minesite operating costs (US\$)	\$43,370	\$43,833	\$80,315	\$88,177
Minesite operating costs (C\$)	\$48,602	\$44,787	\$95,096	\$88,782
Tonnes of ore milled (000's tonnes) .	656	663	1,305	1,339
Minesite costs per tonne (C\$) ^(iv) . . .	\$ 74	\$ 68	\$ 73	\$ 66

(thousands of dollars, except where noted)	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
Goldex Mine				
Production costs per Consolidated Statements of Income	\$12,479	\$ —	\$23,950	\$ —
Adjustments:				
Inventory adjustment ⁽ⁱ⁾	586	—	1,329	—
Non-cash reclamation provision . .	(50)	—	(96)	—
Cash operating costs	\$13,015	\$ —	\$25,183	\$ —
Gold production (ounces)	35,645	—	71,604	—
Total cash costs (per ounce) ⁽ⁱⁱ⁾	\$ 365	\$ —	\$ 352	\$ —

(thousands of dollars, except where noted)	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
Production costs per Consolidated Statements of Income	\$12,479	\$ —	\$23,950	\$ —
Adjustments:				
Inventory adjustment ⁽ⁱⁱⁱ⁾	586	—	1,329	—
Non-cash reclamation provision . .	(50)	—	(96)	—
Minesite operating costs (US\$)	<u>\$13,015</u>	<u>\$ —</u>	<u>\$25,183</u>	<u>\$ —</u>
Minesite operating costs (C\$)	<u>\$14,887</u>	<u>\$ —</u>	<u>\$30,079</u>	<u>\$ —</u>
Tonnes of ore milled (000's tonnes) .	<u>626</u>	<u>—</u>	<u>1,235</u>	<u>—</u>
Minesite costs per tonne (C\$) ^(iv) . . .	<u>\$ 24</u>	<u>\$ —</u>	<u>\$ 24</u>	<u>\$ —</u>

(thousands of dollars, except where noted)	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
Lapa Mine				
Production costs per Consolidated Statements of Income	\$ 3,818	\$ —	\$ 3,818	\$ —
Adjustments:				
Inventory adjustment ⁽ⁱ⁾	7,191	—	7,191	—
Non-cash reclamation provision . .	(7)	—	(7)	—
Cash operating costs	<u>\$11,002</u>	<u>\$ —</u>	<u>\$11,002</u>	<u>\$ —</u>
Gold production (ounces)	<u>11,603</u>	<u>—</u>	<u>11,603</u>	<u>—</u>
Total cash costs (per ounce) ⁽ⁱⁱ⁾	<u>\$ 948</u>	<u>\$ —</u>	<u>\$ 948</u>	<u>\$ —</u>

(thousands of dollars, except where noted)	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
Production costs per Consolidated Statements of Income	\$ 3,818	\$ —	\$ 3,818	\$ —
Adjustments:				
Inventory adjustment ⁽ⁱⁱⁱ⁾	7,191	—	7,191	—
Non-cash reclamation provision . .	(7)	—	(7)	—
Minesite operating costs (US\$)	<u>\$11,002</u>	<u>\$ —</u>	<u>\$11,002</u>	<u>\$ —</u>
Minesite operating costs (C\$)	<u>\$12,145</u>	<u>\$ —</u>	<u>\$12,145</u>	<u>\$ —</u>
Tonnes of ore milled (000's tonnes) .	<u>81</u>	<u>—</u>	<u>81</u>	<u>—</u>
Minesite costs per tonne (C\$) ^(iv) . . .	<u>\$ 149</u>	<u>\$ —</u>	<u>\$ 149</u>	<u>\$ —</u>

(thousands of dollars, except where noted)	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
Kittila Mine				
Production costs per Consolidated Statements of Income	\$ 3,190	\$ —	\$ 3,190	\$ —
Adjustments:				
Inventory adjustment ⁽ⁱ⁾	4,784	—	4,784	—
Non-cash reclamation provision . .	(62)	—	(62)	—
Cash operating costs	<u>\$ 7,912</u>	<u>\$ —</u>	<u>\$ 7,912</u>	<u>\$ —</u>
Gold production (ounces)	<u>12,018</u>	<u>—</u>	<u>12,018</u>	<u>—</u>
Total cash costs (per ounce) ⁽ⁱⁱ⁾	<u>\$ 658</u>	<u>\$ —</u>	<u>\$ 658</u>	<u>\$ —</u>

(thousands of dollars, except where noted)	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
Production costs per Consolidated Statements of Income	\$ 3,190	\$ —	\$3,190	\$ —
Adjustments:				
Inventory adjustment ⁽ⁱⁱⁱ⁾	4,784	—	4,784	—
Non-cash reclamation provision . .	(62)	—	(62)	—
Minesite operating costs (US\$)	\$ 7,912	—	\$7,912	\$ —
Minesite operating costs (EUR) . . .	€ 5,717	\$ —	€5,717	\$ —
Tonnes of ore milled (000's tonnes) .	132	—	132	—
Minesite costs per tonne (EUR) ^(iv) . .	€ 43	€ —	€ 43	€ —

Notes:

- (i) Under the Company's revenue recognition policy, revenue is recognized on concentrates when legal title passes. Since total cash costs 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, 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 (if any) 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.

Liquidity and Capital Resources

At June 30, 2009, Agnico-Eagle's cash, cash equivalents, short-term investments and restricted cash totalled \$173.9 million, while working capital was \$339.6 million. At December 31, 2008, the Company had \$99.4 million in cash, cash equivalents, short-term investments and restricted cash and \$178.2 million in working capital. The Company's policy is to invest excess cash in highly liquid investments of the highest credit quality to eliminate any risks associated with these investments. Such investments with remaining maturities at time of purchase greater than three months are classified as short-term investments and decisions regarding the length of maturities are based on cash flow requirements, rates of returns and various other factors.

