AGNICO EAGLE MINES LTD

FORM 20-F

(Annual and Transition Report (foreign private issuer))

Filed 03/30/07 for the Period Ending 12/31/06

Telephone	4169471212
CIK	0000002809
Symbol	AEM
SIC Code	1040 - Gold And Silver Ores
Industry	Gold & Silver
Sector	Basic Materials
Fiscal Year	12/31

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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, 2006
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 500
Toronto, Ontario, 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	**The Toronto Stock Exchange and the New York Stock Exchange**
(Title of Class)	*(Name of exchange on which registered)*

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

Share Purchase Warrants	**The Toronto Stock Exchange and the Nasdaq National Market**
(Title of Class)	*(Name of exchange on which registered)*

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.

121,025,635 Common Shares as of December 31, 2006

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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* Omitted pursuant to General Instruction E(b) of Form 20-F.

** 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 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 — Selected Financial Data — 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 report 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 forward-looking 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", "expects", "anticipates", "believes", "plans", "intends", or other variations of these terms or comparable terminology. Forward-looking statements in this report include, but are not limited to, the following:

- the Company's outlook for 2007 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 mining costs, cash costs, minesite costs and other expenses;
- estimates of future capital expenditures 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 and mineral resources, and statements regarding anticipated future exploration and feasibility study results;
- statements regarding the outcome and anticipated timing of proposed transactions;
- the anticipated timing of events with respect to the Company's mine and 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.

Such forward-looking statements 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.

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 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 U.S. Securities and Exchange Commission 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.

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, 2006 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,				
	2006	2005	2004	2003	2002
	(in thousands of US dollars, US GAAP basis, other than share and per share information)				
Income Statement Data					
Revenues from mining operations	464,632	241,338	188,049	126,820	108,027
Interest and sundry income	45,915	4,996	655	2,775	1,943
	510,547	246,334	188,704	129,595	109,970
Production costs	143,753	127,365	98,168	104,990	75,969
Loss on derivative financial instruments	15,148	15,396	—	—	—
Exploration and corporate development	30,414	16,581	3,584	5,975	3,766
Equity loss in junior exploration company	663	2,899	2,224	1,626	—
Amortization	25,255	26,062	21,763	17,504	12,998
General and administrative	25,884	11,727	6,864	7,121	5,530
Provincial capital tax	3,758	1,352	423	1,240	829
Interest	2,902	7,813	8,205	9,180	7,341
Foreign exchange (gain) loss	2,127	1,860	1,440	72	(1,074)
Income (loss) before income and mining taxes (recoveries)	260,643	35,279	46,033	(18,113)	4,611
Income and mining taxes (recoveries)	99,306	(1,715)	(1,846)	(358)	588
Income before cumulative catch-up adjustment	161,337	36,994	47,879	(17,755)	4,023
Cumulative catch-up adjustment related to asset retirement obligations	—	—	—	(1,743)	—
Net income (loss)	161,337	36,994	47,879	(19,498)	4,023
Net income (loss) before cumulative catch-up adjustment per share — basic	1.40	0.42	0.56	(0.21)	0.06
Net income (loss) per share — basic	1.40	0.42	0.56	(0.23)	0.06
Net income (loss) per share — diluted	1.35	0.42	0.56	(0.23)	0.06
Weighted average number of shares outstanding — basic	115,461,046	89,029,754	85,157,476	83,889,115	70,821,081
Weighted average number of shares outstanding — diluted	119,110,295	89,512,799	85,572,031	83,889,115	71,631,263
Dividends declared per common share	0.12	0.03	0.03	0.03	0.03
Balance Sheet Data (at end of period)					
Mining properties (net)	859,859	661,196	427,037	399,719	353,059
Total assets	1,491,701	976,069	718,164	637,101	593,807
Long-term debt	—	131,056	141,495	143,750	143,750
Reclamation provision and other liabilities	27,457	16,220	14,815	15,377	5,043
Shareholders' equity	1,252,405	655,067	470,226	400,723	397,693
Total common shares outstanding	121,025,635	97,836,954	86,072,779	84,469,804	83,636,861

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 22, 2007, the Noon Buying Rate was US$1.00 equals C$1.1574.

	Year Ended December 31,				
	2006	2005	2004	2003	2002
High	1.1797	1.2703	1.3970	1.5750	1.6128
Low	1.0932	1.1507	1.1775	1.2923	1.5108
End of Period	1.1652	1.1656	1.2034	1.2923	1.5800
Average	1.1340	1.2115	1.3017	1.4012	1.5704

	2007			2006			
	March (to March 22)	February	January	December	November	October	September
High	1.1823	1.1876	1.1851	1.1669	1.1494	1.1415	1.296
Low	1.1530	1.1567	1.611	1.1372	1.1212	1.1147	1.1032
End of Period	1.1574	1.1700	1.1792	1.1652	1.1413	1.1227	1.1151
Average	1.1728	1.1710	1.1763	1.1532	1.1359	1.1285	1.1161

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. In addition, one of the Company's major development programs is the extension of the LaRonde Mine below Level 245, previously referred to as the LaRonde II project. 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. In addition, gold production of the LaRonde Mine above Level 245 is expected to begin to decline commencing in 2008. Unless the Company can successfully bring into production the Lapa, Kittila or Goldex mine projects, the LaRonde Mine extension or its other exploration properties, or otherwise acquire gold producing assets prior to 2008, the Company's results of operations will be adversely affected. 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.

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 and production costs in major gold producing regions. The aggregate effect of these factors is impossible to predict with accuracy. Gold prices are also affected by worldwide production levels. 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 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. 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) 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.

	2007 (to March 22)	2006	2005	2004	2003	2002
High price ($ per ounce)	678	730	538	454	417	350
Low price ($ per ounce)	634	517	411	375	323	278
Average price received ($ per ounce)	652	622	449	418	368	312

On March 22, 2007, the London P.M. Fix was $663 per ounce of gold.

Based on 2007 production estimates, the approximate sensitivities of the Company's after-tax income to a 10% change in metal prices from 2006 market average prices are as follows:

	Income per share
Gold	$ 0.06
Zinc	$ 0.07
Silver	$ 0.03
Copper	$ 0.03

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, fires or flooding or as a result of other operational problems such as a failure of the production hoist or the 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, or the physical or metallurgical characteristics of the ore are less amenable than expected to mining or treatment. Accordingly, there can be no assurance that the Company will achieve current or future production estimates.

In 2003, a rock fall in two production stopes at the LaRonde Mine led to an initial 20% reduction in the Company's 2003 gold production estimate and production drilling challenges and lower than planned recoveries in the mill in the third quarter of 2003 led to a further reduction in the production estimate by 21% for that year. In 2004, higher than expected dilution in lower levels of the mine led to actual gold production for the year of 271,567 ounces, below the initial production estimate of 308,000 ounces. In the first quarter of 2005, increased

stress levels in the sill pillar area below Level 194 required three production sublevels to be closed for rehabilitation for a period of six weeks. Production from these sublevels was delayed and replaced by ore extracted from the upper levels of the mine that have relatively lower gold content. The lower gold content of this ore, together with higher than budgeted dilution, resulted in actual gold production in 2005 being 241,807 ounces, approximately 38,000 ounces less than the Company's original forecast of 2005 production of 280,000 ounces.

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

The Company's operations have been expanded to include a mine construction project in Finland and an advanced exploration project in 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 and safety 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 its 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 recently amended bank credit facility to raise additional debt financing provided that it complies with certain covenants including that no default under the credit facility has occurred and is continuing, the terms of such indebtedness are no more onerous to the Company than those under the credit facility and the incurrence of such indebtedness would not result in a material adverse change in respect of the Company or in respect of the LaRonde Mine and the Goldex, Lapa and Kittila mine projects, taken as a whole. 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 announced in June 2006 that it would extend mining operations below Level 245 at the LaRonde Mine, accelerate construction at the Lapa mine project in Quebec, and build the Kittila mine project in northern Finland. The Company also commenced construction of the Goldex mine project in Quebec in 2005.

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 vertical shaft) and series of ramps linking mining deposits to the Penna Shaft currently servicing 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 and Kittila 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'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. 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 the Company cannot assure that such estimates will 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 $486 per ounce gold price. While gold prices have generally been above $486 per ounce since December 2005, for the five years prior to that, the market price of gold was, on average, below $486 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 reduce materially 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, the Kittila mine project in Finland and the Pinos Altos project in Mexico and the construction of mining facilities and commencement of mining operations at the LaRonde Mine extension and the Goldex, Lapa and Kittila mine projects will require substantial capital expenditures. In addition, the Company will have further capital requirements to the extent it decides to expand its present operations and exploration activities or construct 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 recently amended $300 million revolving bank credit facility limits, among other things, the Company's ability to incur additional indebtedness, pay dividends or make payments in respect of its common shares, make investments or loans, transfer the Company's assets, or make expenditures relating to property secured under the credit agreement at that time that are inconsistent with the mine plan and operating budget delivered pursuant to the credit facility. 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, 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 and payable and to enforce their security interest over substantially all property relating to the LaRonde Mine, the Goldex mine project and the Lapa mine project and the shares of 1715495 Ontario Inc. and Agnico-Eagle Sweden AB, the Company's subsidiaries through which it holds its indirect interest in the Kittila mine project. 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 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 $18 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, 2006, the Company had recorded an asset retirement obligation in its financial statements of $22 million, including $13.3 million allocated for the LaRonde Mine and $6.3 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, 2002 to December 31, 2006, 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 $1.0932. 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 2007 after-tax operating results, a 10% change in the US dollar/Canadian dollar exchange rate from the 2006 market average exchange rate would affect net income by approximately $0.05 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. In addition, a significant portion of the Company's expenditures at the Kittila mine project and the Pinos Altos project will be denominated in 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.

For the year ended December 31, 2006, the Company recorded a $15.1 million loss relating to derivatives on its byproduct production. None of the contracts establishing the derivatives positions qualified for hedge accounting treatment under US GAAP.

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 and securities convertible into or exchangeable for 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.

Requirements of the Sarbanes Oxley Act

In 2006, 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 and an attestation report by the Company's independent auditors addressing this assessment.

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 assure you 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 and northern Finland and exploration and development activities in Canada, Finland, northern Mexico and the western 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 a definition of 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 2006, the Company produced 245,826 ounces of gold at a total cash costs per ounce of *minus* $690, net of revenues received from the sale of silver, zinc and copper byproducts. For 2007, the Company expects total cash costs per ounce of gold produced to be approximately *minus* $80. These expected higher costs compared to 2006 are due to lower assumed byproduct metals prices than those realized in 2006. 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 reserve. In addition, the Company will continue exploration, development and construction at its Kittila mine project in northern Finland and exploration and development at the Pinos Altos project in northern Mexico. 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 three regional units: the Canadian Region, the European Region and the Mexican Region. The Canadian region includes the LaRonde Mine (including the LaRonde Mine extension below Level 245, previously referred to as the LaRonde II project) and the Goldex and Lapa mine projects. 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 project. 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. 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 three years. In May 2006, the Company initiated construction of additional infrastructure to extend the LaRonde Mine below Level 245, formerly referred to as the LaRonde II project. The Company expects production from the LaRonde Mine extension to commence in 2011. The Company has recently initiated several other additional projects anticipated to begin production in the coming years. In July 2005, the Company began construction at the Goldex mine project, where initial production is expected to commence in 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, which are both expected to commence production in 2008. Further, the Company's Pinos Altos project in northern Mexico is an advanced stage exploration project in a mining supportive jurisdiction. A feasibility study on the Pinos Altos project has been completed and is currently undergoing independent third party review.

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, 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 it believes to be politically stable. The Company currently manages several projects which it owns or has an interest in. Currently, the Company manages exploration on 77 properties in central and eastern Canada, 12 properties in Nevada and Idaho in the United States, one mining license and several claims and reservations in Finland, and two properties in Mexico. In 2006, the Company opened administrative offices in Chihuahua, Mexico and in Helsinki and Kittila, Finland.

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 has 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 (formerly Suurikulta AB), is the 100% owner of the Kittila (formerly Suurikuusikko) gold deposit, located approximately 900 kilometres north of Helsinki near the town of Kittila in Finnish Lapland. Riddarhyttan's property position in the Kittila area consists of approximately 16,000 hectares with similar Precambrian greenstone belt geology and topography to the Company's land package in the Abitibi region of Quebec.

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 project is located on an approximately 11,000 hectare property in the Sierra Madre gold belt, roughly 225 kilometres west of the city of Chihuahua in the state of Chihuahua in northern Mexico. Under the exploration and option agreement, the Company was required to spend $2.8 million on a 16,800 metre diamond drilling program. In December 2005, the length of time in which the Company could exercise its option to acquire Penoles' 100% interest in the Pinos Altos project was extended and, in February 2006, the Company exercised the option. Under the terms of the exploration and option agreement, the purchase price was stipulated as $66.8 million, comprised of $32.5 million in cash and 2,063,635 shares of the Company. The transaction closed in March 15, 2006.

On February 14, 2007, the Company announced that it and its wholly-owned subsidiary, Agnico-Eagle Acquisition Corporation ("Agnico Acquisition") had signed an agreement with Cumberland Resources Ltd.

("Cumberland"), a pre-production development stage company listed on the 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. The Company currently owns 2,037,000 or 2.6%, of the outstanding shares of Cumberland on a fully diluted basis. Under the Cumberland Offer, the Company will issue 0.185 common shares of the Company for each common share of Cumberland deposited and taken up under the Cumberland Offer.

The formal offer and take-over documentation were mailed to the shareholders of Cumberland on March 12, 2007. The Cumberland Offer will be open for acceptance for a minimum 35 days following the date of mailing. The Cumberland Offer is subject to certain conditions of completion including the absence of a material adverse change in respect of Cumberland, acceptance of the offer by Cumberland's shareholders owning not less than two-thirds of the Cumberland common shares on a fully diluted basis, and the absence of an event in the financial markets that has a material adverse effect on Cumberland. Once the two-thirds of the acceptance level is met, the Company and Agnico Acquisition intend to take steps to acquire all outstanding Cumberland shares. The Company has no other commitments or agreements with respect to any other material acquisitions.

In 2006, the Company's capital expenditures were $149 million. The 2006 capital expenditures included $40 million at the LaRonde Mine (which was comprised of $22 million of sustaining capital expenditure and $18 million comprised mostly of expenditures on the LaRonde Mine extension and the ramp below Level 215), $62 million at the Goldex mine project, $14 million at the Lapa mine project and $21 million at the Kittila mine project. In addition, the Company spent $31 million on exploration activities at the Company's grassroots exploration properties. Budgeted 2007 exploration and capital expenditures of $336 million include $91 million at the LaRonde Mine (including $27 million on sustaining capital expenditures and $64 million on the LaRonde Mine extension), $91 million on construction at the Goldex mine project, $37 million at the Lapa mine project, $96 million at the Kittila mine project and $20 million at the Pinos Altos project. In addition, the Company plans exploration expenditures on grassroots exploration projects of approximately $13 million. The financing for these expenditures is expected to be from internally generated cash flow from operations and from the Company's existing cash balances. 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 2005 and 2004 were $70 million and $53 million, respectively. In 2005, these capital expenditures 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. Capital expenditures in 2004 were comprised of $38 million at the LaRonde Mine (including the LaRonde Mine extension), $4 million at the Goldex mine project and $8 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.

The Company has an approximately 14.8% 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 remainder 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 and 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. 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 500, 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.

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 Kittila mine project (the Suurikuusikko deposit) in northern Finland, and its advanced exploration project at Pinos Altos in northern Mexico, are 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 at *minus* $690 in 2006. 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 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 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, 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 Division 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, 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 to initiated construction of the LaRonde Mine extension (previously referred to as the LaRonde II project) and the Kittila mine project in northern Finland. At the Pinos Altos project in northern Mexico, work will continue on deep exploration and resource conversion in the Santo Nino, Cerro Colorado and Oberon de Weber zones.

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 producing properties.

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 2005, an accident claimed the life of an employee. Quebec's Commission de la santé et de la sécurité du travail completed an investigation into this accident and determined that the accident was caused by human error and the Company expects no further fines or sanctions in connection with the accident. The Company previously paid C$27,500 in fines relating to two fatalities at the LaRonde Mine in January 2004. Other than the investigations discussed above, no regulatory action has been initiated against the Company in connection with these industrial accidents. The Company's LaRonde Mine remains 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".

Mining Legislation and Regulation

Canada

The mining industry in Canada operates under both federal and provincial legislation governing 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 levels concerning the protection of the environment. The primary federal and provincial regulatory authorities with jurisdiction over the Company's mining operations in respect of environmental matters are the Department of Fisheries and Oceans, the Quebec Ministry of Sustainable Development, Environment and Parks and the Quebec Ministry of Natural Resources and Wildlife. The construction, development and operation of a mine, mill or refinery requires compliance with applicable environmental laws and regulations and/or review

processes including the obtaining of land use permits, water permits, air emissions certifications, 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 emitted into 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 assurance and the long-term management of former mines.

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 Quebec Ministry of Natural Resources and Wildlife. 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.

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 Trade and Industry ("MTI") is primarily responsible for mining legislation and administration as well as granting concessions. If there are no impediments to granting a claim, the MTI is obliged to grant the applicant a prospecting licence. The MTI 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 MTI 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 MTI 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 is the semi-annual payment of mining duties (taxes), based on the surface 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

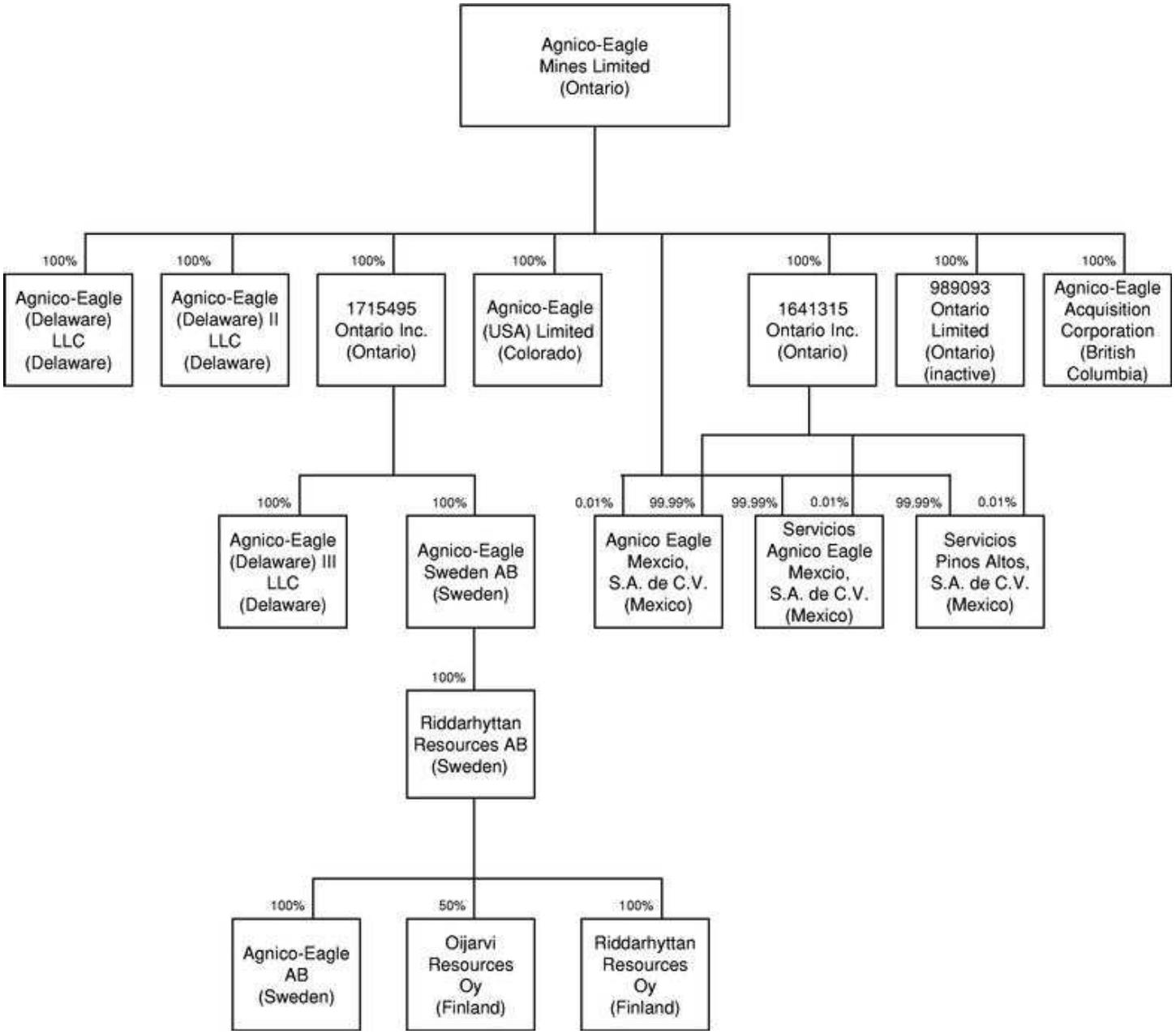
The Company's significant subsidiaries (all of which are wholly owned, unless otherwise indicated) include Riddarhyttan, 1715495 Ontario Inc., which owns all of the shares of Agnico-Eagle Sweden AB, Agnico-Eagle Sweden AB, a Swedish company through which the Company holds its interest in Riddarhyttan, and Agnico-Eagle AB, a Swedish company through which Riddarhyttan holds its interest in the Kittila mine project. See "— History and Development of the Company" and "— Property, Plant and Equipment — Riddarhyttan (Suurikuusikko Project)". Riddarhyttan Resources Oy provides services in connection with the Company's operations at the Kittila Mine project in Finland. The Company's only other significant subsidiary is Agnico-Eagle (Delaware) LLC, a limited liability company organized under the laws of Delaware.