Cash provided by operating activities was \$26.4 million in the second quarter of 2009 compared to \$92.8 million in the second quarter of 2008. In the second quarter of 2009, revenues from mining operations increased to \$133.1 million from \$85.4 million in the second quarter of 2008. This was mainly due to the increase

in gold production by the Goldex, Kittila and Lapa mines that were not in commercial production in the second quarter of 2008. These three new mines sold 43,448 commercial production ounces during the second quarter of 2009 as compared to nil ounces in the second quarter of 2008. However, the impact of significantly higher gold production, compared to the second quarter of 2008, was more than offset by changes in working capital related to a build-up of gold in inventory from the start up of new mines. Excluding the large changes in working capital movements, cash provided by operating activities increased significantly when compared to the second quarter of 2008 due to the large growth in gold revenue. In addition, during the second quarter of 2009, there were higher realized gold prices partially offset by lower realized silver and copper prices when compared to the second quarter of 2008.

For the three months ended June 30, 2009, capital expenditures were \$155.0 million compared to \$263.8 million in the three months ended June 30, 2008. The significant capital expenditures during the second quarter of 2009 pertained to the Meadowbank and Pinos Altos projects. The capital expenditures were significantly lower during the second quarter of 2009 when compared to the second quarter of 2008 due to the completion of construction activities at the Goldex, Kittila and Lapa mines and the winding down of construction at the Pinos Altos mine.

During the second quarter of 2009, Agnico-Eagle executed a new non-amortizing \$600 million revolving credit facility, maturing June 2012. The new facility replaces a pre-existing \$300 million tranche of the Company's credit lines that would have matured September 2010. The new facility together with the remaining tranche of the pre-existing credit facilities (non-amortizing \$300 million revolving credit line, maturing January 2013), allow for borrowings of up to \$900 million. Both credit facilities are unsecured. During the second quarter of 2009, Agnico-Eagle also executed an unsecured C\$95 million bonding facility with Export Development Canada. This facility matures June 2014 and will be used to provide letters of credit for environmental obligations or in relation to license or permit bonds relating to the Meadowbank project.

During the second quarter of 2009, the Company drew down an additional \$70 million from its bank debt facilities. As of June 30, 2009, the Company had \$415 million in undrawn credit lines. The amount available under the facility is reduced by letters of credit drawn under the facility. Letters of Credit outstanding under the facility at June 30, 2009 amounted to \$20 million, and therefore, the amount available to be borrowed as of June 30, 2009, was approximately \$395 million. The facility requires the Company to maintain specified financial ratios and meet financial condition covenants. These financial condition covenants were met at June 30, 2009 and June 30, 2008.

Also during the second quarter of 2009, \$18.5 million of common shares were issued which was attributable to the issuance of flow through shares and the exercising of stock options.

Volatility remains high in global financial markets and weakness in the global economy continues to have a serious impact on the profitability and liquidity of many businesses. Although there are signs of stabilization, the timing of a return to historical market conditions is uncertain. Virtually all industries, including the gold mining business, have been affected by weak economic conditions and volatile financial markets. Positive signs for the global economy include a relative easing of credit risk spreads, a reduction in financial systemic risk, lower levels of volatility in many markets and an improvement in investor confidence. However, economic data show mixed signals for the likelihood of sustained near-term economic recovery, and the costs of funding for many businesses, especially for financial institutions with which we do business, remain high compared to historical levels. A prolonged global recession and continuation of volatility in world markets could have a significant impact on our business. In particular, the global credit/liquidity crisis could continue to affect the cost and availability of financing and our overall liquidity. The volatility in gold, silver, zinc and copper prices affects the amount of our revenues, and our earnings and cash flow. Volatile energy prices, commodity and consumables prices and currency exchange rates impact our production costs. The volatility of global stock markets impacts the valuation of our equity investments.

AGNICO-EAGLE MINES LIMITED
SUMMARY OF OPERATIONS KEY PERFORMANCE INDICATORS
(thousands of United States dollars, except where noted, US GAAP basis)

	Three months ended June 30,		Six months ended June 30,	
	2009 Actual	2008 Actual	2009 Actual	2008 Actual
Income Contribution Analysis				
LaRonde Mine	\$ 50,652	\$ 39,357	\$ 88,299	\$ 114,840
Goldex Mine	19,107	—	37,573	—
Lapa Mine	(833)	—	(833)	—
Kittila Mine	3,145	—	3,145	—
Operating margin	72,071	39,357	128,184	114,840
Amortization	15,470	7,516	27,600	14,546
Corporate expenses	38,016	18,488	52,663	35,767
Income before tax	18,585	13,353	47,921	64,527
Tax provision	17,358	5,006	(7,647)	27,272
Net income for the period	\$ 1,227	\$ 8,347	\$ 55,568	\$ 37,255
Net income per share — basic and diluted	\$ 0.01	\$ 0.06	\$ 0.36	\$ 0.26
Cash flows				
Operating cash flow	\$ 26,369	\$ 92,792	\$ 75,192	\$ 147,379
Investing cash flow	\$(155,730)	\$(272,035)	\$(311,152)	\$(392,676)
Financing cash flow	\$ 88,247	\$ 75,690	\$ 304,694	\$ 80,286
Realized prices per sales volume (US\$)				
Gold (per ounce)	\$ 962	\$ 804	\$ 965	\$ 940
Silver (per ounce)	\$ 14.32	\$ 16.56	\$ 13.93	\$ 18.29
Zinc (per tonne)	\$ 1,698	\$ 1,728	\$ 1,421	\$ 2,169
Copper (per tonne)	\$ 5,832	\$ 8,534	\$ 5,058	\$ 9,349
Payable production (Note 1)				
Gold (ounces)				
LaRonde Mine	58,034	59,452	109,372	110,344
Goldex Mine	35,645	8,305	71,604	8,305
Kittila Mine	13,771	—	18,285	—
Lapa Mine	11,603	—	11,603	—
	119,053	67,757	210,864	118,649
Silver (LaRonde Mine) (ounces in thousands)	1,034	956	2,063	1,982
Zinc (LaRonde Mine) (tonnes)	14,928	13,863	28,219	33,331
Copper (LaRonde Mine) (tonnes)	2,066	2,165	3,748	3,618
Payable metal sold				
Gold (ounces)				
LaRonde Mine	59,608	56,650	110,203	108,245
Goldex Mine	33,501	—	66,965	—
Kittila Mine	6,780	—	6,780	—
Lapa Mine	3,167	—	3,167	—
	103,056	56,650	187,115	108,245
Silver (LaRonde Mine) (ounces in thousands)	1,012	955	2,024	1,973
Zinc (LaRonde Mine) (tonnes)	12,804	15,260	29,861	33,970
Copper (LaRonde Mine) (tonnes)	2,066	2,108	3,752	3,530
Total cash costs per ounce of gold produced (Note 2)				
LaRonde Mine	\$ 109	\$ 113	\$ 196	\$ (123)
Goldex Mine	365	—	352	—
Kittila Mine	658	—	658	—
Lapa Mine	948	—	948	—
Weighted average	\$ 326	\$ 113	\$ 320	\$ (123)

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) Total cash costs per ounce is a non-US GAAP measure of performance that the Company uses to monitor the performance of its operations. See “Results of Operations — Production Costs”.

AGNICO-EAGLE MINES LIMITED
SUMMARIZED QUARTERLY DATA
(thousands of United States dollars, except where noted)

	September 30, 2007	December 31, 2007	March 31, 2008	June 30, 2008	September 30, 2008	December 31, 2008	March 31, 2009	June 30, 2009
Consolidated Financial Data								
<i>Income and cash flows</i>								
Revenues from mining operations	\$ 104,812	\$ 108,728	\$ 119,134	\$ 85,398	\$ 91,171	\$ 73,235	\$ 105,831	\$ 133,084
Production costs	44,936	42,180	43,651	46,041	50,525	46,645	49,718	61,013
Gross profit (exclusive of amortization shown below)	\$ 59,876	\$ 66,548	\$ 75,483	\$ 39,357	\$ 40,646	\$ 26,590	\$ 56,113	\$ 72,071
Amortization	7,578	6,157	7,030	7,516	9,049	12,538	12,130	15,470
Gross profit	<u>\$ 52,298</u>	<u>\$ 60,391</u>	<u>\$ 68,453</u>	<u>\$ 31,841</u>	<u>\$ 31,597</u>	<u>\$ 14,052</u>	<u>\$ 43,983</u>	<u>\$ 56,601</u>
Net income for the period .	\$ 11,452	\$ 65,162	\$ 28,908	\$ 8,347	\$ 14,038	\$ 21,874	\$ 54,341	\$ 1,227
Net income per share (basic)	\$ 0.08	\$ 0.46	\$ 0.20	\$ 0.06	\$ 0.10	\$ 0.15	\$ 0.35	\$ 0.01
Net income per share (diluted)	\$ 0.08	\$ 0.46	\$ 0.20	\$ 0.06	\$ 0.10	\$ 0.15	\$ 0.35	\$ 0.01
Cash provided by (used in) operating activities	\$ 54,941	\$ 48,840	\$ 54,587	\$ 92,792	\$ 20,239	\$ (46,443)	\$ 48,823	\$ 26,369
Cash used in investing activities	\$(218,194)	\$(218,065)	\$(121,766)	\$(272,035)	\$(260,811)	\$(260,134)	\$(155,422)	\$(155,730)
Cash provided by financing activities	\$ 15,361	\$ 124,181	\$ 5,721	\$ 75,690	\$ 211,843	\$ 262,015	\$ 216,447	\$ 88,247
Weighted average number of common shares outstanding (basic — in thousands)	135,509	140,618	143,372	143,720	143,831	148,041	155,184	155,805

AGNICO-EAGLE MINES LIMITED
CONSOLIDATED BALANCE SHEETS
(thousands of United States dollars, US GAAP basis)
(Unaudited)

	As at June 30, 2009	As at December 31, 2008
ASSETS		
<i>Current</i>		
Cash and cash equivalents	\$ 138,687	\$ 68,382
Short-term investments	4,543	—
Restricted cash	30,675	30,999
Trade receivables	78,151	45,640
Inventories:		
Ore stockpiles	34,234	24,869
Concentrates and dore	19,396	5,013
Supplies	35,475	40,014
Available-for-sale securities (note 7)	91,995	70,383
Other current assets	44,570	65,994
Total current assets	<u>477,726</u>	<u>351,294</u>
Other assets	11,429	8,383
Future income and mining tax assets	26,883	21,647
Property, plant and mine development	<u>3,296,595</u>	<u>2,997,500</u>
	<u>\$3,812,633</u>	<u>\$3,378,824</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
<i>Current</i>		
Accounts payable and accrued liabilities	\$ 130,549	\$ 139,795
Dividends payable	277	28,304
Interest payable	486	146
Income taxes payable	6,791	4,814
Total current liabilities	<u>138,103</u>	<u>173,059</u>
Fair value of derivative financial instruments (note 10)	349	12,823
Long-term debt (note 8)	485,000	200,000
Reclamation provision and other liabilities	80,999	71,770
Future income and mining tax liabilities (note 9)	441,137	403,416
SHAREHOLDERS' EQUITY		
Capital stock (note 5)	2,348,875	2,299,747
Stock options (note 6)	58,409	41,052
Warrants	24,858	24,858
Contributed surplus	15,166	15,166
Retained earnings	213,109	157,541
Accumulated other comprehensive income (loss)	6,628	(20,608)
Total shareholders' equity	<u>2,667,045</u>	<u>2,517,756</u>
	<u>\$3,812,633</u>	<u>\$3,378,824</u>