The Company's acquisition of the Pinos Altos project in northern Mexico was made through its wholly-owned Mexican subsidiary, Agnico Eagle Mexico S.A. de C.V. 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. The Company's operations in the United States are conducted through Agnico-Eagle (USA) Limited.

In addition, the Company has an approximate 14.8% 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:

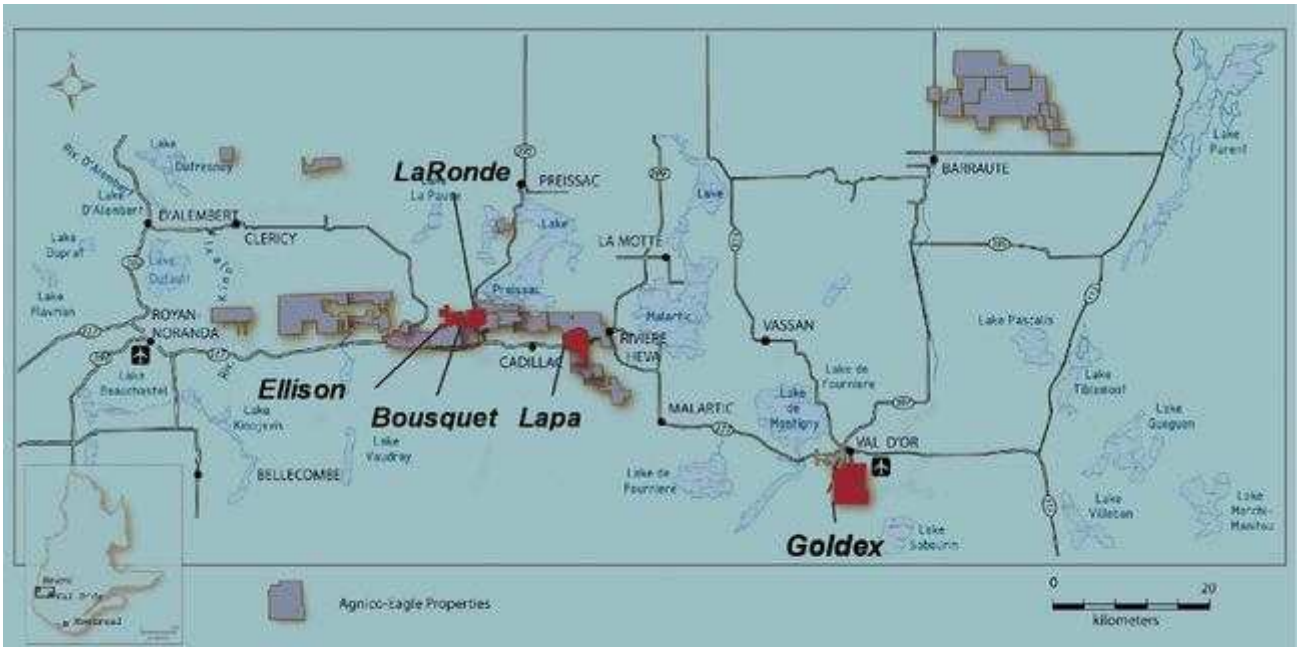
Agnico-Eagle Organizational Chart



Property, Plant and Equipment

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.

Location Map of Abitibi Properties



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, 2006, the LaRonde Mine was estimated to contain proven mineral reserves of 513,000 ounces of gold comprised of 5.8 million tonnes of ore grading 2.76 grams per tonne and probable mineral reserves of 4.6 million ounces of gold comprised of 29.8 million tonnes of ore grading 4.83 grams per tonne. In addition, the LaRonde Mine has 5.6 million tonnes of indicated mineral resources grading 2.14 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 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 did not pay royalties in 2005 or 2006 and does not expect to pay royalties in 2007. 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 227 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.

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 2006, two 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 three 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 semi-autogenous grinding (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 71% 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 16% is recovered by the precious metals circuit, including a refinery using the Merrill Crowe process, and it is shipped as doré 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 2006, zinc recoveries averaged 88% and zinc concentrate quality averaged 54% zinc. In 2006, copper recoveries averaged 82% and copper concentrate quality averaged 10% for the year.

Since 1991, gold recoveries have averaged 93%. During 2006, gold recoveries averaged approximately 92%. In 2006, silver recoveries averaged 88%. During 2006, the mill processed approximately 2.67 million tonnes of ore, averaging approximately 7,324 tonnes of ore treated per day and operating at 94% of available time.

The following table sets out the metal recoveries, concentrate grades and contained metals for the 2.673 million tonnes of ore extracted by the Company at the LaRonde Mine in 2006.

	Head Grades	Copper Concentrate (78,406 tonnes produced)		Zinc Concentrate (177,802 tonnes produced)		Dore Produced	Overall Metal Recoveries	Payable Production (000s)
		Grade	Recovery	Grade	Recovery			
Gold	3.13 g/t	76.2 g/t	71.5%	2.1 g/t	4.6%	41,721 oz	91.51%	245,826 oz
Silver	76.6 g/t	1,590 g/t	60.9%	155 g/t	13.4%	868,971 oz	87.53%	4,955,164 oz
Zinc	4.13%	7.6%	—	54.4%	87.6%	—	87.60%	82,182 t
Copper	0.37%	10.3%	82.4%	—	—	—	82.40%	7,289 t

Currently, water is treated at various facilities at the LaRonde Division. Prior to the water entering the tailings pond system, cyanide is removed at a cyanide destruction facility using a sulphur dioxide (Inco) process. A secondary treatment plant located between the #1 and #2 polishing ponds uses a peroxysilica process to complete the cyanide destruction process. In addition, water with higher than permissible acidity is treated by lime in the mill complex prior to being released to the environment. In the first quarter of 2004, in response to revised Federal mining effluent regulations, the Company completed and commissioned a new water treatment plant that reduces tailing effluent toxicity immediately prior to discharge. The plant uses a new biological treatment process to treat water from ore milling. At the end of March 2004, treated water released from the plant successfully passed a toxicity test. In 2004, high water levels at the tailings pond at LaRonde caused by above average rainfall, overcast conditions and the retention of excess water in the tailings pond prior to completion of the water treatment plant were mitigated by a discharge of slightly toxic water under a transitional discharge permit from Environment Canada. In March 2005, the Company received a notice of infraction from the Quebec Ministry of the Environment relating to the discharge. In 2004, to increase the capacity in the tailings pond and treatment process, the Company installed a coffer dam in the tailings pond to provide extra capacity and initiated construction on a second phase expansion of the water treatment plant to further increase treatment capacity. The second phase of the plant was completed in December 2004. Biomass build-up was completed and the second phase was fully operational in the second quarter of 2005. Expenditures for this second phase expansion were $4.2 million.

Retention of excess water in the tailings pond complex prior to commissioning the second phase of the water treatment plant caused concentrations of contaminants in the pond water to almost double. As a result, the flowrate at the plant had to be reduced from design values to process the higher contaminant concentrations. Accordingly, treatment of the accumulated water in the tailings pond proceeded at a slower pace than expected, and in 2005 the Company raised the tailings pond dikes by three metres to ensure the continued safe operation of the tailings pond complex. In conjunction with consultants, the Company is further researching the physical, biological and chemical processes taking place during the treatment process so that it may increase treatment flowrate and achieve stable treatment performance. This optimisation work was continued in 2006 and the process is now more stable and better understood. In 2005, the effluent discharge from the tailings pond failed the toxicity test for daphnia for a one-week period and exceeded the permitted monthly average suspended solids concentration. A notice of infraction was issued to the mine on these two counts in September 2005. The Quebec Ministry of the Environment has indicated to the Company that it will not impose fines or other sanctions in connection with the notice of infraction. In 2006, final discharge was non toxic for both trout and daphnia.

Tailings are stored in a tailings pond covering an area of approximately 119 hectares and waste rock is stored in two waste rock piles with a combined volume of approximately 1.43 million cubic metres. The Company holds mining claims to the northeast, to the east and to the southeast of the tailings ponds that would allow expansion of the tailings ponds and the establishment of additional waste disposal areas.

Development

In 2006, a total of 9,679 metres of lateral development was completed. Development was focused on stope preparation of mining blocks for production in 2006 and 2007, especially the preparation of the new lower mine production horizon, Level 224. A total of 1,215 metres of development work was completed for the LaRonde Mine extension mainly on Levels 203, 206 and 215. This includes shaft stations on Levels 206 and 215, ramp

access from Levels 203 to 206, a sheave deck and excavations necessary for installing the three new hoists. In addition, 1,137 metres of development work was completed at Bousquet for stope preparation on Levels 3-1 and 3-3.

A total of 10,000 metres of lateral development is planned for 2007. 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 two levels, Level 209 and Level 212. Finally, the Company will initiate construction of a ramp up from Level 98 to Level 94. There are 400 metres of exploration drift planned in 2007 and access to Zone 7 between Levels 182 and 173 on the 215 exploration drift. This will be used to test the new target west of the Zone 20 North below the Bousquet II shaft. For LaRonde, a total of 560 metres is planned mainly to complete infrastructure around the new shaft and for the start of the shaft sinking.

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 Division property westward to the Mouska gold mine.

The gold bearing zones at the LaRonde Division are lenses of disseminated, stringer through to massive, aggregates of coarse pyrite with zinc, copper and silver content, so far. 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 cut the pyrite lenses.

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).

This combined mineral reserve for the LaRonde mines for year end 2006 is 35.6 tonnes which only represents a 1.9% decrease. This 35.6 million tonnes of mineral reserves includes the replacement of 2.6 million tonnes that were mined in 2006. The Company's ability to sustain its level of proven and probable mineral reserve was primarily due to continued successful exploration results at depth.

Exploration and Diamond Drilling

The LaRonde Mine 2006 exploration program has been a continuation of the diamond drilling from the 215 level 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 2006 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 known; however the deposit remains open at depth. Another important focus of the drilling was to continue exploring 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 at LaRonde 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:

	Number of Holes Drilled		Length Drilled (m)	
LaRonde Target for Diamond Drilling	**2006**	**2005**	**2006**	**2005**
Production Stope Delineation	136	231	7,631	10,485
Definition	50	75	10,614	11,568
Deep Exploration (below Level 245, Zone 20 North)	38	53	22,135	23,025
TOTAL	224	359	40,380	45,078

The combined cost of the diamond drilling at the LaRonde Mine was approximately $2.8 million in 2006 (including $0.9 million in definition and delineation drilling expenses charged to operating costs at the LaRonde Mine). Expenditures on exploration in 2006 were $1.9 million and are expected to be $2.9 million in 2007.

Zone 20 North was the main focus of the drilling completed in 2006. 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	35,642,143 tonnes
Zone 20 North	34,073,777 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	5,600,613 tonnes
Zone 20 North	4,511,888 tonnes

	Inferred Mineral Resources
Total LaRonde Property	5,271,787 tonnes
Zone 20 North	4,457,303 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 2006.

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 2006, 2.5 million tonnes of ore grading 2.97 grams of gold per tonne, 79.6 grams of silver per tonne, 0.4% copper and 4.3% zinc were mined from Zone 20 North.

The results of 2006 in-fill drilling in Zone 20 North below Level 245 combined with the higher metal prices used for the 2006 year-end reserve and resource estimate contributed to a gain of probable mineral reserves containing 185,645 ounces of gold, or 1.1 million tonnes grading 5.3 grams per tonne, below Level 245. The table below shows the most significant results in the resource-reserve envelope below Level 245 at the LaRonde Mine encountered in 2006.

		Interval (m)					
Drill Hole	**True Thickness (m)**	**From:**	**To:**	**Gold (g/t) (Cut 41.43 g/t)**	**Silver (g/t)**	**Copper (%)**	**Zinc (%)**
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 LaRonde II has intersected anomalous results along the Zone 20 North horizon underneath and down plunge from the Bousquet II deposit. These results from late 2006 remain untested, open at depth and towards the west and are potentially part of a significant mineralized horizon. In 2007, 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 2006.

		Interval (m)					
Drill Hole	**True Thickness (m)**	**From:**	**To:**	**Gold (g/t) (Cut 41.43 g/t)**	**Silver (g/t)**	**Copper (%)**	**Zinc (%)**
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 129,000 ounces and on the El Coco property is negligible (180 ounces). In 2006, approximately 9,336 tonnes grading 3.78 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.

Zone 20 South will require significantly more delineation drilling. Zone 20 South will be drilled from the Level 215 exploration drift, resulting in shorter drill holes and significantly tighter drill spacing. In 2004, 23 drill holes were completed in Zone 20 South below Level 215. The results were highly erratic and generally poor. Limited drilling was completed on Zone 20 South during 2005 and 2006. Additional drilling and drifting in Zone 20 South will be conducted in 2007.

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, previously referred to as the LaRonde II project. 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 320,000 ounces per year at total cash costs per ounce of approximately $230, with an estimated mine life of nine years. The Company plans to sink a new 835 metre internal shaft starting from Level 215, 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.

Capital expenditures at the LaRonde Mine during 2006 were approximately $40 million, which included $22 million on sustaining capital expenditure and $18 million comprised mostly of the LaRonde Mine extension and ramp development below Level 215. Budgeted 2007 capital expenditures at the LaRonde Mine are $91 million, including $27 million on sustaining capital expenditures and $64 million on the LaRonde Mine extension. Total capital cost of construction of the LaRonde Mine extension is estimated to be $210 million, of which the Company had incurred $7 million at the end of 2006.

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, 2006, the Lapa mine project was estimated to contain probable mineral reserves of 1.2 million ounces of gold comprised of 3.9 million tonnes of ore grading 9.08 grams per tonne. In addition, the Lapa mine project has 1.4 million tonnes of indicated mineral resources grading 4.15 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. In addition, 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 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. The Additional Lapa Claim is not subject to any royalty interests. An additional $1 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, $2.0 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. At the end of 2006, the 4.9 metre diameter, concrete lined shaft had reached a depth of approximately 1,023 metres below surface. Underground diamond drilling to validate the continuity and grade of the present reserve

estimate commenced in the first quarter of 2006 from the shaft stations. In April 2006, 2,800 tonnes of development ore were extracted at Lapa and results of a diamond drilling program were analyzed and the ore extracted was estimated to contain on average 10.65 grams of gold per tonne. These results, and results from other sampling methods, predicted higher gold grades than the Company's reserve model from February 2005. These results were incorporated into a revised feasibility study. 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 includes extension of the shaft to a depth of approximately 1,360 metres. Currently, the only infrastructure on the property is employed for sinking the shaft and consists of 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. In 2006, an application for a mining lease covering 69.9 hectares was submitted to the Ministry of Natural Resources. The application is currently under review and land surveying activities in respect of the property will also be completed in 2007. Also, in June 2006, the Company submitted an application for a production permit to the Ministry of the Environment, which is also currently under review.

Total capital costs of the Lapa mine project are $110 million, of which the Company incurred approximately $14 million in 2006 and expects to incur approximately $37 million in 2007. 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 late 2008 at total cash costs per ounce of approximately $210.

The current plan is that the Lapa site will host the underground mining operation and the ore will be trucked to the LaRonde processing facility, which will be modified to treat, recover the gold and store the residues. The option to build a processing facility and to treat the tailings at the Lapa site is currently being evaluated.

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 Protorozoic 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 Contact South zones (which comprise the core of the Lapa Deposit), it is generally discontinuous and has low economic potential.

The Lapa deposit is comprised of the Contact Zone and three 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 20 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 south-east 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 7.0 metres and is open at depth. Locally some thicker intervals have been intercepted but their continuity have not been demonstrated. This zone account for approximately 80% of the reserves.

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

Drilling in 2006 concentrated on confirming and expanding the known ore bodies (Contact zone and the other satellite zones). The results are incorporated in the December 31, 2006 reserve/resource estimate below.

In 2004, exploration drilling about 1,400 metres below the surface successfully traced the Contact Zones lens at depth. From December 2006 to the end of January 2007, a drilling campaign from Level 89 was initiated with the objective to convert inferred mineral resource to probable mineral reserve below a depth of 1,300 metres. Six holes were completed. The drilling successfully converted approximately 300,000 tonnes to probable mineral reserves grading 6.1 grams per tonne. The most interesting results are set out below:

Drill Hole	True Thickness (m)	Interval (m)		Gold (g/t) (Cut 110 g/t)
		From:	To:	
LA07-69-1	2.8	370.2	376.2	17.48
LA06-69-2	2.8	553.0	561.0	10.75
LA06-69-3	Did not reach the zone			
LA06-69-4	2.8	550.0	557.5	3.20
LA07-69-5	2.8	465.2	472.0	7.83
LA07-69-6	2.8	471.6	478.0	Low value

The drill holes also intercepted the Contact South zone located further south. The indicated mineral resources defined by these drilling results are approximately 130,000 tonnes of ore grading 4.8 grams per tonne (after dilution). The zone remains open at depth in all directions. The most interesting results are set out below.