See accompanying notes

AGNICO-EAGLE MINES LIMITED
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(thousands of United States dollars except share and per share amounts, US GAAP basis)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
REVENUES				
Revenues from mining operations	\$133,084	\$ 85,398	\$238,915	\$204,532
Interest and sundry income (note 10)	5,103	2,644	9,796	6,759
	138,187	88,042	248,711	211,291
COSTS AND EXPENSES (GAINS)				
Production	61,013	46,041	110,731	89,692
Exploration and corporate development	9,735	8,940	15,984	17,838
Amortization of plant and mine development	15,470	7,516	27,600	14,546
General and administrative	13,253	9,759	32,053	29,627
Gain on sale of available-for-sale securities (note 7)	(341)	—	(535)	(406)
Provincial capital tax	1,473	1,006	2,582	1,875
Interest	2,335	264	3,204	1,318
Foreign currency translation loss (gain)	16,664	1,163	9,171	(7,726)
Income before income, mining and federal capital taxes	18,585	13,353	47,921	64,527
Income and mining tax expense (recovery) (note 9)	17,358	5,006	(7,647)	27,272
Net income for the period	\$ 1,227	\$ 8,347	\$ 55,568	\$ 37,255
Net income per share — basic	\$ 0.01	\$ 0.06	\$ 0.36	\$ 0.26
Net income per share — diluted	\$ 0.01	\$ 0.06	\$ 0.35	\$ 0.26
Weighted average number of shares outstanding (in thousands)				
Basic	155,805	143,720	155,498	143,546
Diluted	157,763	144,856	157,432	144,682
Comprehensive income:				
Net income for the period	\$ 1,227	\$ 8,347	\$ 55,568	\$ 37,255
Other comprehensive income (loss):				
Unrealized gain on hedging activities	12,106	—	9,258	—
Unrealized gain (loss) on available-for-sale securities	14,337	(4,582)	19,409	(13,378)
Adjustments for derivative financial instruments maturing during the period	(1,287)	—	1,450	—
Adjustments for realized gain (loss) on available-for-sale securities due to dispositions and write-downs during the period	—	—	—	(310)
Amortization of unrecognized gain on pension liability	7	8	14	16
Tax effect of other comprehensive income (loss) items (note 9)	(2,923)	(2)	(2,895)	(4)
Other comprehensive income (loss) for the period	22,240	(4,576)	27,236	(13,676)
Comprehensive income for the period	\$ 23,467	\$ 3,771	\$ 82,804	\$ 23,579

See accompanying notes

AGNICO-EAGLE MINES LIMITED
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(thousands of United States dollars, US GAAP basis)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
Retained earnings				
Balance, beginning of period	\$211,882	\$141,148	\$157,541	\$112,240
Net income for the period	1,227	8,347	55,568	37,255
Balance, end of period	<u>\$213,109</u>	<u>\$149,495</u>	<u>\$213,109</u>	<u>\$149,495</u>
Accumulated other comprehensive income (loss)				
Balance, beginning of period	\$ (15,612)	\$ (32,812)	\$ (20,608)	\$ (23,712)
Other comprehensive income (loss) for the period	22,240	(4,576)	27,236	(13,676)
Balance, end of period	<u>\$ 6,628</u>	<u>\$ (37,388)</u>	<u>\$ 6,628</u>	<u>\$ (37,388)</u>

See accompanying notes

AGNICO-EAGLE MINES LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(thousands of United States dollars, US GAAP basis)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
Operating activities				
Net income for the period	\$ 1,227	\$ 8,347	\$ 55,568	\$ 37,255
Add (deduct) items not affecting cash:				
Amortization of plant and mine development	15,470	7,516	27,600	14,546
Future income and mining taxes	17,209	11,175	(7,929)	26,874
Gain on sale of securities	(4,400)	—	(7,326)	(406)
Stock option and share purchase plan expense	5,585	3,092	17,767	16,005
Foreign currency translation loss (gain)	16,664	1,163	9,171	(7,726)
Other	2,004	725	83	1,073
Changes in non-cash working capital balances				
Trade receivables	(17,314)	12,261	(32,511)	(1,845)
Income taxes payable	2,570	(4,648)	1,977	—
Other taxes recoverable	(3,962)	(14,144)	27,266	(15,461)
Inventories	(13,928)	(3,510)	(12,005)	(3,363)
Other current assets	(4,534)	35,904	(5,842)	28,227
Interest payable	(62)	—	340	—
Accounts payable and accrued liabilities	9,840	34,911	1,033	52,200
Cash provided by operating activities	26,369	92,792	75,192	147,379
Investing activities				
Additions to property, plant and mine development	(155,002)	(263,790)	(310,349)	(420,695)
Decrease (increase) in short-term investments	(516)	38,877	(4,543)	77,778
Proceeds on sale of available-for-sale securities and other	3,151	—	6,393	1,609
Purchases of available-for-sale securities	(225)	(49,473)	(2,977)	(53,823)
(Increase) decrease in restricted cash	(3,138)	2,351	324	2,455
Cash used in investing activities	(155,730)	(272,035)	(311,152)	(392,676)
Financing activities				
Dividends paid	—	—	(27,132)	(23,779)
Repayment of capital lease obligations	(6,520)	(2,803)	(6,882)	(3,928)
Proceeds from bank debt	70,000	75,000	285,000	75,000
Sale-leaseback financing	10,888	—	10,888	—
Credit facility financing cost	(4,572)	—	(4,572)	(763)
Proceeds from common shares issued	18,451	3,493	47,392	33,756
Cash provided by financing activities	88,247	75,690	304,694	80,286
Effect of exchange rate changes on cash and cash equivalents	2,990	315	1,571	(822)
Net increase (decrease) in cash and cash equivalents during the period	(38,124)	(103,238)	70,305	(165,833)
Cash and cash equivalents, beginning of period	176,811	252,199	68,382	314,794
Cash and cash equivalents, end of period	\$ 138,687	\$ 148,961	\$ 138,687	\$ 148,961
<i>Other operating cash flow information:</i>				
Interest paid during the period	\$ 1,987	\$ 18	\$ 3,509	\$ 702
Income, mining and capital taxes paid during the period	\$ 1,112	\$ —	\$ 2,859	\$ —

See accompanying notes

AGNICO-EAGLE MINES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(thousands of United States dollars except share and per share amounts, unless otherwise indicated)
(Unaudited)
June 30, 2009

1. BASIS OF PRESENTATION

The accompanying unaudited interim consolidated financial statements of Agnico-Eagle Mines Limited (the “Company”) have been prepared in accordance with United States generally accepted accounting principles (“GAAP”) in US dollars. They do not include all of the disclosures required by GAAP for annual financial statements. Accordingly, these unaudited interim consolidated financial statements should be read in conjunction with the fiscal 2008 annual consolidated financial statements, including the accounting policies and notes thereto, included in the Annual Report and Annual Information Form/Form 20-F for the year ended December 31, 2008. In the opinion of management, the unaudited interim consolidated financial statements reflect all adjustments, which consist only of normal and recurring adjustments necessary to present fairly the financial position as at June 30, 2009 and the results of operations and cash flows for the three and six months ended June 30, 2009 and 2008.

Operating results for the three and six months period ended June 30, 2009 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2009.

2. USE OF ESTIMATES

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Management believes that the estimates used in the preparation of the interim consolidated financial statements are reasonable and prudent; however, actual results could differ from these estimates.

3. ACCOUNTING POLICIES

These interim consolidated financial statements follow the same accounting policies and methods of their application as the December 31, 2008 audited annual consolidated financial statements except for the changes discussed below.

Recently Adopted Accounting Pronouncements

In March 2008, the Financial Accounting Standards Board (“FASB”) issued FASB Statement No. 161, “Disclosure about Derivative Instruments and Hedging Activities — an amendment of FASB Statement No. 133” (“FAS 161”) which provides revised guidance for enhanced disclosures about how and why an entity uses derivative instruments, how derivative instruments and the related hedged items are accounted for under the FASB Statement No. 133, and how derivative instruments and the related hedged items affect an entity’s financial position, financial performance and cash flows. FAS 161 is effective for the Company’s fiscal year beginning January 1, 2009. To the extent the required information was not previously disclosed in the 2008 annual consolidated financial statements, new disclosures have been incorporated in note 10.

In April 2009, the FASB issued Statement No. 107-1, “Interim Disclosures about Fair Value of Financial Instruments” to enhance the transparency surrounding the treatment of financial instruments. This new guidance requires FAS 107 disclosures to be made at each interim reporting period regardless of how these instruments are recognized in the financial statements. The Company adopted the increased disclosure requirements beginning in the interim period ended June 30, 2009. Refer to note 10 for related disclosures.

In May 2009, the FASB issued Statement No. 165, “Subsequent Events” to provide authoritative accounting literature that establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The Company adopted the disclosure requirements beginning in the interim period ended June 30, 2009. Refer to note 13 for related disclosures.

AGNICO-EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(thousands of United States dollars except share and per share amounts, unless otherwise indicated)
(Unaudited)
June 30, 2009

4. FAIR VALUE MEASUREMENT

The FASB Statement No. 157, "Fair Value Measurements" ("FAS 157") defines fair value, establishes a framework for measuring fair value under US GAAP, and requires expanded disclosures about fair value measurements. The three levels of the fair value hierarchy under FAS 157 are:

Level 1 — Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 — Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;

Level 3 — Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The following table sets forth the Company's financial assets and liabilities measured at fair value within the fair value hierarchy.

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets:				
Cash, cash equivalents, short-term investments, and restricted cash ⁽¹⁾	\$138,687	\$134,144	\$ 4,543	\$ —
Trade receivables ⁽¹⁾	78,151	—	78,151	—
Available-for-sale securities ⁽²⁾	91,995	91,995	—	—
	<u>\$308,833</u>	<u>\$226,139</u>	<u>\$ 82,694</u>	<u>\$ —</u>
Financial liabilities:				
Accounts payable ⁽¹⁾	\$130,549	\$ —	\$130,549	\$ —
Bank debt ⁽³⁾	485,486	—	485,486	—
Derivative liabilities ⁽⁴⁾	349	—	349	—
	<u>\$616,384</u>	<u>\$ —</u>	<u>\$616,384</u>	<u>\$ —</u>

(1) Fair value approximates the carrying amounts due to the short-term nature.

(2) Recorded at fair value using quoted market prices.

(3) Recorded at cost. This line item also includes accrued interest.

(4) Recorded at fair value based on broker-dealer quotations.

Both the Company's cash equivalents and short-term investments are classified within Level 2 of the fair value hierarchy because they are held to maturity and valued using interest rates observable at commonly quoted intervals. Cash equivalents are market securities with remaining maturities of three months or less at the date of purchase.

5. CAPITAL STOCK

During the three months ended March 31, 2009, the Company implemented a restricted share unit ("RSU") plan for certain employees. A deferred compensation balance was recorded for the total grant-date value on the date of the grant. The deferred compensation balance was recorded as a reduction of shareholders' equity and is being amortized as compensation expense (or capitalized to construction in progress) over the applicable vesting period.

The Company funded the plan by transferring \$3.0 million to an employee benefit trust ("the Trust") that then purchased shares of the Company in the open market. For accounting purposes, the Trust is treated as a variable interest entity and consolidated in the accounts of the Company. On consolidation, the dividends paid on the shares held by the Trust were eliminated. The shares purchased and held by the Trust are treated as not being outstanding for the basic earnings per share ("EPS") calculations. They are amortized back into basic EPS over the vesting period. All of the shares held by the Trust were included in the diluted EPS calculations.

For the three months ended June 30, 2009, the Company's warrants were dilutive and were included in the calculation of diluted net income per share. There were no outstanding warrants in the second quarter of 2008.