Drill Hole	True Thickness (m)	Interval (m)		Gold (g/t) (Cut 110 g/t)
		From:	To:	
LA07-69-1	2.8	436.8	442.72	5.0
LA06-69-2	3.9	614.1	624.2	11.23
LA06-69-3	Did not reach the zone			
LA06-69-4	3.2	579.0	586.5	4.70
LA07-69-5	2.8	552.7	559.1	6.82
LA07-69-6	2.8	532.6	539.0	1.96

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, 2006, the Goldex mine project was estimated to contain proven mineral reserves of 7,000 ounces comprised of 97,000 tonnes of ore grading 2.25 grams per tonne and probable mineral reserves of 1.7 million ounces of gold comprised of 22.8 million tonnes of ore grading 2.29 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 July 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 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 2006, 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 started in the fourth quarter of 2006 and 206 metres were completed by the end of the year. This new 5.5 metre diameter concrete lined shaft is expected to reach a final depth of 865 metres in the fall of 2007. Underground development and construction commenced in August 2005, with access provided by existing underground workings from the existing 790-metre shaft. At the end of 2006, a total of 5,852 metres of lateral and vertical development had been completed since the beginning of the project.

The Company has applied to the Quebec Ministry of the Environment for necessary permits for construction of a processing plant and tailings facilities at the Goldex mine project. Plant construction commenced in the second quarter of 2006 and is expected to be completed in the fourth quarter of 2007. 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. The Company will manage the construction of the tailings facilities and the government will pay all additional cost above the original budget planned for in the Goldex mine project feasibility study.

Estimated capital costs to bring Goldex into production are $135 million, of which $62 million was spent in 2006. Approximately $75 million has been budgeted for the new shaft, underground development and construction and mining equipment while an additional $53 million has been budgeted for the processing plant and tailings facility. The remainder has been budgeted for the surface plant and working capital. At the end of 2006, a total of $82 million has been spent on the project. The Company expects capital expenditures at Goldex in 2007 will be approximately $92 million.

Geology

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 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 discreet 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-tourmalene-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. Shear zone veins up to a metre in thickness 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). The Goldex Extension Zone is open 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). Occasionally the gold particles reach two to three millimetres in size; this coarse-sized gold fraction present at Goldex has contributed to the grade estimation problem present on the property.

Bousquet and Ellison Properties

The Bousquet property is located immediately west of the LaRonde property 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.

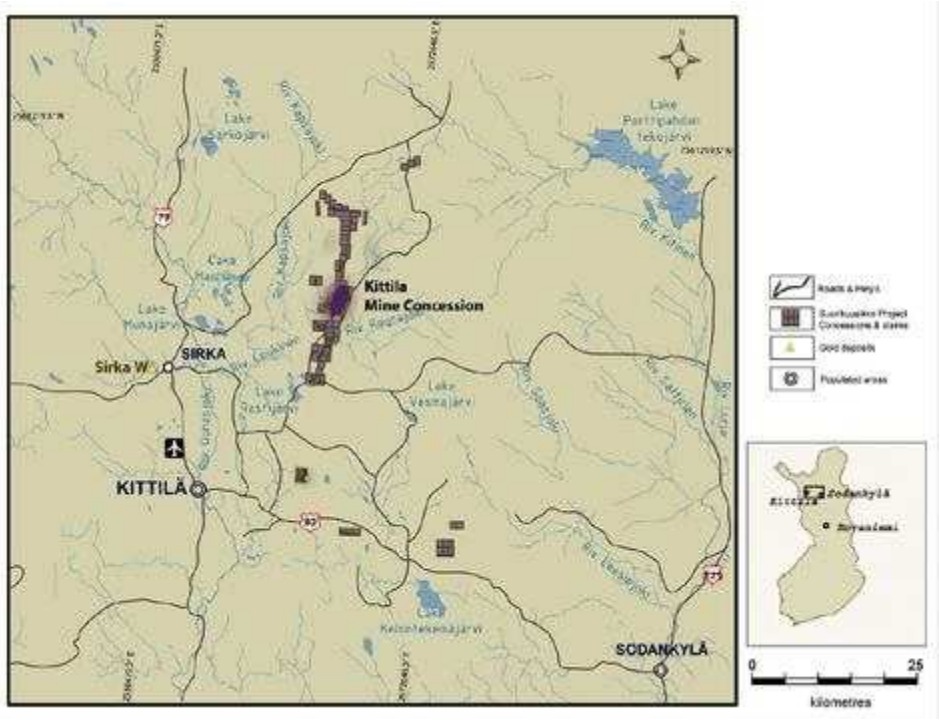
As of December 31, 2006, 13,702 tonnes of proven reserve grading 1.30 grams of gold per tonne extracted in 2004 are crushed and stockpiled close to the LaRonde mill. Based on a gold price of $486, an exchange rate of C$1.21 per US$1.00 and a mill recovery of 91.5%, the recovered value per tonne is $22.49, which is in excess of the associated milling costs of $15.75 per tonne, and accordingly the ore is classified as proven mineral reserve.

In 2006, the Company recovered 107,204 tonnes of ore grading 7.44 grams per tonne from two small ore blocks at the Bousquet. At the end of 2006, the remaining tonnage to be extracted amounts to 71,590 tonnes grading 7.23 grams per tonne. This tonnage has been put in the proven reserve category. In addition, 743 tonnes grading 8.87 grams per tonne, extracted from these two blocks, were put on the surface stockpile. Based on a gold price of $486 per ounce, an exchange rate of C$1.21 per $1.00, a mill recovery of 91.9% and an operating cost of C$108 per tonne, the economic cut-off of ore extracted from underground at Bousquet is 6.2 grams per tonne.

The 2006 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 amounts to 1.7 million tonnes grading 7.45 grams of gold per tonne. The December 31, 2006 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 (previously referred to as the Suurikuusikko property)

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, 2006, the Kittila mine project was estimated to contain probable mineral reserves of 2.6 million ounces comprised of 16.0 million tonnes of ore grading 5.08 grams per tonne. In addition, the Kittila mine project has 4.2 million tonnes of indicated mineral resources grading 3.95 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 at Kittila, the municipality of Kittila, and mining and construction contractors. The project also has access to a qualified labour force.



The Kittila mine project is comprised of 79 individual tenements covering an aggregate area of approximately 5,956 hectares and one mining licence covering approximately 847 hectares. The mineral titles form 10 distinct blocks. The main block comprises the Suurikuusikko mining licence and 56 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 one to six 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 (formerly Suurikulta 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 April 2007 to August 2009. 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 on October 10, 2006 (17 tenements totaling 1,486 hectares) were lodged on October 3, 2006. The extensions are currently being processed and are anticipated to be granted in mid-2007.

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. Unemployment in the area is high, thereby encouraging municipal leaders to be 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.

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.

The feasibility study is based on a gold price of $450 per ounce and exchange rate of $1.20 per €1.00. Annual gold production is expected to average 150,000 ounces at total cash costs of $250 per ounce, with initial gold production occurring around the middle of 2008. The feasibility study anticipates sustaining capital expenditures of approximately $5 million per year. Estimated capital costs of construction of the Kittila mine project are $135 million, of which $21 million were incurred in 2006 and $96 million are expected to be incurred in 2007. The mine is scheduled to commence production in mid-2008.

As of December 2006, construction had progressed according to schedule. Waste rock mining for tailings dam construction and site infrastructure work had been done in the area of the main Suurikuusikko deposit and a total of 176,000 cubic metres of overburden and 7,250,000 tonnes of waste rock had been removed and excavated, respectively. Work on the ramp to access the underground reserves had started and progress to date is about 200 metres. The construction of the tailings dam is also in progress. The site has been connected to a high voltage power line. The construction of the office service buildings is scheduled for completion in June 2007. Construction of the process building is ongoing and orders for key large equipment (mill, autoclave) have been placed.

The Company currently holds a mining license and an environmental permit in respect of the Kittila mine project. The Company expects to shortly submit to Finnish authorities an application for an amendment to the environmental permit to contemplate a pressure oxidation process, which would allow the Company to use significantly smaller quantities of cyanide. The Company understands from Finnish regulatory authorities that this application to amend will not require a full environmental impact study.

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 15 kilometres. Most of the exploration work has been focused on the 4.5 kilometres which host the known gold reserves and resources.

Exploration and Drilling History

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. As of August 2005, drilling and studies of metallurgical, engineering and environmental aspects were ongoing with the objective of improving the characterization of the gold deposit, assessing the feasibility of a potential mining project and evaluating the potential project economic returns.

Pilot-plant testing was performed on pressure oxidation as the selected process for gold extraction. The 2006 drill program focused on in-fill drilling and resource conversion and a study was based on an open pit mining scenario with underground mining via ramp access and a one million tonne per annum surface processing plant. In June 2006, the Company approved the feasibility study and the construction of the Kittila mine project.

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"), Etela and Ketola. The Suuri zone includes two zones that have previously been named Main East and Main West. The Suuri zone hosts approximately 76%, Roura-C about 17% and Roura-N about 3% of the probable gold reserve estimate. Most of the recent work has focused on the Suuri and Rouravaara zones. Up to the end of December 2006, a total of 717 drill holes, comprising 208,120 metres have been completed on the property. Since the beginning of 2006, between six to eight drills have been in operation on the property: one or

two drills on condemnation drilling; one to three drills on exploration; and two to four drills on resource conversion drilling.

The Suuri Zone

Some of the highlights from the 2006 drilling are set out below:

Drill Hole	True Thickness (m)	Interval (m) From:	Interval (m) To:	Gold (g/t) (Cut 110 g/t)
SUBH 06009	12.6	500.50	518.50	5.5
SUBH 06019	9.9	343.70	357.80	6.0
SUBH 06039	18.4	256.40	276.75	8.9
SUBH 06042	18.9	169.45	195.45	11.5
SUBH 06044	20.6	77.35	106.80	9.0
SUBH 06061	8.1	20.20	31.70	7.0
SUBH 06083	12.6	137.00	155.00	10.7
SUBH 06102	26.0	441.50	478.60	12.0

Suuri zones extend 1,300 metres horizontally and down to a vertical depth of approximately 800 metres below surface, 76% of the converted reserves are located within the Suuri zones, which 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 this zone is focusing on:

(a) in-fill drilling at the Suuri open pit area below 170 metres from surface;

(b) in-fill drilling in the planned underground mine area between 170 metres and 550 metres below surface; and

(c) exploration drilling to test deep extension below 800 metres from surface.

Of the probable reserves of approximately 2.6 million ounces, about 23% is located in the Suuri open pit area and 53% in the Suuri underground area.

The Roura-C and Roura-N Zones

Some of the highlights from the 2006 drilling are set out below:

Drill Hole	True Thickness (m)	Interval (m) From:	Interval (m) To:	Gold (g/t) (Cut 110 g/t)
SUBH 06018	3.9	272.00	277.50	16.2
SUBH 06086	6.4	19.90	29.00	5.4
SUBH 06086	14.1	19.90	40.00	4.4

The Roura-C and Roura-N zones extend 1,200 metres horizontally and down to a vertical depth of approximately 650 metres below surface. About 20% 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 this zone is focusing on:

(a) in-fill drilling in the planned underground mine area between 170 metres and 80 metres below surface; and

(b) exploration drilling to test deep extension below 500 metres from surface.

Of the approximately 2.6 million ounces of probable reserves about 4% are located in the Shell and Rouravaara open pits and about 17% in the Roura-C and Roura-N underground areas.

Pinos Altos Project

The Pinos Altos project is located on an 11,000 hectare property in the Sierra Madre gold belt, 225 kilometres west of the city of Chihuahua in the State of Chihuahua of northern Mexico. At December 31, 2006, the Pinos Altos project was estimated to contain probable mineral reserves of 1.8 million ounces of gold and 155.5 million ounces of silver comprised of 18.6 million tonnes of ore grading 3.07 grams of gold per tonne and 92.77 grams of silver per tonne. In addition, the Pinos Altos project has 1.6 million tonnes of indicated mineral resources grading 1.48 grams of gold per tonne and 61.84 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, 889.2 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 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. On May 18, 2006, advance royalty payments of $0.142 million were paid to Madrono. The assets comprising the Pinos Altos 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.

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. The Pinos Altos project is located in an important mining area of northern Mexico and the Company anticipates necessary 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 that is currently under construction by the State and Federal Governments. According to previous estimates by Penoles, there is sufficient water on the property to operate a 1,500 tonne per day processing plant.

The Company first acquired an interest in the Pinos Altos project through an exploration and option agreement with Penoles, which acquired the property in 1995. In February 2006, the Company exercised its option to purchase the Pinos Altos project for consideration of $32.5 million in cash and 2,063,635 shares of the Company. The transaction closed in March 2006.

Over 90% of the Pinos Altos 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' 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 project for aggregate consideration of approximately $2.2 million.

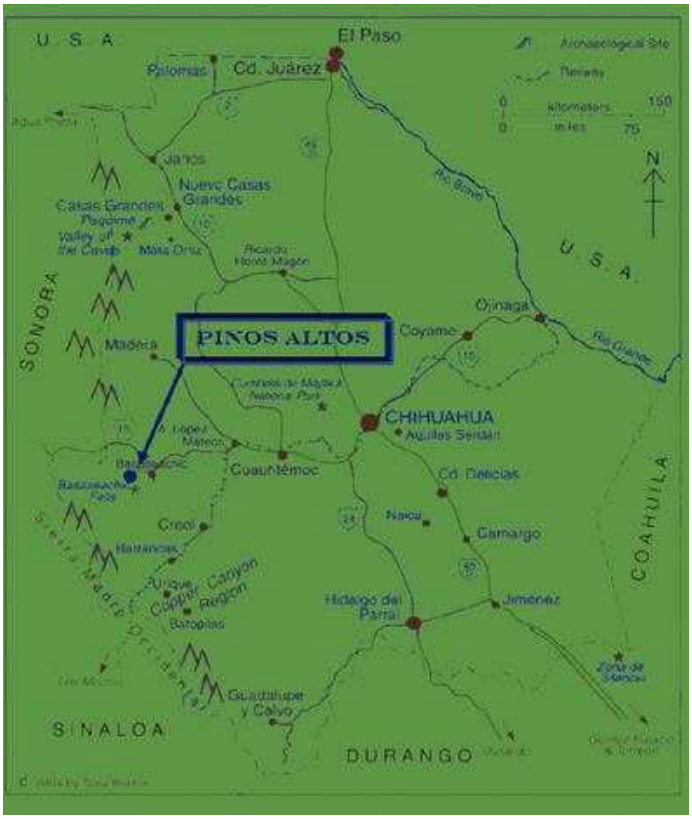
As at the end of 2006, the Company had successfully concluded negotiations with Ejidos and others for the purchase of 5,745 hectares of land as follows:

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.

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.

Location Map



Geological Setting

The Pinos Altos project is in the north part of the Sierra Madre geologic province within a 300 kilometre long west-northwest trending structural zone that parallels the Mojave-Sonora Megashear that includes the Pinos Altos fault and horst structure. The structural zone intersects the Northeast margin of the Ocampo Caldera. There are several other major gold-silver districts in this region. They are La Colorada & Mulatos,

Sonora, Dolores, Ocampo, and El Sauzal (south) in Chihuahua. 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 dikes 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 project. Future study may show a genetic relationship of the rhyolite dome to mineralization in the district. Structure in the Pinos Altos 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 esitic 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. Theses 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 hornblend 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), (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 hornblend 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 the Santo Nino and the Oberon de Weber ore shoots.

Deposit Type and Mineralization

Gold and silver mineralization on the Pinos Altos 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 dikes 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 coloform 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 locally 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 surfact. The vein is followed on surface over a distance of 550 metres and discontinuously up to of 650 metres. Beyond its western and eastern extents, the Santo Nino andesite is massive and only weakly altered. It therefore appears that the higher grade gold encountered within the quartz breccias formed at the contact between the Buenavista and Victoria ignimbrites reflects the geological continuity within the mineralized breccias and that correlation from hole to hole of these higher grade values is difficult at best.

The Cerro Colorado lens is structurally more complex than the three described above. Near 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.

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 ^{o} C, 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 silver, acanthite and 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 2006 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 a feasibility study and developing an underground

ramp to provide a deeper drilling platform and to expose the mineralization sampling. In 2006, 86 holes were drilled on the property for a total length of 21,000 metres. And at the end of 2006, 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. Our work to date has also confirmed that 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 appreciatively eight kilometres. A summary of the best results from the recent drilling on the main Santo Nino zone is found 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 gold per tonne and 42.0 grams 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 gold per tonne and 116.0 grams 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 gold per tonne and 105.0 grams silver per tonne over 39.0 metres) that supports the open pit potential of Santo Nino.

Some of the most notable drill holes from the most recent program are set out below:

		Interval (m)			
Drill Hole	**True Thickness (m)**	**From:**	**To:**	**Gold (g/t) (Cut 60 g/t)**	**Silver (g/t) (Cut 800 g/t)**
Santo Nino Zone					
PA-05-57A	2.6	755.6	760.0	2.3	23
PA-05-81	2.5	642.0	646.0	5.8	42
PA-06-83	3.2	720.7	742.2	16.2	116
PA-06-85	10.1	222.5	233.5	11.6	192
PA-06-90	28.0	243.0	275.2	4.0	59
including	3.2	251.9	255.5	26.0	93
PA-06-105	29.0	245.0	292.0	2.6	82
including	4.3	245.0	252.0	10.0	363
PA-06-111	39.0	78.4	139.0	6.3	105
including	14.6	78.4	101.0	9.1	184
and incuding	7.0	116.0	126.9	14.2	105

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 core is very similar to that of Santo Nino, geologically.

A recent discovery is in the Carola area, located in the northwestern quadrant of the Pinos Altos property, where initial exploration results have been encouraging. Although mineralization was previously detected in this area, grab samples and channel samples have confirmed the previous results. Prospecting and geological mapping have also resulted in the discovery of new showings that have returned gold values as high as 33.3 grams per tonne. These results are spread over a large area, in excess of one square kilometre. Also of interest is the Creston Colorado occurrence where trenching has exposed a shallowly dipping zone of quartz vein mineralization grading 3.5 grams per tonne gold over a 45.4 metre length at surface. While this is an apparent thickness on a shallowly dipping structure, the true thickness will be confirmed by the upcoming drill program. A drill is currently being mobilized to investigate the grade, thickness, orientation and extent of gold and silver mineralization in this sector. Five holes were drilled trough the structure in 2006 and the preliminary results confirm the geological model of the sector.

The feasibility study at Pinos Altos has been completed and is currently undergoing an independent third party review.

Future Work

Based on the positive drilling results and the growing precious metals resource, Agnico-Eagle will accelerate its work program on the property with the objective of obtaining Board approval for the feasibility study by the end of the second quarter of 2007. The feasibility study at Pinos Altos considers a base case of approximately 4,000 tonnes of ore processed per day. Assuming that Board approval is obtained in 2007, gold and silver production at Pinos Altos could begin in 2009. The 2007 and 2008 work program will include an exploration ramp which will be developed on the footwall of Santo Nino and Cerro Colorado for 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. Agnico-Eagle has also engaged the local communities in the project area to ensure that the project provides real, long-term benefits to the residents living and working in the region. Budgeted exploration expenditure for 2007 at the Pinos Altos project are $25.5 million.

Agnico-Eagle has opened a regional office in Chihuahua to facilitate the feasibility study and permitting process, to carry out further exploration at the Pinos Altos project, 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 the appropriate Mexican review agencies.