AGNICO-EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(thousands of United States dollars except share and per share amounts, unless otherwise indicated)
(Unaudited)
June 30, 2009

5. CAPITAL STOCK (Continued)

The following table presents the maximum number of common shares that would be outstanding if all instruments outstanding at June 30, 2009 were exercised:

Common shares outstanding at June 30, 2009	156,013,466
Employees' stock options	6,235,440
Warrants	8,600,000
	<u>170,848,906</u>

During the six months ended June 30, 2009, 2,271,000 (2008 — 2,520,000) options were granted with an exercise price of C\$62.63 (2008 — C\$55.06), 718,000 (2008 — 1,248,459) employee stock options were exercised for cash of \$18.9 million (2008 — \$30.5 million), and 70,000 (2008 — 55,400) options were cancelled with a weighted average exercise price of C\$56.50 (2008 — C\$49.42).

During the three months ended June 30, 2009, 30,000 (2008 — 115,000) options were granted with an exercise price of C\$52.37 (2008 — C\$66.43), 115,700 (2008 — 26,790) employee stock options were exercised for cash of \$3.9 million (2008 — \$1.1 million), and nil (2008 — 100) options were cancelled with a weighted average exercise price of nil (2008 — C\$8.25).

During the three months ended June 30, 2009, the Company closed a private placement from treasury for a total of 175,000 flow-through shares for total proceeds of \$12.9 million (2008 — nil). The Company has an obligation to incur \$12.9 million in qualified exploration expenditures and to renounce such expenditures to the investors of these flow-through shares.

During the six months ended June 30, 2009, the Company closed two private placements from treasury for a total of 358,900 flow-through shares for total proceeds of \$25.9 million (2008 — nil). The Company has an obligation to incur \$25.9 million in qualified exploration expenditures and to renounce such expenditures to the investors of these flow-through shares.

The difference between the flow-through share issuance price and the market price of Agnico-Eagle's shares at the time of purchase is recorded as a liability at the time the flow-through shares are issued. This liability terminates when 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.

The following table illustrates the changes in capital stock for the six months ended June 30, 2009:

	Shares	Amount
Common shares, beginning of period	154,808,918	\$2,299,747
Shares issued under Employee Stock Option Plan	718,000	25,353
Shares issued under Incentive Share Purchase Plan	93,059	5,108
Shares issued under Dividend Reinvestment Plan	18,764	912
Shares issued for acquisition of property	15,825	893
Shares issued under flow-through share agreement	358,900	19,166
Common shares, end of period	156,013,466	\$2,351,179
Restricted share unit plan	(44,822)	(2,304)
Total capital stock, end of period	<u>155,968,644</u>	<u>\$2,348,875</u>

AGNICO-EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(thousands of United States dollars except share and per share amounts, unless otherwise indicated)
(Unaudited)
June 30, 2009

6. STOCK-BASED COMPENSATION

The following summary sets out the activity with respect to the Company's outstanding stock options:

	Six months ended June 30, 2009	
	# of Options	Weighted average exercise price (C\$)
Outstanding, beginning of period	4,752,440	\$44.57
Granted	2,271,000	\$62.63
Exercised	(718,000)	\$32.55
Cancelled	(70,000)	\$56.50
Outstanding, end of period	6,235,440	\$52.40
Options exercisable at end of period	3,041,405	

For the six months ended June 30, 2009 and 2008, the Company estimated the fair value of options under the Black-Scholes option pricing model using the following weighted average assumptions:

	2009	2008
Risk-free interest rate	1.26%	3.66%
Expected life of options (in years)	2.5	2.5
Expected volatility of Agnico-Eagle's share price	64.1%	44.6%
Expected dividend yield	0.42%	0.22%

7. AVAILABLE-FOR-SALE SECURITIES

During the three months ended June 30, 2009, the Company received proceeds of \$0.8 million (2008 — nil) from the sale of certain available-for-sale securities and recognized a gain before taxes of \$0.3 million (2008 — nil).

During the six months ended June 30, 2009, the Company received proceeds of \$1.3 million (2008 — \$1.6 million) from the sale of certain available-for-sale securities and recognized a gain before taxes of \$0.5 million (2008 — \$0.4 million).

The cost of an available-for-sale security was determined based on the average cost. Available-for-sale securities are carried at fair value and comprise the following:

	As at June 30, 2009	As at December 31, 2008
Cost	\$70,880	\$68,691
Unrealized gains	21,218	1,692
Unrealized losses	(103)	—
Estimated fair value of available-for-sale securities	\$91,995	\$70,383

8. LONG-TERM DEBT

During the three months ended June 30, 2009, the Company executed a new non-amortizing \$600 million revolving credit facility, maturing June 2012. The new facility replaces a pre-existing \$300 million tranche of the Company's credit lines that would have matured September 2010. The new facility together with the remaining tranche of the pre-existing credit facilities (non-amortizing \$300 million revolving credit line, maturing January 2013), allow for borrowings of up to \$900 million. Both credit facilities are unsecured. In addition, during the three months ended June 30, 2009, Agnico-Eagle executed an unsecured C\$95 million bonding facility with Export Development Canada. This facility matures June 2014 and will be used to provide letters of credit for environmental obligations or in relation to license or permit bonds relating to the Meadowbank project.

AGNICO-EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(thousands of United States dollars except share and per share amounts, unless otherwise indicated)
(Unaudited)
June 30, 2009

8. LONG-TERM DEBT (Continued)

During the three months ended June 30, 2009, the Company drew down an additional \$70.0 million from the credit facilities and incurred \$1.7 million of interest that was capitalized to property, plant and mine development (2008 — nil). At June 30, 2009, the credit facilities were drawn down by a total of \$485.0 million (2008 — \$75.0 million).

9. INCOME TAXES

On December 12, 2008, the Company executed a Canadian federal tax election to start using the US dollar as its functional currency for federal Canadian income tax purposes. As the related tax legislation was enacted in the first quarter of 2009, this election applies to taxation years ended December 31, 2008 and subsequent. It was determined upon filing the 2008 income tax return that this election resulted in a deferred tax benefit of \$21.0 million for the period ended June 30, 2009.

The tax effect of other comprehensive income (loss) for the period is comprised of the following amounts:

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
Unrealized loss on hedging activities	\$(3,099)	\$ —	\$(2,500)	\$ —
Adjustments for derivative financial instruments maturing during the period . . .	178	—	(391)	—
Amortization of unrecognized gain on pension liability	(2)	(2)	(4)	(4)
	<u>\$(2,923)</u>	<u>\$ (2)</u>	<u>\$(2,895)</u>	<u>\$ (4)</u>

10. FINANCIAL INSTRUMENTS

From time to time, the Company has entered into financial instruments with a number of financial institutions in order to hedge underlying cash flow and fair value exposures arising from changes in commodity prices, interest rates, equity prices or foreign currency exchange rates.

In 2008 and 2009, financial instruments which have subjected the Company to market risk and concentration of credit risk consisted primarily of cash, cash equivalents and short-term investments. The Company 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.

The Company generates almost all of its revenues in US dollars. The Company's Canadian operations, which include the LaRonde Mine, the Goldex Mine and the Lapa and Meadowbank mine projects, have Canadian dollar requirements for capital, operating and exploration expenditures.

In the third quarter of 2008, to mitigate the risks associated with fluctuating foreign exchange rates, the Company entered into three zero cost collars to hedge the functional currency equivalent cash flows associated with the Canadian dollar denominated capital expenditures. In March 2009, the Company entered into another zero cost collar for the same purpose. The purchase of US dollar put options has been financed through selling US dollar call options at a higher level such that the net premium payable to the different counterparties by the Company is nil. The hedged items represent monthly forecasted Canadian dollar cash outflows during 2009. At June 30, 2009, the zero cost collars hedge \$115.0 million of 2009 expenditures (2008 — nil). The cash flow hedging relationship meets all requirements per FAS 133 to be effective, and unrealized gains and losses are recognized within other comprehensive income ("OCI").

Gains and losses deferred in accumulated OCI are reclassified into income when amortization (or depreciation) of the hedged capital asset begins. In other words, gains and losses in accumulated OCI are reclassified into income in the same period or periods the asset affects income. Amounts transferred out of accumulated OCI are recorded in depreciation expense. The total amount of unrealized gain on the hedges was \$1.8 million as at June 30, 2009. No amounts were reclassified into income during the six months ended June 30, 2009 and none are expected to be reclassified into income in 2009. During the three and six months ended June 30, 2009, the Company reclassified a realized gain of \$1.3 million (2008 — nil) and a realized loss of \$1.4 million (2008 — nil) respectively from accumulated OCI to Meadowbank project development costs.

The following table shows the changes in the accumulated other comprehensive income ("AOCI") balances recorded in the consolidated financial statements pertaining to the foreign exchange hedging activities. The fair values, based on Black-Scholes

AGNICO-EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(thousands of United States dollars except share and per share amounts, unless otherwise indicated)
(Unaudited)
June 30, 2009

10. FINANCIAL INSTRUMENTS (Continued)

calculated mark-to-market valuations, of recorded derivative related assets and liabilities and their corresponding entries to AOCI reflect the netting of the fair values of individual derivative financial instruments.

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
AOCI, beginning of period	\$(8,999)	\$ —	\$(8,888)	\$ —
Loss (gain) reclassified from AOCI into project development costs	(1,287)	—	1,450	—
Gain recognized in OCI	12,106	—	9,258	—
AOCI, end of period	<u>\$ 1,820</u>	<u>\$ —</u>	<u>\$ 1,820</u>	<u>\$ —</u>

As at December 31, 2008, the Company had two unmatured covered call options on available-for-sale securities with a premium including a mark-to-market valuation, amounting to \$3.9 million. Premiums received on the sale of covered call options are recorded as a liability until they mature or the position is closed. The Company sold these call options against the shares of Goldcorp Inc. ("Goldcorp") to reduce its price exposure to the Goldcorp shares it acquired in connection with Goldcorp's acquisition of Gold Eagle. During the three months ended March 31, 2009, the Company closed the two covered call option positions at a cost of \$0.4 million and recognized a net gain of \$3.6 million in the interest and sundry income component of the consolidated statements of income (2008 — nil).

During the three months ended March 31, 2009, the Company entered into three covered call options against the shares of Goldcorp that were closed in the second quarter of 2009, resulting in a net gain of \$4.1 million in the interest and sundry income component of the consolidated statements of income (2008 — nil).

The total net gain related to the written call options against the shares of Goldcorp recognized in the interest and sundry income component of the consolidated statements of income for the six months ended June 30, 2009 was \$7.7 million (2008 — nil).

During the three months ended June 30, 2009, the Company entered into four additional covered call options against the shares of Goldcorp that were unmatured at period end with a premium, including a Black-Scholes calculated mark-to-market valuation, amounting to \$2.2 million (2008 — nil). The fair value of the covered call options approximate their carrying value as at June 30, 2009. This amount, currently recorded as a liability, is expected to be recognized through the consolidated statements of income in the third quarter of 2009.

There were no metal derivative positions in the second quarter of 2009 and none throughout 2008.

The fair values of the Company's current financial assets and liabilities approximate their carrying values as at June 30, 2009.

11. COMMITMENTS, CONTINGENCIES, AND GUARANTEES

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 June 30, 2009, the total amount of these guarantees was \$64.0 million.

Certain of the Company's properties are subject to royalty arrangements. The following are the most significant royalties:

The Company has a royalty agreement with the Finnish government relating to the Kittila Mine. 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.

The Company is committed to pay a royalty on future production from the Meadowbank mine project. The Nunavut Tunngavik administered mineral claims are subject to production leases including 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 *Northwest Territories and Nunavut Mining Regulations* under the *Territorial Lands Act* (Canada).

The Company is committed to pay a royalty on production from properties in the Abitibi area. The type of royalty agreements include but are not limited to net profits interest royalty and net smelter return royalty with percentages ranging from 0.5% to 5%.