Agnico-Eagle's Exploration Activities

Agnico-Eagle continued to actively explore in Quebec, Ontario, Newfoundland, Nevada, Finland and Chihuaha, Mexico. At the end of December 2006, the land holdings of Agnico-Eagle in Canada consisted of 3,080 mineral titles (claims, mining leases, etc.) covering an aggregate of 84,280 hectares. Land holdings in the United States consisted of 12 properties covering 16,829 hectares. Land holdings in Finland consisted of one mining licence covering 846.9 hectares, 93 claims covering 7,101.4 hectares and 30 reservations covering 26,820 hectares. In Mexico, the holdings consisted of two properties covering a total of 46,015 hectares and the Pinos Altos property, which covers 11, 023 hectares. During 2006, 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 2006 were concentrated on the Cortez-Battle Mountain trend and northeastern region of the State. With the acquisitions in Mexico and Finland, Agnico-Eagle began an aggressive exploration program on Pinos Altos, with the objective of completing a feasibility study in the second quarter of 2007, and pursuing further drilling along the Suurikuusikko Trend in Finland.

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 U.S. Securities and Exchange Commission 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 U.S. Securities and Exchange Commission 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 (including the LaRonde Mine extension), the Lapa, Goldex and Kittila mine projects, the Pinos Altos project 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 (including the LaRonde Mine extension)	Francois Blanchet, Ing., Superintendent of Geology, LaRonde Mine
Goldex	Serge Levesque, Ing. Technical Superintendent, Goldex mine project
Lapa	Normand Bédard, P. Geo., Technical Superintendent, Lapa mine project
Kittila	Marc Legault, P. Eng., Vice President, Project Development
Pinos Altos	Daniel Douchet, Ing., Principal Engineer, Technical Services Group
Bousquet and Ellison	Normand Bédard, P. Geo., Technical Superintendent, Lapa mine project

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 United States Securities and Exchange Commission (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 feasibility study and be calculated using a historic three-year average price. The Company uses historic three-year average prices to calculate its mineral reserves. On the Bousquet property, no feasibility study has been completed; however this mineral reserve consists of broken ore that has already been mined and is currently stockpiled on the surface. As the grade of this ore is above the economic level to mill the material, it has been classified as proven mineral reserve. In addition to the differences noted above, Guide 7 does not recognize mineral resources. Set out below are the reserve estimates as calculated in accordance with National Instrument 43-101 and Guide 7, respectively:

	National Instrument 43-101			Industry Guide 7		
Property	Tonnes	Grade (g/t)	Contained Gold (oz)	Tonnes	Grade (g/t)	Contained Gold (oz)
Proven Reserve						
LaRonde	5,778,800	2.76	512,940	5,778,800	2.76	512,940
Goldex	97,270	2.25	7,037	97,270	2.25	7,037
Bousquet	86,035	6.30	17,416	—	—	—
Total Proven Reserve	**5,962,105**		**537,393**	**5,876,070**		**519,977**
Probable Reserve						
Goldex	22,813,391	2.29	1,681,930	22,813,391	2.29	1,681,930
Lapa	3,943,895	9.08	1,151,754	3,943,895	9.08	1,151,754
LaRonde (including LaRonde Mine extension)	29,863,343	4.83	4,638,035	29,863,343	4.83	4,638,035
Kittila	16,022,264	5.08	2,615,678	16,022,264	5.08	2,615,678
Pinos Altos	18,607,522	3.07	1,836,921	18,607,522	3.07	1,836,921
Total Probable Reserve	**91,250,415**		**11,924,318**	**91,250,415**		**11,924,318**
Total Proven and Probable Reserve	**97,212,520**		**12,461,710**	**97,126,485**		**12,444,295**

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.

LaRonde Mineral Reserve and Resource

LaRonde Division (including LaRonde Mine extension)	As at December 31, 2006	2005	2004
Gold			
Proven — tonnes	3,400,000	3,800,000	3,200,000
Average grade — gold grams per tonne	3.91	4.21	4.80
Probable — tonnes	25,800,000	26,100,000	24,900,000
Average grade — gold grams per tonne	5.46	5.45	5.37
Zinc			
Proven — tonnes	2,400,000	2,900,000	2,600,000
Average grade — gold grams per tonne	1.15	1.27	1.03
Probable — tonnes	4,100,000	3,800,000	6,200,000
Average grade — gold grams per tonne	0.87	0.82	1.10
Total mineral reserve — tonnes	35,600,000	36,700,000	36,900,000
Total contained gold ounces	**5,151,000**	**5,307,000**	**5,104,000**

Notes:

(1) Tonnage information is rounded to the nearest 100,000 tonnes. Total contained gold ounces does not include equivalent gold ounces for the byproduct metals contained in the mineral reserve.

(2) 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$52.00 per tonne and C$64.00 per tonne depending on the deposit. The metal grades reported in the mineral reserve estimate 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 Company's historical metallurgical recovery rates at the LaRonde Mine from January 1, 2001 to December 31, 2006 were 91.9% for gold, 84.2% for silver, 77.5% for copper and 82.2% for zinc. The mineral reserve figures presented herein 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.

The 2007 mineral reserve and mineral resource estimate at LaRonde was calculated using a gold price of $486 per ounce, a silver price of $8.69 per ounce, a copper price of $1.99 per pound, a zinc price of $0.89 per pound and an exchange rate of C$1.21 per $1.00. The metal and foreign exchange assumptions were changed in 2006 resulting from changes in the prices for each metal and C$/US$ exchange rate and reflect the three-year historical average initial prices and exchange rate for the three-year period ended December 31, 2006. For every 10% change in the gold price, there would be an estimated 1% change in proven and probable reserves.

(3) The following table shows the reconciliation of mineral reserves (in nearest thousand tonnes) at the LaRonde Division by category at December 31, 2006 with those at December 31, 2005.

	Proven	Probable	Total
December 31, 2005	**6,768**	**29,934**	**36,702**
Mined	(2,634)	—	(2,634)
Revision	1,645	(71)	1,574
December 31, 2006	**5,779**	**29,863**	**35,642**

(4) Complete information on the verification procedures, the quality assurance program, quality control procedures, operating and capital cost assumptions, 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

At December 31, 2006, the Lapa property contained 3.9 million tonnes of probable reserves grading 9.08 grams of gold per tonne.

	December 31, 2006	December 31, 2005
Gold		
Probable — tonnes	3,944,000	4,090,000
Average grade — gold grams per tonne	9.08	8.88
Total mineral reserve — tonnes	3,944,000	4,090,000
Total contained gold ounces	**1,152,000**	**1,168,000**

Notes:

(1) Tonnage information is rounded to the nearest 100,000 tonnes. Total contained gold ounces does not include equivalent gold ounces for byproduct metals contained in the mineral reserve.

(2) The 2007 mineral reserve and mineral resource estimate was calculated using a gold price of $486 per ounce, metallurgical recoveries of 85.8% and an exchange rate of C$1.21 per $1.00 compared to $405, 85.6% and C$1.30, respectively for the January 2006 estimate. For every 10% change in the gold price, there would be an estimated 6% change in probable reserves.

For the indicated mineral resource models, a minimum gold grade cut-off of 3.9 grams per tonne diluted was used to evaluated drill hole intercepts that have been adjusted to respect a minimum mining width of 2.8 metres (horizontal width). The indicated mineral resource is reported diluted while the mineral inferred resource is reported undiluted. Separate cut-off grades are used for the estimation of mineral reserves and mineral resources. In order to estimate the mineral reserve, a dilution factor that averaged 34% was applied while 39% was applied to the indicated mineral resoruce. For the reserve models, the minimum in situ gold grade cut-off was 4.3 grams per tonne. The cost per tonne estimate for the Eureka mining method is C$64.45. The cut-off grade used for the estimate of mineral reserves is based on the grades used in the feasibility study that supports the estimate of mineral reserves whereas the cut-off grade used for the estimation of mineral resources is determined by the Company based on the minimum grade of ore that has reasonable prospects for economic extraction. The gold price used to calculate the cut-off for the mineral resource is 25% higher than the reserve price (US$608). The metal grades reported in the mineral reserve estimate 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 resource figures presented herein 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. In addition to the mineral reserves set out above, at December 31, 2006 the Lapa property contained 1.35 million tonnes diluted of indicated mineral resource grading 4.15 grams of gold per tonne and 1.22 million tonnes of inferred mineral resource undiluted grading 7.30 grams of gold per tonne.

(3) For the 2007 mineral reserve and mineral resource estimate, gold assays were cut to 110 grams per tonne for the Contact zone and the satellites zones that comprise the Lapa deposit.

(4) Complete information on the verification procedures, the quality assurance program, quality control procedures, operating and capital cost assumptions, 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

During 2006, part of the underground development work at Goldex that was done to prepare the project for future mine production was within the Goldex Extension Zone probable mineral reserve envelope; this excavated rock was stockpiled on the surface and was assigned to proven mineral reserves (at a grade measured by sampling) whereas 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). At December 31, 2006, the Goldex property contained 22.9 million tonnes of proven and probable reserves grading 2.29 grams of gold per tonne.

The following table shows the Goldex property reserves as of December 31, 2006.

	December 31, 2006	December 31, 2005
Gold		
Proven — tonnes	97,000	18,000
Average grade — gold grams per tonne	2.25	1.88
Probable — tonnes	22,813,000	21,375,00
Average grade — gold grams per tonne	2.29	2.39
Total mineral reserve — tonnes	22,910,000	21,393,000
Total contained gold ounces	**1,688,967**	**1,641,000**

Notes:

(1) Tonnage information is rounded to the nearest 100,000 tonnes. Total contained gold ounces does not include equivalent gold ounces for byproduct metals contained in the mineral reserve.

(2) The 2006 mineral reserve and mineral resource estimate was calculated using a gold price of $486 per ounce, metallurgical recoveries of 93.6% and an exchange rate of C$1.42 per $1.00. 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.

(3) 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. The reserve was derived by evaluating a three-dimensional model of the Goldex Extension Zone, whose gold grade was estimated using a 95% confidence interval grade calculation method, and then adjusting the model envelope to only include sectors with a greater than 75% probability of exceeding the 1.37 grams of gold per tonne cut-off grade. In order to estimate the mineral reserve, a dilution factor that averaged 11.2% was applied. The cut-off grade used for the estimate of mineral reserves is based on the grades used in the feasibility study that supports the estimate of mineral reserves whereas the cut-off grade used for the estimation of mineral resources is determined by the Company based on the minimum grade of ore that has reasonable prospects for economic extraction. The metal grades reported in the mineral reserve estimate 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 resource figures presented herein 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. As at December 31, 2006, Goldex was estimated to contain 8.6 million tonnes of inferred mineral resource grading 2.62 of gold per tonne.

(4) The following table shows the reconciliation of mineral reserves (in nearest thousand tonnes) at the Goldex Mine Project by category as at December 31, 2005 to December 31, 2006.

	Proven	Probable	Total
December 31, 2005	**18**	**21,375**	**21,393**
Revision	79	1,438	1,523
December 31, 2006	**97**	**22,813**	**22,916**

(5) Complete information on the verification procedures, the quality assurance program, quality control procedures, operating and capital cost assumptions, 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

At December 31, 2006, the Kittila property contained 2,615,678 million ounces of probable reserves grading 5.08 grams of gold per tonne:

	December 31, 2006	December 31, 2005
Gold		
Probable — tonnes	16,022,000	13,757,000
Average grade — gold grams per tonne	5.08	5.6
Total mineral reserve — tonnes	16,022,000	13,757,000
Total contained gold ounces	**2,615,678**	**2,325,000**

Notes:

(1) Tonnage information is rounded to the nearest 100,000 tonnes. Total contained gold ounces does not include equivalent gold ounces for byproduct metals contained in the mineral reserve.

(2) The 2006 mineral reserve and mineral resource estimate was calculated using a gold price of $486 per ounce, an exchange rate of $1.25 per €1.00 and minimum mining widths of three metres. For a 10% change in the gold price, the Company estimates that there would be a 5% change in probable mineral reserves.

(3) Gold cut-off grades used were 1.9 grams per tonne for open pit resources, 3.7 grams per tonne for underground resources and 1.85 grams per tonne for open pit reserves and 3.04 grams per tonne for underground reserves. High gold values were cut to 50.0 grams per tonne. For the 2005 mineral reserve and mineral resource estimate, gold assays were cut to 50.0 grams per tonne.

(4) Indicated mineral resources were 4,191,004 tonnes grading 3.95 grams per tonne. In addition, the Kittila mine project had inferred mineral resources of 2,779,579 tonnes of ore grading 5.51 grams per tonne.

(5) Complete information on the verification procedures, the quality assurance program, quality control procedures, operating and capital cost assumptions, 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.

Pinos Altos Mineral Reserve and Resource

At December 31, 2006, the Pinos Altos property contained 18.6 million tonnes of probable reserves grading 3.07 grams of gold and 92.77 grams of silver per tonne:

	December 31, 2006	December 31, 2005
Gold		
Probable — tonnes	18,608,000	0
Average grade — gold grams per tonne	3.07	—
Total mineral reserve — tonnes	18,608,000	0
Total contained gold ounces	**2,615,678**	**0**

Notes:

(1) Tonnage information is rounded to the nearest 100,000 tonnes. Total contained gold ounces does not include equivalent gold ounces for byproduct metals contained in the mineral reserve.

(2) The 2006 mineral reserve and mineral resource estimate was calculated using a gold price of $486 per ounce, an a Mexican Peso/US$ exchange rate of 11.02, and minimum mining widths of either three metres for underground or four metres for open pit. A cut-off of 0.6 grams of gold (assuming a 84 grams of silver per tonne grade) was used to determine the open pit reserves while a net smelter return of $38.0 per tonne was applied to the diluted grade for the underground reserves. A 10% dilution was applied for the open pit reserve estimate while a dilution that averaged 13% was applied for the underground reserve estimate.

(3) Indicated mineral resources were 1,636,250 tonnes grading 1.48 grams of gold per tonne and 81.84 grams of silver per tonne. In addition, the Pinos Altos property had inferred mineral resources of 5,198,395 tonnes of ore grading 3.03 grams of gold and 80.54 grams of silver per tonne.

(4) Gold assays were cut to either 15 grams per tonne or 46 grams per tonne, depending on the rock type. Silver assays were either not cut, or cut to 2,200 grams per tonne depending on the rock type.

(5) At Pinos Altos, the diamond drilling equipment recovered either NQ (48 millimetre diameter) or HQ (64 mm diameter) core samples. In a few cases, BQ (36.5 millimetre diameter) core was also recovered. The drill core selected for analysis was sawed in half with one-half sent to a commercial analytical laboratory and the other half retained for future reference.

An Analytical Quality Assurance Program has been established to control and assure the analytical quality of assays in its exploration at Pinos Altos. This program includes the systematic addition of blank samples, duplicate samples and certified standards to each batch of samples sent for analysis to commercial accredited laboratories. Blank samples are used to check for possible contamination in laboratories, duplicate samples quantify overall precision while certified standards determine the analytical accuracy. In addition, approximately 10% of the assayed samples are sent to a second certified laboratory for check analysis. BSI Inspectorate Laboratories, an ISO 9002 / 9001:2000 accredited exploration analysis laboratory, collects the split core samples directly from the Pinos Altos project site, then prepares the samples at its facilities in Durango, Mexico and finally performs gold and silver analyses at its lab in Reno, Nevada. ALS Chemex in Reno, Nevada, also an ISO accredited laboratory, re-analyzes all of the samples selected for check assaying.

The gold assaying method, using a 60 gram charge, is by Fire Assay with either an atomic absorption finish or, if the atomic absorption result is greater than 3 parts per million of gold, gravimetric finish as requested by the project geologist. Silver analysis, from a 30 gram charge, is either by three acid digestion followed by atomic absorption or, if the atomic absorption result is greater than 200 parts per million of silver by Fire Assay with a gravimetric finish as requested.

Legal and Regulatory Proceedings

As disclosed by the Company on March 18, 2004, the staff of the Ontario Securities Commission had been investigating the Company in relation to the timing and content of the Company's disclosure concerning a rock fall that occurred at the LaRonde Mine in the first quarter of 2003. In April 2005, the Ontario Securities Commission approved a settlement agreement reached between the Company and staff at the Ontario Securities Commission. Under the settlement agreement, the Company agreed to submit to a third party review of its disclosure practices and policies, which is currently underway.

In addition, 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. The Company is cooperating with the Ontario Securities Commission in its investigation.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Business Overview and 2006 Highlights

The Company is a leading, intermediate-sized, gold producer with roots that go back more than 30 years. Today it operates the LaRonde Mine in northwestern Quebec, Canada, a politically stable area supportive of the mining industry.

Throughout 2006, the Company continued executing its strategy of building a multi-mine platform from the foundation of its LaRonde Mine. At the LaRonde Mine, the Company initiated a new project to extend the existing infrastructure below Level 245, which is anticipated will extend the mine life beyond 2020. The infrastructure base at, and knowledge gained building, the LaRonde Mine has been leveraged by the Company in building the Lapa and Goldex mine projects, both of which are within 60 kilometres of the LaRonde Mine and scheduled to commence production in 2008. The three Quebec mines will all benefit from the common infrastructure and mining team and are on track to increase the Company's production profile. The LaRonde Mine extension is expected to increase production from that mine to 320,000 ounces annually beginning in 2011, while Goldex and Lapa mine projects are anticipated to produce 170,000 and 125,000 ounces annually, respectively.

Working from the Company's technical base in northwestern Quebec, the Company has diversified geographically while maintaining a low political risk profile. In 2006, the Company began construction on its Kittila mine project in northern Finland. The property on which Kittila mine project is located was added to the Company's portfolio through the 2005 acquisition of Riddarhyttan. This property was attractive to the Company as northern Finland is geologically and topographically similar to the Abitibi region of Quebec, where the LaRonde Mine is located. In addition, the Kittila mine project is situated in what the Company believes to be a politically stable area that is supportive of the mining industry. Using the Company's technical experience gained from its operations in Quebec, the development team at the LaRonde Mine designed a drill program at the Kittila mine project which led to the conversion of resources to reserves at the beginning of 2006 and then completed a feasibility study which led to a decision to build a mine in mid-2006.

In 2006, the Company completed the acquisition of Pinos Altos, an advanced stage exploration property in northern Mexico, after the Company's extensive drilling campaign had doubled the contained gold and silver resources on the property. Throughout 2006, the Company enjoyed continued exploration success on this property leading to the conversion of resources to reserves at the beginning of 2007. The Company's development team has completed a feasibility study which is currently undergoing independent third party review.

The Company has now assembled local management teams in Mexico and Finland comprised of seasoned mining professionals. These management teams will work with the technical team from the LaRonde Mine to build mines and identify new exploration and development opportunities. The Company has allocated $23 million for exploration activities in 2007. These exploration activities will be conducted both at the Company's major projects and in the surrounding areas, as the Company has had success locating new gold zones outside of the previously contemplated mining areas.

Already in 2007, the Company announced a take-over bid for Cumberland, the owner of the Meadowbank gold project in Nunavut Territory, Canada. This proposed transaction is consistent with the Company's strategy of building value by growing in mining-friendly, low political risk areas of the world. If the take-over bid is successful, the Company anticipates production starting by early 2010 with 400,000 ounces of gold produced annually over the first four years and an average of 350,000 ounces per year over the remaining five years of the estimated life of the mine. The proposed acquisition anticipates leveraging off of the Company's proven technical expertise at the Company's LaRonde Mine base, as it is currently contemplated that the Meadowbank project will be supervised by Agnico-Eagle's technical team based in northwestern Quebec. The Meadowbank project timeline is a good fit with Agnico-Eagle's existing project development schedule, as the Company anticipates completing the construction of the Goldex and Lapa mine projects in 2008, immediately prior to the start of the construction of the surface facilities at Meadowbank.

Agnico-Eagle's production is low-cost, which protects shareholders during periods of weaker gold prices. The Company is positioned to benefit from a stronger gold price and, throughout its 30-year history, it has never sold away the upside for its gold production.

The Company earns a significant proportion of its revenue and generates cash flow from the production and sale of gold in both doré and concentrate form. The remainder of revenue and cash flow is generated by the production and sale of byproduct metals, namely silver, zinc and copper.

The main highlights for 2006 were:

- Gold production of 245,826 ounces;
- Record proven and probable gold reserves of 12.5 million ounces, an increase of 19% over the prior year;
- Low total cash costs per ounce at the LaRonde Mine of *minus* $868 in the fourth quarter, contributing to record low annual total cash costs per ounce of *minus* $690;
- Fourth quarter net income of $41.9 million ($0.35 per share) contributing to record annual earnings of $161.3 million ($1.40 per share);
- Record cash provided by operating activities of $84.5 million in the fourth quarter, contributing to record annual cash provided by operating activities of $226.3 million;
- Strengthening of the management team throughout 2006 and early 2007 to accommodate the Company's growth with the addition of:
- Vice President, Operations
- Vice President, Project Development
- Vice President, Europe
- Vice President, Latin America
- Vice President, Human Resources
- Vice President, Investor Relations
- Vice President, Environment

Throughout this section, the terms total cash costs per ounce and minesite costs per tonne are used. Both of these measures are non-GAAP measures and are discussed in more detail, including management's use of the measures and their limitations and the reconciliation of such measures to GAAP measures, under the caption "— Results of Operations — Production Costs".

Key Performance Drivers

The key drivers of financial performance for Agnico-Eagle are:

- the spot price of gold;
- spot prices of silver, zinc and copper;
- the C$/US$ exchange rate;
- production volumes; and
- production costs.

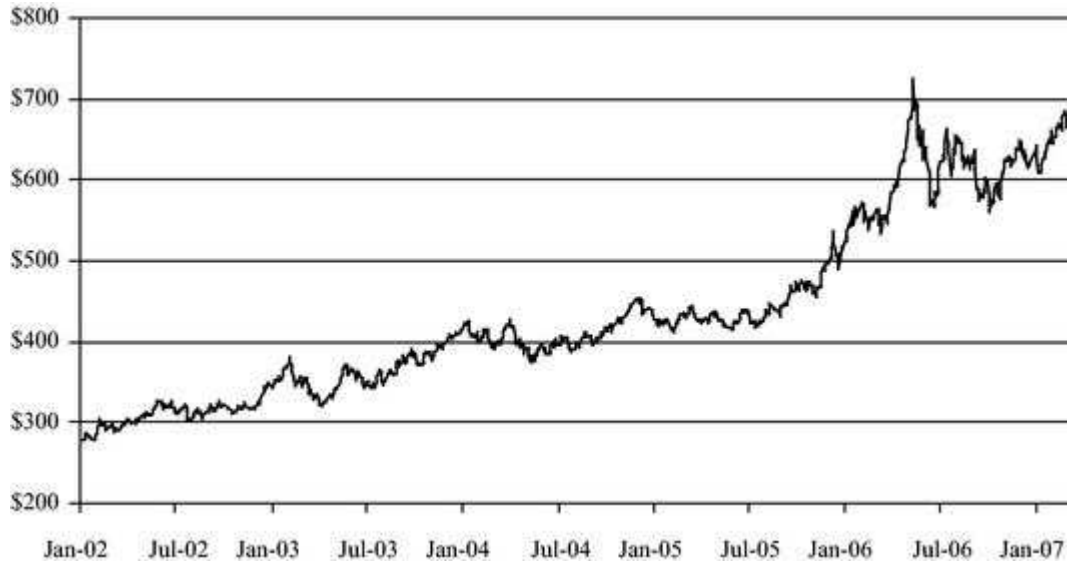
Agnico-Eagle has never sold gold forward as management believes that low-cost production is the best protection against decreasing gold prices. As a result, the Company is positioned to benefit from rising gold prices. The sale of byproduct silver, zinc and copper is important to both revenue and total cash costs per ounce. Therefore, certain strategies are implemented occasionally to mitigate the effects of fluctuating prices of byproduct metals. The C$/US$ exchange rate is also an important financial driver as practically all operating costs are paid in Canadian dollars while revenue is generated in U.S. dollars. As such, hedging strategies are also used to mitigate the impact of fluctuating exchange rates on total cash costs per ounce.

Markets

The following market analysis for gold and silver was reproduced from Scotia Mocatta *"Metal Matters"* reports. Charts were constructed from data derived from Bloomberg. The market analysis for copper and zinc was reproduced from Morgan Stanley *"Basic Materials"* research reports.

The gold price continued to rise in 2006 reaching highs of $730 before retracing to below $600 and then rising again to its current level of approximately $650.

Gold PM Fix ($/Oz.)
(Source: Bloomberg)



Investment demand continued to be the catalyst for gold in 2006 as demand showed signs of weakness when prices appreciated but rebounded moderately on price dips. All of the investment demand was added to United States Exchange Traded Funds ("ETFs") which suggests U.S. investors remain concerned about the long-term prospects of the US dollar. Gold tracked oil closely for a period throughout 2006 and was dragged down by oil price declines. The fourth quarter saw continued US dollar weakness which allowed gold to recover some of the losses it sustained in the third quarter when it came off its highs for the year.

Gold prices should continue to push higher throughout 2007. Physical demand from jewelry consumption should remain stable with economic growth in East Asia and India muting the effect of physical demand choke-off from higher gold prices. Supply is also forecasted to remain relatively unchanged as moderate increases in mine-site supply are expected to be offset by decreases in producer de-hedging. A slowing U.S. economy and weakening US dollar will also help gold prices in 2007, but apart from economic weakness, central banks looking to diversify their US dollar holdings could also push the US dollar lower. While many central banks have announced intentions to move US dollar reserves into Euros, it is expected that some diversification could come with a move into gold as well.

Silver prices fell dramatically to start 2006 but rebounded to reach highs of $14.83 before consolidating to its current level of approximately $13.00. Silver prices are responding to new sources of demand for the metal. With photography demand declining every year, new uses for plasma TV displays (which can use up to an ounce per screen), smart tags and for treating glass to reflect heat are potentially huge markets. Another new source of demand is for solder now that Europe has banned lead based solders.

Silver PM Fix ($/Oz.)
(Source: Bloomberg)

Despite demand growth from new industrial applications, investment demand will still be the largest catalyst of silver price movements in 2007. The effect of new applications on demand is not sufficient to support the current price suggesting silver is benefiting from a strong correlation with gold prices and the weakening of the US dollar. For silver to appreciate further from these levels, a continued deterioration in the US dollar is required which seems likely given the ever growing twin deficits.

Copper prices have been on a prolonged downward trend since peaking at almost $4.00 in May. Prices have declined to their current levels of $2.75 on the back of steadily increasing copper inventories. Copper usage in North America fell almost 10% in the fourth quarter while copper usage in China showed only moderate growth. For 2007, most analysts expect copper to test the $2.50 level and possibly go below it if the construction industry in the U.S. continues to lag.

Zinc prices lagged behind copper somewhat throughout 2006 with zinc reaching its highs of $2.11 at the end of November before consolidating somewhat to end the year at $1.95. Zinc started 2006 on a sharp downward trend retreating to $1.38 before recovering somewhat to its current levels of $1.50. The downward trend was caused by an overreaction to the moderate increase in inventory levels coupled by Chinese net exports of zinc in January (China has typically been a net importer) which fueled fears that Chinese growth is slowing at a faster pace than originally expected. The prospects for zinc for 2007 are still very good. Inventory levels are only up marginally from the levels experienced when zinc was at $2.11 and although China has recently become a net exporter of zinc, western world demand still exceeds supply.

Results of Operations

Revenues from Mining Operations

In 2006, revenue from mining operations increased 93% to $465 million from $241 million in 2005. Although production of gold, silver and zinc all increased compared to 2005 production levels, sales volumes were slightly lower for gold, silver and copper. The decrease in the sales volumes for these metals were more then offset by an increase in zinc sales and sharp price increases for all metals that led to a significant increase in overall revenue.

In 2006, sales of gold and silver accounted for 47% of revenues, down from 66% and 75% in 2005 and 2004, respectively. The decline in the percentage of revenues from precious metals is largely due to increased revenues from byproduct copper and zinc as a result of a sharp increase in prices for each metal. Revenues from mining operations are accounted for net of related smelting, refining, transportation and other charges. In 2007, at budgeted metal prices, Agnico-Eagle anticipates precious metal sales to account for over 50% of overall revenue. See "— Outlook". The table below sets out net revenue, production volumes and sales volumes by metal:

	2006	2005	2004
Revenues from mining operations (thousands):			
Gold	$ 159,815	$ 117,888	$ 105,528
Silver	58,262	41,808	35,289
Zinc	211,871	67,150	33,044
Copper	34,684	14,492	14,188
	$ 464,632	$ 241,338	$ 188,049
Production volumes:			
Gold (ounces)	245,826	241,807	271,567
Silver (000's ounces)	4,955	4,831	5,699
Zinc (tonnes)	82,183	76,545	75,879
Copper (tonnes)	7,289	7,378	10,349
Sales volumes:			
Gold (ounces)	256,961	262,429	254,937
Silver (000's ounces)	4,739	5,221	5,362
Zinc (tonnes)	81,689	75,722	75,221
Copper (tonnes)	7,302	8,521	9,230

Revenue from gold sales increased $42 million, or 36%, in 2006. Despite increased production volumes, the Company sold fewer ounces of gold in 2006 compared to 2005 due to a build-up of inventory at the end of 2004 that was sold in 2005. Realized gold prices increased 39% in 2006 to $622 per ounce from $449 per ounce in 2005. Silver revenue increased $16 million, or 39%, in 2006. The entire $16 million increase was due to higher realized silver prices as increasing prices more than offset the 9% decrease in silver sales volume.

Revenue from zinc sales increased $145 million, or 216%, in 2006. The increase in zinc revenue was due to 143% higher realized prices as well as lower transportation charges as the Company continued to divert more of its zinc concentrate production to domestic smelters to avoid escalating ocean freight rates. Revenue from copper sales increased $20 million, or 139%, in 2006. Although realized copper prices increased 87% over 2005, lower production and higher smelting, refining and transportation charges slightly offset the effect of sharply higher prices.

Gold production increased to 245,826 ounces in 2006, up 2% from 241,807 ounces in 2005. An increase in the recovered gold rate and improved mill recoveries contributed to the increase in production.

Fourth quarter revenues also increased in 2006 compared to 2005 due to the same factors which affected full year revenues. Production of gold, silver and zinc increased in the fourth quarter of 2006 compared to 2005 due to higher tonnage being processed through the mill.

Interest and Sundry Income

Interest and sundry income consists mainly of interest on cash balances, a gain on the sale of a long-term investment and amortization related to gold put option contracts. Interest and sundry income was $21.8 million in 2006 compared to $4.5 million in 2005. The $17.3 million increase was mainly attributable to the increased interest earned and the disposition of Contact shares during 2006.

The increased interest earned is due to higher market interest rates and increased cash-on-hand. The Company tendered 13.8 million Contact shares in conjunction with Stornoway's offer to acquire all of the outstanding shares of Contact. A $7.4 million gain on the exchange of shares was recognized.

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 2006, the Company liquidated a substantial portion of its portfolio of available-for-sale securities resulting in a gain before taxes of $24.1 million compared to $0.5 million in 2005. In 2005, the Company liquidated only a very small part of its total portfolio.

Production Costs

In 2006, production costs increased 13% to $144 million from $127 million in 2005. In 2005, production costs increased 30% to $127 million from $98 million in 2004. The table below presents the components of production costs:

	2006	2005	2004
		(thousands)	
Definition Drilling	$ 473	$ 667	$ 723
Stope Development	12,881	12,499	10,768
Mining	26,369	22,506	20,851
Underground Services	44,888	38,236	32,668
Milling	40,518	36,621	34,466
Surface Services	4,348	3,198	2,480
Administration	10,957	8,457	8,005
Minesite production costs	$ 140,434	$ 122,184	$ 109,961
Accretion expense and reclamation costs	826	429	314
Inventory adjustments	2,493	5,978	(7,436)
Hedging gains	—	(1,226)	(4,671)
Production costs per Consolidated Statements of Income (Loss)	$ 143,753	$ 127,365	$ 98,168

Minesite production costs increased to $140.4 million from $122.2 million in 2005 primarily as a result of higher costs for fuel, chemical reagents used in the mill, and steel. Increases in the costs of these inputs have been seen throughout the mining industry. In addition, underground development footage was well ahead of budget resulting in the acceleration of development costs planned for future years into 2006. The average C$/US$ exchange rate for 2006 fell to C$1.1344 per $1.00 from C$1.2115 per $1.00 in 2005 and this deterioration of the US dollar was responsible for approximately $9 million of the $18.2 million increase in 2006 minesite production costs. Underground services costs increased due to increased preventative maintenance to underground fixed and mobile equipment and increased ground support expenses associated with mining at depth.

In the fourth quarter of 2006, LaRonde processed an average of 7,534 tonnes of ore per day contributing to the strong operating performance of 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 7,275 tonnes per day for over 3 years. Minesite costs per tonne were C$63 in the fourth quarter compared to C$56 in the fourth quarter of 2005. For the full year, the minesite costs per tonne were C$62, as compared with C$55 per tonne recorded

for 2005. The fourth quarter and full year increases are largely due to the increases in fuel, reagents, steel and accelerated development costs as discussed above.

In 2006, total cash costs per ounce of gold decreased to *minus* $690 from $43 in 2005 and $56 in 2004. Total cash costs are comprised of minesite costs reduced by net silver, zinc and copper revenue. Total cash costs per ounce are affected by various factors such as the number of gold ounces produced, operating costs, C$/US$ exchange rates 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 decrease in total cash costs per ounce in 2006 was higher byproduct revenue resulting from higher metal prices. Total cash costs per ounce is not a recognized measure under US GAAP and is described more fully below.

	2006	2005
Total cash costs per ounce (prior year)	$ 43	$ 56
Difference in gold production	11	5
Stronger Canadian dollar	38	31
Costs associated with increased fuel, reagent and steel costs	60	56
Foreign exchange hedge gains	—	13
Higher byproduct revenue	(842)	(118)
Total cash costs per ounce (current year)	$ (690)	$ 43

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 (Loss) and Comprehensive Income (Loss) 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 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 can be affected by fluctuations in byproduct metal prices and exchange rates. Management compensates for the limitation inherent in this measure by using it in conjunction with the minesite cost 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.

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 (Loss) and Comprehensive Income (Loss) for royalties, inventory and hedging adjustments and asset retirement provisions and then dividing by tonnes 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 impacted 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 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 operating

costs or cash flow measures prepared in accordance with US GAAP. The tables presented below reconcile total cash costs and minesite costs per tonne to the figures presented in the consolidated financial statements prepared in accordance with US GAAP.

Reconciliation of Total Cash Costs per ounce

	2006	2005	2004
	(thousands, except as noted)		
Production costs per Consolidated Statements of Income and Comprehensive Income	$ 143,753	$ 127,365	$ 98,168
Adjustments:			
Byproduct revenues, net of smelting, refining and marketing charges	(304,817)	(123,450)	(82,521)
Inventory [(i)] adjustments	(7,607)	6,991	—
Accretion expense and other	(936)	(429)	(493)
Cash costs	$ (169,607)	$ 10,477	$ 15,154
Gold production (ounces)	245,826	241,807	271,567
Total cash costs (per ounce)	$ (690)	$ 43	$ 56

Reconciliation of Minesite Costs per tonne

	2006	2005	2004
	(thousands, except as noted)		
Production costs per Consolidated Statements of Income and Comprehensive Income	$ 143,753	$ 127,365	$ 98,168
Adjustments:			
Inventory [(i)] and hedging [(ii)] adjustments	2,494	(4,752)	12,107
Accretion expense and other	(936)	(429)	(314)
Minesite costs ($)	$ 145,311	$ 122,184	$ 109,961
Minesite costs (C$)	$ 164,459	$ 147,834	$ 142,702
Tonnes milled (000's tonnes)	2,673	2,672	2,701
Minesite costs per tonne (C$)	$ 62	$ 55	$ 53

Notes:

(i) Under the Company's revenue recognition policy, revenue is recognized on concentrates when legal title passes. Since total cash operating costs and minesite costs per tonne are calculated on a production basis, this adjustment reflects the portion of concentrate production for which revenue has not been recognized in the year.

(ii) Hedging adjustments reflect gains and losses on the Company's derivative positions entered into to hedge the effects of foreign exchange fluctuations on production costs. These items are not reflective of operating performance and thus have been eliminated when calculating minesite costs per tonne.

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, 2006, 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 $1.0932. Based on the Company's anticipated 2007 after-tax operating results, a 10% change in the US dollar/Canadian dollar exchange rate from the 2006 market average exchange rate would affect net income by approximately $0.05 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. In addition, a significant portion of the Company's expenditures at the Kittila mine project and the Pinos Altos project will be 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

Due to rising zinc prices during 2006, the Company recorded realized losses on zinc derivative contracts which were entered into in 2005. As none of these contracts qualify for hedge accounting, the realized losses are recorded in income. As of December 31, 2006, all derivative contracts have expired.

Exploration and Corporate Development Expense

In 2006, the Company significantly increased its exploration and corporate development activities including:

- In March 2006, Agnico-Eagle completed its acquisition of 100% of the Pinos Altos project from Penoles. Under the exploration and option agreement, Agnico-Eagle paid $32.5 million in cash and issued 2,063,653 common shares of Agnico-Eagle to Penoles as consideration for the Pinos Altos project. During 2006, the Company continued exploration activities in the area resulting in expenditures of $8.0 million, an increase of $3.9 million compared to 2005. This increase in exploration activities is mainly attributable to the initial positive drilling results at the Pinos Altos project.

- Exploration activities occurred on the Kittila property outside and within the mining license area in an attempt to link and expand existing ore bodies resulting in expenditures of $9.8 million, an increase of $6.7 million compared to 2005. The increase also represents a full year of exploration activities in 2006 compared to a few months of post acquisition exploration activities in 2005. These activities have resulted in positive drilling results to date.

- The Company is currently conducting exploration in proven gold producing areas of Nevada resulting in exploration expenditures of $3.8 million, an increase of $0.9 million compared to 2005.

- In August 2006, the Company tendered its 31% interest in Contact to Stornoway under Stornoway's offer to purchase all of Contact's outstanding shares in exchange for approximately 5.0 million shares of Stornoway. In addition, the Company purchased subscription receipts of Stornoway for C$22.5 million through which the Company acquired an additional 17.6 million shares of Stornoway. Up until the take up of the Contact shares by Stornoway, the Company incurred $0.7 million in exploration expenditures related to Contact which is included within the $6.3 million of Canadian exploration expense below.

- Agnico-Eagle's corporate development team continued to be active in 2006 evaluating many new properties and possible corporate development targets resulting in a $1.9 million increase in corporate development expense compared to 2005. These increased activities led to the Company's offer to purchase Cumberland announced in February 2007.