AGNICO-EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(thousands of United States dollars except share and per share amounts, unless otherwise indicated)

(Unaudited)

June 30, 2009

11. COMMITMENTS, CONTINGENCIES, AND GUARANTEES (Continued)

The Company is committed to pay a royalty on production from properties in the Pinos Altos area. The type of royalty agreements include but are not limited to net profits interest royalty and net smelter return royalty with percentages ranging from 2.5% to 3.5%.

12. SEGMENTED INFORMATION

The Company's operations are divided into geographical segments, as follows:

Canada:	LaRonde mine, Lapa mine, Goldex mine, Meadowbank mine project, the Canada Exploration office, and the Regional Office
Europe:	Kittila mine and the Europe Exploration office
Mexico:	Pinos Altos mine project and the Latin America Exploration office
USA:	USA Exploration office and other

Corporate Head Office assets are included in the Canada category and specific corporate income and expense items are noted separately below.

On May 1, 2009, both the Lapa mine and Kittila mine commenced commercial production. The Goldex mine commenced commercial production August 1st, 2008.

Three Months Ended June 30, 2009	Revenues from Mining Operations	Production Costs	Amortization	Exploration & Corporate Development	Foreign Currency Translation Loss (Gain)	Segment Income (Loss)
Canada	\$126,749	\$57,823	\$13,424	\$3,384	\$15,935	\$ 36,183
Europe	6,335	3,190	2,046	1,413	1,715	(2,029)
Mexico	—	—	—	2,476	(41)	(2,435)
USA	—	—	—	2,462	(945)	(1,517)
	<u>\$133,084</u>	<u>\$61,013</u>	<u>\$15,470</u>	<u>\$9,735</u>	<u>\$16,664</u>	<u>\$ 30,202</u>
Segment income						\$ 30,202
Corporate & Other						
Interest & sundry income						5,103
General and administrative						(13,253)
Gain on available for sale securities						341
Provincial capital tax						(1,473)
Interest expense						(2,335)
Income before income, mining and federal capital taxes						<u>\$ 18,585</u>

AGNICO-EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(thousands of United States dollars except share and per share amounts, unless otherwise indicated)

(Unaudited)

June 30, 2009

12. SEGMENTED INFORMATION (Continued)

Three Months Ended June 30, 2008	Revenues from Mining Operations	Production Costs	Amortization	Exploration & Corporate Development	Foreign Currency Translation Loss (Gain)	Segment Income (Loss)
Canada	\$85,398	\$46,041	\$7,516	\$1,898	\$1,906	\$28,037
Europe	—	—	—	2,424	(899)	(1,525)
Mexico	—	—	—	1,808	2	(1,810)
USA	—	—	—	2,810	154	(2,964)
	<u>\$85,398</u>	<u>\$46,041</u>	<u>\$7,516</u>	<u>\$8,940</u>	<u>\$1,163</u>	<u>\$21,738</u>
Segment income						\$21,738
Corporate & Other						
Interest & sundry income						2,644
General and administrative						(9,759)
Gain on available for sale securities						—
Provincial capital tax						(1,006)
Interest expense						(264)
Income before income, mining and federal capital taxes						<u><u>\$13,353</u></u>

Six Months Ended June 30, 2009	Revenues from Mining Operations	Production Costs	Amortization	Exploration & Corporate Development	Foreign Currency Translation Loss (Gain)	Segment Income (Loss)
Canada	\$232,580	\$107,541	\$25,554	\$ 4,869	\$9,381	\$ 85,235
Europe	6,335	3,190	2,046	3,452	302	(2,655)
Mexico	—	—	—	4,430	(34)	(4,396)
USA	—	—	—	3,233	(478)	(2,755)
	<u>\$238,915</u>	<u>\$110,731</u>	<u>\$27,600</u>	<u>\$15,984</u>	<u>\$9,171</u>	<u>\$ 75,429</u>
Segment income						\$ 75,429
Corporate & Other						
Interest & sundry income						9,796
General and administrative						(32,053)
Gain on available for sale securities						535
Provincial capital tax						(2,582)
Interest expense						(3,204)
Income before income, mining and federal capital taxes						<u><u>\$ 47,921</u></u>

AGNICO-EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(thousands of United States dollars except share and per share amounts, unless otherwise indicated)
(Unaudited)
June 30, 2009

12. SEGMENTED INFORMATION (Continued)

Six Months Ended June 30, 2008	Revenues from Mining Operations	Production Costs	Amortization	Exploration & Corporate Development	Foreign Currency Translation Loss (Gain)	Segment Income (Loss)
Canada	\$204,532	\$89,692	\$14,546	\$ 4,258	\$(12,003)	\$108,039
Europe	—	—	—	4,496	4,578	(9,074)
Mexico	—	—	—	3,921	3	(3,924)
USA	—	—	—	5,163	(304)	(4,859)
	<u>\$204,532</u>	<u>\$89,692</u>	<u>\$14,546</u>	<u>\$17,838</u>	<u>\$ (7,726)</u>	<u>\$ 90,182</u>
Segment income						\$ 90,182
Corporate & Other						
Interest & sundry income						6,759
General and administrative						(29,627)
Gain on available for sale securities						406
Provincial capital tax						(1,875)
Interest expense						(1,318)
Income before income, mining and federal capital taxes						<u>\$ 64,527</u>

	Total Assets as at	
	June 30, 2009	December 31, 2008
Canada	\$2,812,117	\$2,530,929
Europe	603,081	542,373
Mexico	387,841	296,310
USA	9,594	9,212
	<u>\$3,812,633</u>	<u>\$3,378,824</u>

13. SUBSEQUENT EVENTS

The Company evaluated subsequent events through the date the interim consolidated financial statements were issued. As of August 13, 2009, the Company did not have any recognized or non-recognized subsequent events.

14. COMPARATIVE FIGURES

Certain items in the comparative interim consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2009 interim consolidated financial statements.

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