The table below illustrates the various components of exploration expense and corporate development:

	2006	2005	2004
		(thousands)	
Finland	9,843	3,174	440
Mexico	8,017	4,161	—
Canada	6,276	7,963	4,060
United States	3,780	2,893	544
Corporate development expense	3,161	1,289	764
	$ 31,077	$ 19,480	$ 5,808

In the first quarter of 2006, the Company issued 1,226,000 flow-through shares to take advantage of its large undeducted exploration tax pools. Issuing flow-through shares is common practice in the mining industry for companies with large pools of available tax deductions. Under the terms of the flow-through share agreements, the Company is required to spend the proceeds of the offering on eligible Canadian exploration expenses and

renounce the tax deductions associated with those exploration expenses to the initial purchasers of the flow-through shares. Since investors are receiving tax deductions for the exploration expenses incurred by the Company, these flow-through shares typically command a premium to the market price of the Company's stock on the date of issuance. The Company spent the entire $35 million of flow-through funds raised in 2006 by December 31, 2006 on eligible exploration expenditures and renounced these expenditures in February 2007.

General and Administrative Expenses

General and administrative expenses increased to $25.9 million in 2006 from $11.8 million in 2005. A number of factors contributed to the increase in general and administrative expenses in 2006 including the increase in stock option expense of $4.0 million, the increase in bonuses of $3.7 million, the increase in investor relation and promotion activities of $1.8 million and the increase in SOX compliance expenditures of $1.4 million.

Provincial and Federal Capital Taxes

Provincial capital taxes were $3.8 million in 2006 compared to $1.4 million in 2005. These taxes are assessed on the Company's capitalization (paid-up capital and debt) less certain allowances and tax credits for exploration expenses incurred. The increase in 2006 was mainly due to the impact of increased capitalization resulting from an equity offering. In addition, during 2006, the Company added $141.7 million to retained earnings.

Federal capital taxes decreased to nil in 2006 compared to the $1.1 million paid in 2005 since the federal capital tax was eliminated in 2006.

Amortization Expense

Amortization expense was $25.3 million in 2006 compared to $26.1 million in 2005. 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.

Interest Expense

In 2006, interest expense decreased to $2.9 million from $7.8 million in 2005 and $8.2 million in 2004. The decrease in 2006 over 2005 was mainly due to the redemption of the remaining convertible subordinated debentures in February 2006.

The table below shows the components of interest expense.

	2006	2005	2004
		(thousands)	
Interest on convertible subordinated debentures	$ 689	$ 6,286	$ 6,469
Stand-by fees on credit facility	1,201	1,211	1,337
Amortization of credit facility and convertible subordinated debentures financing costs	763	1,847	1,167
Interest rate derivative payments	442	916	(858)
Other interest expense	132	38	90
Interest capitalized to construction in progress	(325)	(2,485)	—
	$ 2,902	$ 7,813	$ 8,205

On February 15, 2006, the Company's convertible subordinated debentures were redeemed in full. Prior to February 15, 2006, holders representing $142.6 million aggregate principal amount converted their debentures into 10,188,549 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 common shares. Also in February 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.

Income and Mining Taxes

In 2006, the effective accounting income and mining tax expense rate was 38.1% compared to an income tax recovery rate of 7.9% in 2005 and 6.3% in 2004. Although Agnico-Eagle reported income before income and mining taxes in both 2005 and 2004, tax recoveries were recorded in both years 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 38.1% in 2006 is higher than the statutory tax rate due to the effect of provincial mining duties which represent a 12% tax on mining income over and above federal and provincial income taxes. The impact of the additional 12% tax on the effective income tax rate for 2006 was offset by resource allowances, the favourable impact of changes in Canadian income tax legislation and losses generated in the year from the sale of the Company's investment in Contact.

Liquidity and Capital Resources

At the end of 2006, the Company's cash and cash equivalents and short-term investments totalled $458.6 million compared to $121.0 million at the end of 2005. In 2006, significant increases in cash were mainly provided by operating activities. This was partially offset by continued investments in sustaining and project capital at the LaRonde Mine and construction capital for the LaRonde Mine extension below Level 245 and the Lapa, Goldex and Kittila mine projects. Cash flow provided by operating activities increased substantially to $226.3 million in 2006 from $83.0 million in 2005 due primarily to increased metal prices.

In 2006, the Company reinvested $149.2 million of cash in new projects and sustaining capital expenditures. Major expenditures include $61.9 million at Goldex, $47.3 million at LaRonde, $20.9 million at Kittila and $14.0 million at Lapa. The remaining capital expenditures for all of the Company's projects are expected to be funded by cash provided by operating activities, cash on hand and proceeds from the maturity of short-term investments. 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.

In 2006, the Company issued 8.5 million common shares for net proceeds of $238 million and 1.2 million flow-through common shares for proceeds of approximately $35 million.

In 2006, the Company declared its 27th consecutive annual dividend of $0.12 per share, an increase of $0.09 per share from 2005. 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 October 2006, the Company executed a further 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. The amended facility can be further extended, at the option of the Company with the consent of the lenders representing 66 $^{2}/_{3}$ of the aggregate commitments under the facility, for three additional one-year terms to December 2014. All other terms of the facility were substantially unchanged with the exception that the security granted in connection with the facility has been expanded to include, in addition to the LaRonde Mine and the Goldex mine project, the Lapa mine project and a pledge of the shares of 1715495 Ontario Inc. and Agnico-Eagle Sweden AB, the Company's subsidiaries through which it holds its indirect interest in the Kittila mine project. The facility is completely undrawn; however, outstanding letters of credit decrease the amounts available under the facility such that $288 million is available for future drawdowns.

Agnico-Eagle's contractual obligations as at December 31, 2006 are set out below:

Contractual Obligations	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
			(thousands)		
Letter of credit obligations	$ 11.3	$ —	$ —	$ —	$ 11.3
Reclamation obligations [1]	63.1	2.2	2.2	2.2	56.5
Pension obligations [2]	5.4	0.3	0.6	0.5	4.0
	$ 79.8	$ 2.5	$ 2.8	$ 2.7	$ 71.8

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.

Outlook

In 2007, Agnico-Eagle expects the LaRonde mine to generate strong cash flow again as production volumes are expected to remain steady. Metal prices will have a large impact on financial results, and although the Company cannot predict the prices that will be realized in 2007, prices in early 2007 have continued to remain strong.

The table below sets out actual production for 2006 and estimated production in 2007.

	2007 Estimate	2006 Actual
Gold (ounces)	240,000	245,826
Silver (000's ounces)	4,700	4,955
Zinc (tonnes)	76,000	82,183
Copper (tonnes)	8,700	7,289

For 2007, the Company is targeting total cash costs per ounce to be *minus* $80 per ounce of gold compared to *minus* $690 achieved in 2006. Net silver, zinc and copper revenue is treated as a reduction of production costs in arriving at estimates of total cash costs per ounce, and therefore production and price assumptions play an important role in these estimates. As production costs are denominated mostly in Canadian dollars, the C$/US$ exchange rate can also affect the estimate. The table below summarizes the metal price assumptions and exchange rate assumptions used in deriving the estimated total cash costs per ounce for 2007 (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 2007.

	Cash Cost Assumptions	Market Average
Silver (per ounce)	$ 9.00	$ 13.36
Zinc (per tonne)	$ 2,300	$ 3,564
Copper (per tonne)	$ 4,500	$ 5,703
C$/US$ exchange rate	$ 1.15	$ 1.17

The estimated sensitivity of the LaRonde Mine's 2007 estimated total cash costs to a 10% change in the metal price and exchange rate assumptions above follows:

Change in variable	Impact on total cash costs ($/oz.)
C$/US$	$ 58
Zinc	$ 47
Silver	$ 17
Copper	$ 15

In 2007, Agnico-Eagle expects to spend $23 million on exploration and corporate development comprised mostly of exploration on Pinos Altos, exploration in Finland outside of the Kittila mining area and on evaluating new projects. 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 2007. In 2007, provincial capital taxes are expected to be between $3.2 million and $3.6 million reflecting the increase in the Company's capitalization due primarily to shares issued in the public offering in June 2006. Amortization is expected to be approximately $35 million in 2007 due to a higher capital base and a small decrease in reserves at LaRonde. Interest is expected to remain substantially unchanged in 2007 as interest expense is comprised of stand-by fees on the Company's credit facility which is expected to remain undrawn. The Company's effective tax rate is expected to be 40% in 2007, essentially unchanged from 2006.

In 2007, Agnico-Eagle expects to incur approximately $335 million of capital expenditures, which includes:

- $96 million in capital expenditures related to construction and development at the Kittila mine project;
- $91 million in capital expenditures related to construction and development at the Goldex mine project;
- $91 million in capital expenditures at the LaRonde Mine which includes sustaining capital and construction and development of new infrastructure below Level 245;
- $37 million relating to shaft sinking and development at the Lapa mine project; and
- $20 million in capital expenditures related to construction and development at the Pinos Altos project.

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.

In February 2007, the Company signed an agreement with Cumberland under which the Company agreed to make an exchange offer for all of the outstanding common shares of Cumberland not already owned by the Company. Under the terms of the offer, each Cumberland share will be exchanged for 0.185 of a common share of Agnico-Eagle. The agreement does not call for any cash consideration to be paid. However, Cumberland owns 100% of the Meadowbank gold project, which is currently under construction. If the Company is successful in its acquisition of Cumberland, it plans to invest approximately C$375 million ($320 million) over the next three years to bring Meadowbank into production. In addition, in February 2007, the Company completed a feasibility study for its Pinos Altos gold project in Mexico that is currently undergoing independent third party review.

Outstanding Securities

The following table presents the maximum number of common shares that would be outstanding if all dilutive instruments outstanding at March 15, 2007 were exercised:

Common shares outstanding at March 15, 2007	121,161,063
Employee stock options	3,573,315
Share Purchase Warrants	6,893,630
	131,628,008

Each share purchase warrant ("Warrant") entitles the holder to purchase one common share at a price of US$19.00. The Warrants expire on November 14, 2007.

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 metals awaiting settlement, inventories, future tax assets and liabilities, and mining properties. 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

The Company uses the liability method of tax allocation for accounting for income taxes. Under the liability method, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities. Future tax assets are reduced by a valuation allowance if it is more likely than not that some or all of the future tax asset will not be realized. The Company evaluates the carrying value of its future tax assets quarterly by assessing its valuation allowance and by adjusting the amount of such allowance, if necessary. The factors used to assess the likelihood of realization are forecasts of future taxable income and available tax planning strategies that could be implemented to realize future tax assets.

Financial Instruments

Agnico-Eagle uses derivative financial instruments, primarily option and forward contracts, to manage exposure to fluctuations in metal prices, foreign currency exchange rates and interest rates. Under the Company's treasury management system which complies with Statement of Financial Accounting Standard ("FAS") 133 requirements for hedge accounting, unrealized mark-to-market losses on gold put option contracts are originally recorded in equity as a component of accumulated other comprehensive income (loss). On the contracts' scheduled maturity dates, the realization of losses on these contracts is reflected by removing the accumulated mark-to-market losses from accumulated other comprehensive income (loss) and recording these losses as part of normal income. All the Company's hedging contracts on byproduct production were liquidated in 2003 with a corresponding charge being recorded in income. Effective January 1, 2003, foreign currency hedges also qualified for hedge accounting and as such are now being accounted for in the same manner as the gold put options. Unrealized mark-to-market gains and losses on these hedges are recorded in accumulated other comprehensive income (loss) and realized gains and losses are recorded in income in the same period the hedged transaction affects income, or on the scheduled maturity dates. Prior to 2003, unrealized mark-to-market gains and losses on foreign currency hedges were recorded in income. As at December 31, 2006, the Company had no foreign currency hedges.

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.

Other Accounting Developments

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 deferred 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 deferred 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.

Impact of recently issued accounting pronouncements

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 June 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes," ("FIN 48") an interpretation of FASB Statement No. 109, "Accounting for Income Taxes." FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 requires that the Company recognize in its financial statements, the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. The provisions of FIN 48 are effective beginning January 1, 2007 with the cumulative effect of the change in accounting principle recorded as an adjustment to the opening balance of retained earnings, goodwill, deferred income taxes and income taxes payable in the Consolidated Balance Sheets. The Company is currently evaluating the impact of adopting FIN 48 on the Company's consolidated financial position, results of operations and disclosures.

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.

Summarized Quarterly Data

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

	March 31, 2005	June 30, 2005	September 30, 2005	December 31, 2005	Total 2005
Income and cash flows					
LaRonde Mine					
Revenues from mining operations	$ 61,766	$ 49,572	$ 58,608	$ 71,392	$ 241,338
Production costs	30,973	30,268	32,548	33,576	127,365
Gross profit (exclusive of amortization shown below)	30,793	19,304	26,060	37,816	$ 113,973
Amortization	7,211	5,983	6,276	6,592	26,062
Gross profit	$ 23,582	$ 13,321	$ 19,784	$ 31,224	$ 87,911
Net income for the period	$ 10,448	$ 12,794	$ 2,057	$ 11,695	$ 36,994
Net income per share — basic and diluted	$ 0.12	$ 0.15	$ 0.02	$ 0.13	$ 0.42
Operating cash flow	$ 28,105	$ 19,103	$ 11,151	$ 24,621	$ 82,980
Investing cash flow	37,149	(29,586)	(42,467)	(31,635)	$ (66,539)
Financing cash flow	(1,095)	920	9,431	2,433	$ 11,689
Weighted average number of common shares outstanding (in thousands)	86,131	86,220	86,638	97,127	89,030
Tonnes of ore milled	656,635	681,848	660,058	673,270	2,671,811
Head grades:					
Gold (grams per tonne)	2.94	3.13	3.19	3.20	3.11
Silver (grams per tonne)	73.00	76.30	84.70	75.80	77.50
Zinc	4.14%	4.21%	4.30%	3.61%	4.06%
Copper	0.39%	0.36%	0.43%	0.39%	0.39%
Recovery rates:					
Gold	90.56%	90.02%	91.33%	91.07%	90.75%
Silver	83.60%	85.20%	84.40%	85.80%	84.80%
Zinc	86.70%	82.50%	83.90%	85.00%	83.20%
Copper	77.10%	74.50%	73.80%	82.50%	76.90%
Payable production:					
Gold (ounces)	55,310	61,771	61,704	63,022	241,807
Silver (ounces in thousands)	1,097	1,205	1,295	1,234	4,831
Zinc (tonnes)	18,661	20,116	20,233	17,535	76,545
Copper (tonnes)	1,810	1,680	1,921	1,967	7,378
Realized prices:					
Gold (per ounce)	$ 430	$ 427	$ 432	$ 491	$ 449
Silver (per ounce)	$ 6.85	$ 7.16	$ 7.04	$ 9.05	$ 8.01
Zinc (per tonne)	$ 1,323	$ 1,279	$ 1,345	$ 1,818	$ 1,513
Copper (per tonne)	$ 3,241	$ 3,417	$ 4,144	$ 4,882	$ 4,376
Total cash costs (per ounce):					
Production costs	$ 560	$ 490	$ 527	$ 532	$ 527
Less: Net byproduct revenues	(455)	(379)	(467)	(611)	(511)
Inventory adjustments	(36)	(6)	(25)	59	29
Accretion expense and other	(2)	(2)	(2)	(2)	(2)
Total cash costs (per ounce) [(1)]	$ 67	$ 103	$ 33	$ (22)	$ 43
Minesite costs per tonne milled [(1)]	C$ 52	C$ 56	C$ 57	C$ 56	C$ 55

Note:

(1) 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, 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	866.70%	87.20%	87.70%	88.50%	87.60%
Copper	83.80%	81.10%	81.70%	83.00%	82.40%
Payable production:					
Gold (ounces)	64,235	55,966	59,603	66,022	245,826
Silver (ounces in thousands)	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) [1]	$ (241)	$ (975)	$ (709)	$ (868)	$ (690
Minesite costs per tonne milled [1]	C$ 57	C$ 61	C$ 63	C$ 63	C$ 62

Note:

(1) 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".

Five Year Financial and Operating Summary

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

	2006	2005	2004	2003	2002
Revenues from mining operations	$ 464,632	$ 241,338	$ 188,049	$ 126,820	$ 108,027
Interest, sundry income and gain on available for sale securities	45,915	4,996	655	2,775	1,943
	510,547	246,334	188,704	129,595	109,970
Costs and expenses	249,904	211,055	142,671	147,708	105,359
Income (loss) before income taxes	260,643	35,279	46,033	(18,113)	4,611
Income and mining taxes expense (recovery)	99,306	(1,715)	(1,846)	358	588
Income (loss) before cumulative catch-up adjustment	161,337	36,994	47,879	(17,755)	4,023
Cumulative catch-up adjustment relating to FAS 143	—	—	—	(1,743)	—
Net income (loss)	$ 161,337	$ 36,994	$ 47,879	$ (19,498)	$ 4,023
Net income (loss) per share — basic	$ 1.40	$ 0.42	$ 0.56	$ (0.23)	$ 0.06
Net income (loss) per share — diluted	1.35	0.42	0.56	(0.23)	0.06
Operating cash flow	$ 226,252	$ 82,980	$ 49,525	$ 4,253	$ 13,112
Investing cash flow	$ (299,723)	$ (66,539)	$ (94,832)	$ (105,907)	$ (66,609)
Financing cash flow	$ 298,579	$ 11,689	$ 21,173	$ 5,439	$ 185,325
Dividends declared per share	$ 0.12	$ 0.03	$ 0.03	$ 0.03	$ 0.03
Capital expenditures	$ 149,185	$ 70,270	$ 53,318	$ 42,038	$ 64,836
Average gold price per ounce realized	$ 622	$ 449	$ 418	$ 368	$ 312
Average exchange rate — C$ per $	C$ 1.1344	C$ 1.2115	C$ 1.3017	C$ 1.4011	C$ 1.5704
Weighted average number of common shares outstanding (in thousands)	115,461	89,030	85,157	83,889	70,821
Working capital (including undrawn credit lines)	$ 839,898	$ 338,490	$ 266,305	$ 240,613	$ 285,142
Total assets	$ 1,491,701	$ 976,069	$ 718,164	$ 637,101	$ 593,807
Long-term debt	$ —	$ 131,056	$ 141,495	$ 143,750	$ 143,750
Shareholders' equity	$ 1,252,405	$ 655,067	$ 470,226	$ 400,723	$ 397,693
Operating Summary (thousands of United States dollars, except where noted)					
LaRonde Mine					
Revenues from mining operations	$ 464,632	$ 241,338	$ 188,049	$ 126,820	$ 108,027
Production costs	143,753	127,365	98,168	104,990	75,969
Gross profit (exclusive of amortization shown below)	$ 320,879	$ 113,973	$ 89,881	$ 21,830	$ 32,058
Amortization	25,255	26,062	21,763	17,504	12,998
Gross profit	$ 295,624	$ 87,911	$ 68,118	4,326	19,060
Tonnes of ore milled	2,673,080	2,671,811	2,700,650	2,221,337	1,780,939
Gold — grams per tonne	3.13	3.11	3.41	3.77	4.80
Gold production — ounces	245,826	241,807	271,567	236,653	260,184
Silver production — ounces (in thousands)	4,956	4,831	5,699	3,953	3,084
Zinc production — tonnes	82,183	76,545	75,879	45,513	49,016
Copper production — tonnes	7,289	7,378	10,349	9,131	4,049
Total cash costs (per ounce):					
Production costs	$ 585	$ 527	$ 362	$ 390	$ 253
Less: Net byproduct revenues	(1,240)	(511)	(304)	(173)	(107)
Inventory adjustments	(31)	29	—	—	—
El Coco royalty	—	—	—	54	41

Accretion expense and other	(4)	(2)	(2)	(2)	(5)
Total cash costs (per ounce) [1]	$ (690)	$ 43	$ 56	$ 269	$ 182
Minesite costs per tonne milled	C$ 62	C$ 55	C$ 53	C$ 57	C$ 57

Note:

(1) 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 , 54, of Tiburon, California, is a 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. , 74, of Toronto, Ontario, is a 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 , 48, 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 chartered accountant with Clarkson Gordon. 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.

Bernard Kraft, C.A ., 76, of Toronto, Ontario, is a 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) and Sterling Centrecorp Inc. (a real estate company listed on the TSX). Mr. Kraft is a member of the Company's Audit Committee, Compensation Committee and Corporate Governance Committee.

Mel Leiderman, CA., TEP , 54, of Toronto, Ontario, is a 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 and was a director of CVRD Inco Limited from October 2006 to March 2007. Mr. Leiderman is the chair of the Audit Committee and a member of the Company's Corporate Governance Committee.

James D. Nasso , 73, of Toronto, Ontario, is Chairman of the Board of Directors and a 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 and Corporate Governance Committee.

Eberhard Scherkus, P.Eng. , 55, 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.

Howard R. Stockford, P.Eng. , 65, of Toronto, Ontario, is a director of Agnico-Eagle. Mr. Stockford is an independent consultant to the mining industry and is currently the President of Stockford Consulting Inc. Mr. Stockford was Executive Vice President of Aur Resources Inc. ("Aur"), a mining company which is traded on the TSX, from 1989 until his retirement at the end of 2004. 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 is a director of Aur, an office he has held since 1984, and a director of Nuinsco Resources Limited ("Nuinsco"), an office he has held since March of 2005 and is a director of Victory Nickel Inc. which was spun off from Nuinsco effective as of February 1, 2007. Mr. Stockford is a member of the Company's Compensation Committee.

Pertti Voutilainen, M.Sc., M.Eng. , 66, of Espoo, Finland, is a 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. He is currently a director of Technopolis Oyj (Chairman). 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 Audit Committee.

Donald G. Allan , 51, 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. , 50, 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 Universite du Quebec de Chicoutimi (P.Eng.) and Universite du Quebec en Abitibi-Temiscamingue (M.Sc.).

David Garofalo, C.A ., 41, 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 14.8% interest. Mr. Garofalo is a graduate of the University of Toronto (B.Comm.).

R. Gregory Laing, BA, LL.B. , 48, 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 AMEX listed company, and Andina Minerals Inc. (mining exploration company), a TSX-V listed company.

Patrice Gilbert , 43, 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.*** 53, 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 , 55, 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. , 50, 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. , 47, 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. , 43, 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 , 44, 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 , 42, 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 at Kingston, 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 Officers

The 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, 2006 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, 2006.

Summary Compensation Table — Agnico-Eagle Mines Limited

Name and Principal Position	Year	Annual Compensation: Salary (C$)	Annual Compensation: Bonus (C$)	Long-Term Compensation Awards: Securities Under Options	All Other Compensation (C$) (1)
Sean Boyd	2006	700,000	1,050,000	100,000	40,265
Vice Chairman and	2005	660,000	475,000	125,000	38,061
Chief Executive Officer	2004	600,000	393,000	90,000	47,268
Eberhard Scherkus	2006	500,000	562,000	75,000	40,945
President and	2005	475,000	270,000	100,000	38,741
Chief Operating Officer	2004	435,000	228,000	70,000	54,656
David Garofalo	2006	357,096	281,000	50,000	40,936
Senior Vice President, Finance and	2005	320,000	150,000	70,000	38,691
Chief Financial Officer	2004	290,000	120,000	50,000	31,644
Donald G. Allan	2006	289,538	232,000	50,000	40,020
Senior Vice President,	2005	240,000	95,000	40,000	35,316
Corporate Development	2004	220,000	70,000	40,000	35,139
Alain Blackburn	2006	276,750	232,000	50,000	38,944
Senior Vice President,	2005	220,000	85,000	40,000	33,903
Exploration	2004	200,000	65,000	50,000	36,470

(1) 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.

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 1% (subject to proposed change to 2% if such change is approved by the shareholders at the Meeting) 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 TSX staff notice regarding amendments to security based compensation arrangements, the Company has proposed amending the Stock Option Plan 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 Company has also proposed certain changes to the amendment provision of the Stock Option Plan. 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 2006, no loans, guarantees or other financial assistance was provided under the plan.

The number of common shares currently reserved for issuance under the Stock Option Plan is 6,590,565 common shares (comprised of 3,575,315 common shares relating to options issued but unexercised and 3,017,250 common shares relating to options available to be issued), being 5.4% of the Company's 121,161,063 common shares outstanding as at March 15, 2007.

The following table sets out stock option awards received by the Named Executive Officers during the year ended December 31, 2006.

Option grants of Agnico-Eagle during 2006

Name	Securities Under Options	% of Total Option Grants in Year	Exercise Price	Market Value of Underlying Options on Date of Grant	Expiration Date
Sean Boyd	100,000	10	C$ 23.02	NIL	January 4, 2011
Eberhard Scherkus	75,000	8	C$ 23.02	NIL	January 4, 2011
David Garofalo	50,000	5	C$ 23.02	NIL	January 4, 2011
Donald Allan	50,000	5	C$ 23.02	NIL	January 4, 2011
Alain Blackburn	50,000	5	C$ 23.02	NIL	January 4, 2011

The following table shows, for each Named Executive Officer, the number of common shares acquired through the exercise of options of the Company during the year ended December 31, 2006, the aggregate value realized upon exercise and the number of unexercised options under the Stock Option Plan as at December 31, 2006. 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, 2006 is the difference between the exercise price of the options and the market value of Agnico-Eagle's common shares on December 31, 2006, which was C$48.09 per share of the Company's common stock.

Aggregate option exercises during 2006 and year end option values

Name	Securities acquired at exercise	Aggregate value realized ($)	Unexercised options at December 31, 2006		Value of unexercised in-the-money options at December 31, 2006 (C$)	
			Exerciseable	Unexerciseable	Exerciseable	Unexerciseable
Sean Boyd	324,900	7,703,000	211,250	103,750	6,298,000	3,561,750
Eberhard Scherkus	135,000	2,323,000	254,250	98,750	8,529,083	2,739,688
David Garofalo	160,000	2,812,000	17,500	67,500	546,000	1,878,625
Donald Allan	50,000	914,250	72,500	57,500	2,191,375	1,566,125
Alain Blackburn	145,000	2,056,000	10,000	60,000	312,000	1,644,625

The following table shows, as at December 31, 2006, 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	2,478,790	$ 19.55	1,212,250
Equity compensation plans not approved by shareholders	Nil	Nil	Nil

Incentive Share Purchase Plan

In 1997, the shareholders of Agnico-Eagle approved the Incentive 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 Incentive 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 Company) under the Share Purchase Plan. Of the 2,500,000 shares approved in 1997 under the Incentive Share Purchase Plan, Agnico-Eagle has, as of March 15, 2007 reserved 759,529 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.

		Total Years of Service with the Company to Age 60 [1]				
Current Earnings	**Current Age**	**15 years**	**20 years**	**25 years**	**30 years**	**35 years**
C$400,000	45	C$176,200	C$235,000	C$293,700	C$352,400	C$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	C$220,300	C$293,700	C$367,100	C$440,600	C$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	C$264,300	C$352,400	C$440,600	C$528,700	C$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	C$308,400	C$411,200	C$514,000	C$616,800	C$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	C$352,400	C$469,900	C$587,400	C$704,900	C$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	C$396,500	C$528,700	C$660,800	C$793,000	C$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, 2006, the two individuals under the RCA Plans had the following years of service:

- Mr. Boyd 21 years
- Mr. Scherkus 21 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 2006 annual service cost and total accrued pension obligation, respectively, for each of Mr. Boyd and Mr. Scherkus as at December 31, 2006 are as follows: Mr. Boyd — C$243,000 and C$3,181,770, Mr. Scherkus — C$177,420 and C$2,512,390. 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. Allan	C$270,000
• Mr. Blackburn	C$245,000

These amounts may be increased at the discretion of the Board upon the recommendation of the Compensation Committee. If the individual agreements are terminated other than for cause, death or disability, or upon their resignations 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 and one-half 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, 2006, 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$3,656,250; Mr. Scherkus — C$2,468,750; Mr. Garofalo — C$1,476,250; Mr. Allan — C$1,183,750; and Mr. Blackburn — C$1,171,250.

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 is in addition to the base annual retainer) and attendance fees paid to the other directors during the year ended December 31, 2006.

	Compensation during the year ended December 31, 2006
Annual board retainer (base)	C$35,000
Annual retainer for Chairman of the Board	C$40,000
Annual retainer for Chairman of the Audit Committee	C$15,000
Annual retainer for Chairpersons of other Board Committees	C$7,500
Board/Committee meeting attendance fee (C$2,500 maximum per day, if more than one meeting)	C$1,500

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 Incentive 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 set outs the fees paid and the options granted to each of the directors of Agnico-Eagle during the year ended December 31, 2006 and the number and the value of common shares held by each director as of March 15, 2006 based on the closing price of the common shares of C$44.28 on the TSX on such day:

Director Compensation and Share Ownership

	Directors fees and stock awards during the year ended December 31, 2006		Aggregate common shares owned by Directors and aggregate value thereof as of March 15, 2007	
Director	**Director Fees (C$)**	**Option Grants**	**Aggregate Common Shares**	**Aggregate Value of Common Shares (C$)**
Leanne M. Baker	62,000	7,500	3,500	154,980
Douglas R. Beaumont	63,250	7,500	6,914	306,152
Sean Boyd	N/A	100,000	102,914	4,557,032
Bernard Kraft	64,000	7,500	4,914	217,592
Mel Leiderman	81,000	7,500	3,000	132,840
James D. Nasso	112,750	7,500	17,751	786,014
Eberhard Scherkus	N/A	75,000	54,907	2,431,282
Howard Stockford	54,500	7,500	2,775	122,877
Pertti Voutilainen	50,250	18,000	1,500	66,420

During the year ended December 31, 2006, Agnico-Eagle issued a total of 4,082 common shares under its Incentive Share Purchase Plan to the following directors as follows:

- Mr. Boyd 1,225
- Mr. Scherkus 1,939
- Mr. Beaumont 306
- Mr. Kraft 306
- Mr. Stockford 306

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 2006.

Director	**Board Meetings Attended**	**Committee Meetings Attended**
Leanne M. Baker	14 of 14	10 of 10
Douglas R. Beaumont	14 of 14	5 of 5
Sean Boyd	14 of 14	N/A
Bernard Kraft	14 of 14	12 of 12
Mel Leiderman	14 of 14	9 of 9
James D. Nasso	14 of 14	12 of 12
Eberhard Scherkus	14 of 14	N/A
Howard Stockford	13 of 14	3 of 3
Pertti Voutilainen	14 of 14	6 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, 2006 to December 31, 2007 is C$1,102,000. 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 C$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 of the Company, including the period during which they have served on the Board and other public company boards on which they serve and their attendance record for all Board and Committee meetings during 2006, 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 New York Stock Exchange (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, incentive share purchase plan grants and stock option grants described under the caption "— Compensation of Directors and Other Information". 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 unless deemed unnecessary at the time such meeting is scheduled. In addition, after each

Board meeting held to consider interim and annual financial statements, the Board meets without management. In 2006, the Board met without management on six 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 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.

Approach to Corporate Governance Issues

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 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 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.

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, Corporate Governance Committee and Compensation 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.

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.

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, see "Directors, Senior Management and Employees — Compensation of Directors" above and the description of the Compensation Committee below.

Board Committees

The Board has three Committees: the Audit Committee, the Compensation Committee and the Corporate Governance 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 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.

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, Mr. Nasso, and Mr. Voutilainen), 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 "Item 6. Directors, Senior Management and Employees — 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 seven times in 2006.

Compensation Committee

The Compensation Committee is responsible for:

- recommending to the Board policies relating to compensation of the Corporation's executive officers;
- recommending to the Board the amount and composition of annual compensation to be paid to the Corporation's executive officers;
- matters relating to pension, stock option and other incentive plans for the benefit of executive officers;
- administering the Corporation'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 Corporation'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 Corporation (currently, Dr. Baker (Chair), Mr. Beaumont, Mr. Kraft and Mr. Stockford). The Compensation Committee met three times in 2006.

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. Leiderman and Mr. Nasso). The Corporate Governance Committee met twice in 2006.

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.

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 March 15, 2007, the Canadian Region employed 891 persons, of which 653 were employed at the LaRonde Mine, 10 at the Lapa mine project, 146 at the Goldex mine project, 7 at the Canadian exploration office and 75 at the regional office. The employees are not unionized. As of March 15, 2007, the Executive Office, Mexican Region, European Region and international exploration office in Reno employed 28, 1, 38 and 6 persons, respectively.

The number of employees employed by the Company at the end of 2006, 2005, 2004 and 2003 were 933, 789, 610 and 549, respectively.

Share Ownership

As of March 19, 2007, officers and directors as a group (21 persons) beneficially owned or controlled (excluding options to purchase 2,393,125 common shares, of which 1,264,550 are currently exercisable and 1,157,625 are currently unexercisable) an aggregate of 247,586 common shares or about 0.2% of the 121,161,063 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 19, 2007 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$)	Expiry Date
Leanne M. Baker	3,500	44,500	25,000	C$ 48,09/US$41.24	1/2/2012
Director			7,500	C$ 23.02/US$19.76	1/3/2011
			4,500	C$ 21.84/US$14.06	12/18/2007
			7,500	C$ 16.89/US$13.72	12/13/2009
Douglas R. Beaumont	6,914	65,000	7,500	16.89	12/13/2009
Director			25,000	48.09	1/2/2012
			7,500	23.02	1/3/2011
			25,000	10.40	1/5/2010
Sean Boyd	102,914	415,000	100,000	49.09	1/2/2012
Director, Vice Chairman			100,000	23.01	1/3/2011
and Chief Executive			125,000	16.89	12/13/2009
Officer			90,000	16.60	1/12/2009
Bernard Kraft	4,914	50,625	25,000	48.09	1/2/2012
Director			3,750	23.02	1/3/2011
			1,875	16.89	12/13/2009
			20,000	10.40	1/5/2010
Mel Leiderman	3,000	40,000	25,000	48.09	1/2/2012
Director			7,500	23.02	1/3/2011
			7,500	16.89	12/13/09
James Nasso	17,751	65,000	7,500	16.89	12/13/2009
Director and Chairman of			50,000	48.09	1/2/2012
the Board			7,500	23.02	1/3/2011
Eberhard Scherkus	54,907	428,000	75,000	48.09	1/2/2012
Director, President and			75,000	23.02	1/3/2011
Chief Operating Officer			100,000	16.89	12/13/2009
			70,000	16.69	1/12/2009
			50,000	10.40	1/5/2010
			58,000	10.40	1/5/2010
Howard Stockford	2,775	41,500	25,000	48.09	1/2/2012
Director			9,000	14.67	5/27/2010
			7,500	23.02	1/3/2011
Pertti Voutilainen	1,500	41,500	16,500	23.02	1/3/2011
Director			25,000	48.09	1/2/2012

David Garofalo	23,191	135,000	50,000		48.09	1/2/2012
Senior Vice President,			37,500		23.02	1/3/2011
Finance and Chief			35,000		16.89	12/13/2009
Financial Officer			12,500		16.69	1/12/2009
Donald G. Allan	5,447	180,000	50,000		48.09	1/2/2012
Senior Vice President,			50,000		23.02	1/3/2011
Corporate Development			40,000		16.89	12/13/2009
			40,000		16.69	1/12/2009
Alain Blackburn	1,066	120,000	50,000		48.09	1/2/2012
Senior Vice President,			37,500		23.02	1/3/2011
Exploration			20,000		16.89	12/13/2009
			12,500		16.69	1/12/2009
R. Gregory Laing	1,200	112,500	50,000		48.09	1/2/2012
General Counsel, Senior			25,000		23.02	1/3/2011
Vice President,			37,500		15.96	10/26/2010
Legal and Corporate						
Secretary						
Patrice Gilbert	nil	90,000	90,000		48.09	1/2/2012
President, Human						
Resources						
Louise Grondin	1,031	31,800	10,000		48.09	1/2/2012
Vice President, Environment			1,000		9.20	1/3/2011
			13,000		23.02	1/3/2011
			6,000		16.89	12/13/2009
			1,800		16.69	1/12/2009
Ingmar Haga	331	90,000	40,000		48.09	1/2/2012
President, Europe			50,000		27.71	2/16/2011
Tim Haldane	1,511	40,000	40,000	C$	48.09/US$41.24	1/2/2012
Vice President,						
Latin America						
Marc Legault	5,300	98,500	40,000		48.09	1/2/2012
Vice President, Project			8,000		25.60	5/22/2007
Development			30,000		23.02	1/3/2011
			14,000		16.89	12/13/2009
			4,000		16.69	1/12/2009
			2,500		10.40	1/5/2010
Daniel Racine	5,951	154,000	15,000		19.14	9/4/2009
Vice President,			40,000		48.09	1/2/2012
Operations			30,000		23.02	1/3/2011
			20,000		16.89	12/13/2009
			20,000		16.69	1/12/2009
			10,000		15.96	10/26/2010
			19,000		15.60	6/20/2010
Jean Robitaille	4,246	122,000	40,000		48.09	1/2/2012
Vice President, Marketing			35,000		23.02	1/3/2011
and Metalurgy			35,000		16.89	12/13/2009
			12,000		16.69	1/12/2009

David Smith	137	60,000	40,000	48.09	1/2/2012
Vice President,			10,000	23.02	1/3/2011
Investor Relations			10,000	16.05	1/24/2010

Notes:

(1) As of December 31, 2006. 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, 2006.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Major Shareholders

FMR Corp. and Fidelity International Limited (collectively, "Fidelity") have filed a report with applicable securities regulators stating that they collectively have control over 7,280,598 common shares of the Company (6.0%) and that, while they are of the view that they are not acting as a "group" for the purposes of the Securities Exchange Act of 1934, as amended, they have filed a report on a voluntary basis as if all of the common shares of the Company are beneficially owned by them on a joint basis. Fidelity does not exercise different voting rights than other holders of the Company's common shares. To the knowledge of the directors and senior officers of the Company, as of March 15, 2007, no other 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 15, 2007, there were: (i) 4,026 holders of record of Agnico-Eagle's 121,161,063 outstanding common shares, of which 3,420 holders of record were in the United States and held 39,276,009 common shares or about 32.42% of the outstanding common shares, and (ii) five holders of record of Agnico-Eagle's 6,893,630 outstanding Warrants, of which two holders of record were in the United States and held 4,419,130 Warrants or about 64.10% of the outstanding Warrants.

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"). For the years ended December 31, 2004, 2005 and 2006, no amounts were repaid to the Company in respect of 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$3,902,111 during 2004, C$3,902,111 during 2005, C$4,935,418 during 2006 and C$4,009,826 for the period from January 1, 2007 to March 23, 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$85,478 in respect of interest accrued in 2006 and C$22,237 in respect of interest accrued in 2007. The book value of the Contact Loan on the Company's consolidated financial statements was C$4,009,826 at December 31, 2006. In

addition, on March 16, 2007, the Company subscribed for C$10 million of 12% unsecured convertible debentures issued by Stornoway due 2009.

On September 20, 2004, the Company purchased all of Contact Diamond's interests in ten gold and other precious metals exploration properties located in Canada and the United States for cash consideration of C$3.290 million. The purchase price was based on a valuation prepared by Watts, Griffis and McOuat Limited of Toronto, Canada, consulting geologists and engineers.

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 the NYSE. The Company's Warrants trade 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, 2006 and for each quarter during the two fiscal years ended December 31, 2006.

	TSX (C$)			NYSE ($)		
	High	Low	Average Daily Volume	High	Low	Average Daily Volume
2001	18.50	7.97	198,674	11.75	5.21	244,817
2002	27.59	15.65	420,820	17.98	9.83	740,528
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
2005						
First Quarter	18.97	14.95	340,193	15.76	11.97	678,275
Second Quarter	18.12	13.63	293,041	14.67	10.80	686,026
Third Quarter	18.10	14.81	357,060	15.35	12.03	682,551
Fourth Quarter	23.13	15.11	479,998	19.86	12.82	1,050,529
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

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
2006						
March	35.63	27.10	1,082,927	30.51	23.20	1,831,413
April	41.18	35.30	732,488	36.86	30.54	1,713,479
May	45.65	34.07	1,348,386	41.70	30.32	2,387,100
June	38.58	28.33	991,033	35.04	25.49	2,262,595
July	41.25	36.01	640,826	36.54	31.48	1,887,055
August	42.84	37.77	562,204	38.28	33.96	1,576,713
September	45.56	32.64	1,425,420	41.20	29.25	2,555,915
October	41.76	30.72	885,327	37.25	27.24	2,102,800
November	50.67	41.61	876,887	44.31	36.61	2,286,676
December	52.03	45.53	809,868	45.67	39.37	2,143,020
2007						
January	49.51	42.09	910,202	42.36	35.68	2,378,385
February	48.95	44.58	1,159,369	42.03	38.19	2,374,311
March (to March 22)	45.75	40.61	777,307	39.04	34.48	2,292,319

On March 22, 2007 the closing price of the common shares was C$44.22 on the TSX and $38.27 on the NYSE. The registrar and transfer agent for the common shares is Computershare Trust Company of Canada, Toronto, Ontario.

The following table sets forth the high and low sale prices for the Warrants on the TSX and Nasdaq since trading began on November 14, 2002 and November 7, 2002 respectively ("Trading Start") and for each quarter during the two fiscal years ended December 31, 2005. The Warrants trade in US dollars on both the TSX and the Nasdaq.

	TSX ($)			Nasdaq ($)		
	High	Low	Average Daily Volume	High	Low	Average Daily Volume
2002 (from Trading Start)	5.55	2.85	90,061	5.50	3.10	22,183
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
2005						
First Quarter	2.99	2.00	1,838	3.06	1.90	9,729
Second Quarter	2.45	1.50	947	2.59	1.27	5,173
Third Quarter	2.15	1.25	2,313	2.45	1.25	13,120
Fourth Quarter	4.50	1.18	4,654	4.75	1.20	32,184
2006						
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

The following table sets forth the high and low sales prices for the Warrants on the TSX and the Nasdaq for the last 12 months.

	TSX ($)			Nasdaq ($)		
	High	Low	Average Daily Volume	High	Low	Average Daily Volume
2006						
April	19.25	13.50	5,222	19.50	13.51	45,742
May	23.71	14.58	10,054	24.00	13.94	55,077
June	18.05	10.50	6,888	18.50	10.27	44,136
July	19.50	14.85	15,693	19.50	15.01	38,630
August	21.86	17.07	19,171	21.15	16.65	37,917
September	23.75	13.00	5,822	23.75	12.86	53,500
October	19.70	11.25	5,932	19.70	11.13	35,050
November	26.43	18.51	5,984	26.24	18.05	30,362
December	27.00	21.92	6,545	27.49	21.01	21,830
2007						
January	24.04	18.20	2,765	24.30	18.03	21,330
February	23.60	20.64	2,852	23.79	20.11	17,626
March (to March 22)	21.00	16.47	3,448	20.98	16.85	15,465

On March 22, 2007, the closing price of the Warrants was $20.15 on the TSX and $26.00 on the Nasdaq. The registrar and transfer agent for the Warrants is Computershare Trust Company of Canada, Toronto, Ontario.

On February 15, 2006 (the "Redemption Date"), the Company fully redeemed its $143.75 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.

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.

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 (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 an amended and restated credit agreement on October 17, 2006 (the "Amended Facility") with a group of financial institutions providing for a revolving bank credit facility. The amendment increased the amount available under the facility to $300 million and extended the date on which the facility matures. The Amended Facility matures and all indebtedness thereunder is due and payable on December 23, 2011. 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 three additional one-year terms to December 23, 2014. The credit facility is available in multiple currencies through prime rate, base rate and LIBOR advances and through bankers' acceptances, priced at the applicable rate plus an applicable margin that ranges from 1.25% to 2.00% depending on certain financial ratios. The lenders under the facility are each paid a commitment fee at a rate that ranges from 0.40% to 0.75%, depending on the financial ratios.

Payment and performance of the Company's obligations under the Amended Facility, including any secured hedge agreements entered into under the Facility, are secured by substantially all property relating to the

LaRonde Mine, the Goldex mine project, the Lapa mine project and the pledge of the shares of 1715495 Ontario Inc. and Agnico-Eagle Sweden AB, the Company's subsidiaries through which it holds its indirect interest in the Kittila mine project. The Company has also assigned and granted a security interest in certain material contracts, including hedge agreements, to the administrative agent on behalf of the secured parties under the Amended Facility, and has designated the administrative agent on behalf of these parties as the named insured and loss payee under certain insurance policies and granted a security interest in such policies.

The Amended Facility contains covenants that restrict, among other things:

- the ability of the Company and its subsidiaries to incur additional indebtedness;
- the Company's ability to pay or declare dividends or make other restricted distributions or payments in respect of any shares of the Company's capital stock;
- the Company's ability to make asset sales or other dispositions;
- the Company's ability to pledge existing or future assets relating to included properties under the Amended Facility (currently the LaRonde Mine, the Goldex mine project, the Lapa mine project and the Kittila mine project);
- the Company's ability to enter into transactions with affiliates;
- the Company's ability to make any loans to or investments in any other person or to acquire assets from any other person for cash consideration; and
- the Company's ability to amalgamate or otherwise transfer its assets.

The Company is also required to maintain certain financial ratios as well as a minimum tangible net worth. Events of default under the Amended Facility include, among other things:

- the failure to pay principal when due and payable or interest, fees or other amounts payable within three business days of such amounts becoming due and payable;
- the breach by the Company of any financial covenant or the failure of the Company to notify the administrative agent of any occurrence of default under the Amended Facility which is continuing or any event or condition that constitutes a material adverse effect or a default or event of default under certain other indebtedness of the Company or hedge agreement to which the Company is a party;
- the breach by the Company of any other term, covenant or other agreement that is not cured within 20 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 the Company or the Company's material subsidiaries in excess of $20 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; and
- various events relating to the bankruptcy or insolvency or winding-up, liquidation or dissolution of the Company, or any of the Company's material subsidiaries.

As at December 31, 2006, there were no amounts of principal or interest outstanding under the Amended Facility; however, outstanding letters of credit issued as security for pension and environmental obligations have decreased the amount available for future drawdowns under the Amended Facility to $288 million.

Warrant Indenture

The Company entered into a warrant indenture with Computershare Trust Company of Canada on November 14, 2002 which governs the terms of the Warrants. This warrant indenture is incorporated by reference as an exhibit to this Form 20-F.

Support Agreement

The Company, Agnico Acquisition and Cumberland entered into a Support Agreement dated February 14, 2007 relating to the Cumberland Offer, a copy of which is incorporated by reference as an exhibit to this Form 20-F.

Lock-Up Agreements

On February 14, 2007, in connection with the Cumberland Offer, the Company and Agnico Acquisition entered into a Lock-Up Agreement with each of Cumberland's directors and officers that holds Cumberland's common shares. A copy of the Lock-Up Agreement is incorporated by reference as an exhibit to this Form 20-F.

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 "— Taxation" 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 require approval of all equity compensation plans regardless of whether new issuances or treasury shares are used.

The Company submitted a certificate of Sean Boyd, the Chief Executive Officer of the Company, to the NYSE on March 23, 2007 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.

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 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 only 85% of that amount (after giving effect to the Canadian withholding tax as 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 a U.S. Stockholder that is an individual, estate or trust, 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 a U.S. Stockholder that is an individual, estate or trust 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. 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. 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. 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 of receipt, 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 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.

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 a U.S. Stockholder that is an individual, estate or trust 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. In reaching the conclusion that the Company does not expect to be a PFIC, the Company has valued its assets based on the price per share of the common shares. For purposes of applying the PFIC rules to the Company, such a valuation method results in the attribution of substantial value to the Company's intangible assets, including goodwill and other potential resource related assets that are considered neither to produce nor to be held for the production of passive income for purposes of the PFIC rules. The Company believes that this is a reasonable method of valuing our non-passive assets based on the legislative history of the PFIC provisions.

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 required to pay a special United States tax, in lieu of the U.S. tax that would otherwise apply, if such U.S. Stockholder (a) realizes a gain on disposition of common shares or (b) receives an "excess distribution" from the Company on common shares.

If a U.S. Stockholder makes a Mark-to-Market Election, the U.S. Stockholder would not be subject to the special tax. Instead, it would 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 also not be subject to the special tax. Instead, it would 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 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 2006 and 2005 are set out below.

	Year ended December 31, 2006 (C$ thousands)	Year ended December 31, 2005 (C$ thousands)
Audit fees	1,304	759
Audit-related fees	357	18
Tax consulting fees	465	438
All other fees	52	29
	2,178	1,244

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 2006. 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 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 graph below, Agnico-Eagle used the following metal price and exchange rate assumptions:

- Gold — $500 per ounce;
- Silver — $9.00 per ounce;
- Zinc — $2,300 per tonne;
- Copper — $4,500 per tonne; and
- C$/US$ — C$1.25 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 2006, the price ranges for metal prices and the C$/US$ exchange rate were:

- Gold — $517 – $730 per ounce averaging $605 per ounce;
- Silver — $8.69 – $14.83 per ounce averaging $11.59 per ounce;
- Zinc — $1,914 – $4,658 per tonne averaging $3,264 per tonne;
- Copper — $4,535 – $8,634 per tonne averaging $6,732 per tonne; and
- C$/US$ — C$1.0932 – C$1.1797 per $1.00 averaging C$1.1342 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 2006 price ranges shown above, a 10% change in assumed metal prices and exchange rates is reasonably likely in 2007.

Changes in variable		Impact on EPS ($)
C$/US$	$	0.05
Gold	$	0.06
Zinc	$	0.07
Silver	$	0.03
Copper	$	0.03

In order to mitigate the impact of fluctuating precious and base metal prices, Agnico Eagle 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's derivative contracts outstanding at the end of 2006 are summarized in note 9 to the consolidated financial statements in Item 18 of this Form 20-F.

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 did not enter into any currency derivative transaction in 2006 but recorded income of $2.9 million, net of tax, on foreign currency derivatives that were liquidated in 2005. Since the contracts had original maturities in 2006 when liquidated, the gain was recorded as a component of other comprehensive loss on liquidation and was reclassified in the current year to coincide with the original maturities of the derivative instruments.

Interest Rate

In February 2006, the Company extinguished its convertible subordinated debentures and the Company's interest rate swap matured. Therefore, the Company will not be exposed to fluctuations in interest rates in 2007 unless it draws on its credit facility or takes on any additional debt. The Company does not expect credit facility drawdowns or to enter into other debt transactions in 2007.

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 2006, Agnico Eagle recorded a $2.0 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 a 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 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 are for 420,000 ounces of gold and mature on September 20, 2007, the expected drawdown date of the loan. As Agnico-Eagle's philosophy 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 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. As at March 9, 2007, the estimated value of Agnico-Eagle's derivative position at various gold prices is illustrated in the table below.

Gold Price	**Estimated Value of Derivative Position**
$550	$(1.2) million
$600	$4.6 million
$650	$11.4 million
$700	$22.5 million
$750	$38.6 million
$800	$57.3 million

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.

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 Securities Exchange Act of 1934, as amended (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, 2006, 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 United States Securities and Exchange Commission 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

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). 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, 2006. Management reviewed the results of their assessment with the Company's Audit Committee. Management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2006 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included in Item 18 of this Annual Report on Form 20-F.

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 500, 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, 2006 and 2005 can be found on under "Item 10: Additional Information — Audit Fees". All fees paid to Ernst & Young LLP in 2006 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, 2006 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.

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

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

We have audited management's assessment, included in the accompanying Management's Report on Internal Controls Over Financial Reporting under Item 15, that Agnico-Eagle Mines Limited maintained effective internal control over financial reporting as of December 31, 2006, 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. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of 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, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, 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.

In our opinion, management's assessment that Agnico-Eagle Mines Limited maintained effective internal control over financial reporting as of December 31, 2006 is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, Agnico-Eagle Mines Limited maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on the COSO criteria.

We also have 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, 2006 and 2005, 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, 2006 and our report dated March 19, 2007 expressed an unqualified opinion thereon.

Toronto, Canada
March 19, 2007

ERNST & YOUNG LLP
Chartered Accountants

Management Certification

Agnico-Eagle Mines Limited (the "Company") filed with the New York Stock Exchange ("NYSE") on March 23, 2007, the annual certification by its Chief Executive Officer, certifying that, as of the date of certification, 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, 2006.

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, 2006.

Management concluded that, as of December 31, 2006, 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.

Management's assessment of the effectiveness of the Company's internal control over financial reporting as at December 31, 2006, 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, 2006 and 2005, 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, 2006. 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, 2006 and 2005, and the consolidated results of its operations and its cash flows for each of the years in the three year period ended December 31, 2006, in conformity with United States generally accepted accounting principles.

We have 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, 2006, 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 19, 2007 expressed an unqualified opinion thereon.

As described in the "Summary of Significant Accounting Policies — Stockpiles", the Company changed its method of accounting for stockpiles inventory effective Janaury 1, 2006.

Toronto, Canada
March 19, 2007

ERNST & YOUNG LLP
Chartered 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 in 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 suplus.

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 carried at cost, which approximates market value.

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 underground mining operations and are allocated to each ton 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 therefore 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 deferred 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 deferred 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 asset 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 Convertible Debentures 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 orebody 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 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.

Financial instruments

Agnico-Eagle uses derivative financial instruments, primarily option and forward contracts, to manage exposure to fluctuations in metal prices, foreign currency exchange rates and interest 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.

The fair value of the Company's interest rate swap is recorded as an asset or liability with a corresponding charge to income. The carrying value of the Convertible Debentures is also adjusted for changes in fair value attributable to the risk being hedged with a corresponding charge to income. The Company's interest rate cap, and silver and base metal derivative contracts do not qualify for hedge accounting and changes in the fair value of these derivative instruments are recognized in income.

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.

From time to time, the Company issues flow-through shares to finance some of its exploration activities. Common shares of the Company are issued for cash in exchange for Agnico-Eagle giving up the tax benefits arising from the exploration activities. The difference between the flow-through share issuance price and the prevailing market price of Agnico-Eagle stock at the time of issuance 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.

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.

In 2003, the Company prospectively adopted Statement of Financial Accounting Standard ("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. Any consideration paid by employees on exercise of stock options or purchase of stock is credited to share capital.

Prior to 2003, the Company accounted for its stock option grants based on the recognition and measurement principles of Accounting Principles Board Opinion No. 25 and related interpretations. The application of Opinion No. 25 resulted in no compensation expense being recorded in Agnico-Eagle's circumstances, as all options granted had an exercise price equal to the market value of the underlying stock on the date of grant (intrinsic value method). Pro forma fair value disclosures assumed that the estimated fair value of options would be amortized to expense over the options' vesting period.

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 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. Diluted income per share is calculated on the weighted average number of common shares that would have been outstanding during the year had all Convertible Debentures been converted at the beginning of the year into common shares, if such conversions are 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:

	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.

Income Taxes

In June 2006, the FASB issued FASB Interpretation No. 48 "Accounting for Uncertainty in Income Taxes" ("FIN 48"), an interpretation of FASB Statement No. 109 "Accounting for Income Taxes". FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 requires that the Company recognize in its financial statements, the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. The provisions of FIN 48 are effective beginning January 1, 2007 with the cumulative effect of the change in accounting principle recorded as an adjustment to the opening balance of retained earnings, goodwill, deferred income taxes and income taxes payable in the Consolidated Balance Sheets. The Company is currently evaluating the impact of adopting FIN 48 on the Company's consolidated financial position, results of operations and disclosures.

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.

Comparative figures

Certain items in the comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2006 consolidated financial statements.

AGNICO-EAGLE MINES LIMITED

CONSOLIDATED BALANCE SHEETS

(thousands of United States dollars, US GAAP basis)

	As at December 31,	
	2006	**2005**
ASSETS		
Current		
Cash and cash equivalents	$ 288,575	$ 61,155
Short-term investments	170,042	59,827
Metals awaiting settlement (note 1)	84,987	56,304
Income taxes recoverable	—	7,723
Inventories:		
Ore stockpiles	2,330	12,831
Concentrates	3,794	920
Supplies	11,152	10,092
Other current assets (note 2(a))	61,953	34,483
Total current assets	622,833	243,335
Other assets (notes 2(b))	7,737	7,995
Future income and mining tax assets (note 8)	31,059	63,543
Property, plant and mine development (note 3)	859,859	661,196
	$ 1,521,488	$ 976,069
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (note 11)	$ 42,538	$ 37,793
Dividends payable	15,166	3,809
Income taxes payable (note 8)	14,231	—
Interest payable	—	2,243
Fair value of derivative financial instruments (note 9)	—	9,699
Total current liabilities	71,935	53,544
Long-term debt (note 4)	—	131,056
Reclamation provision and other liabilities (note 5)	27,457	16,220
Future income and mining tax liabilities (note 8)	169,691	120,182
SHAREHOLDERS' EQUITY		
Common shares (note 6(a))		
Authorized — unlimited		
Issued — 121,025,635 (2005 — 97,836,954)	1,230,654	764,659
Stock options	5,884	2,869
Warrants (note 6(c))	15,723	15,732
Contributed surplus	15,128	15,128
Retained earnings (deficit)	3,015	(138,697)
Accumulated other comprehensive income (loss) (note 6(d))	(17,999)	(4,624)
Total shareholders' equity	1,252,405	655,067
	$ 1,521,488	$ 976,069

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,		
	2006	**2005**	**2004**
REVENUES			
Revenues from mining operations	$ 464,632	$ 241,338	$ 188,049
Interest and sundry income (note 12)	21,797	4,535	(184)
Gain on sale of available-for-sale securities (note 2(a))	24,118	461	839
	510,547	246,334	188,704
COSTS AND EXPENSES			
Production	143,753	127,365	98,168
Loss on derivative financial instruments	15,148	15,396	—
Exploration and corporate development	30,414	16,581	3,584
Equity loss in junior exploration companies (note 2(b))	663	2,899	2,224
Amortization	25,255	26,062	21,763
General and administrative	25,884	11,727	6,864
Provincial capital tax	3,758	1,352	423
Interest (note 4)	2,902	7,813	8,205
Foreign currency loss	2,127	1,860	1,440
Income before income, mining and federal capital taxes	260,643	35,279	46,033
Federal capital tax	—	1,062	1,049
Income and mining tax (recovery) (note 8)	99,306	(2,777)	(2,895)
Net income for the year	$ 161,337	$ 36,994	$ 47,879
Net income per share — basic (note 6(e))	$ 1.40	$ 0.42	$ 0.56
Net income per share — diluted (note 6(e))	$ 1.35	$ 0.42	$ 0.56
Comprehensive income:			
Net income for the year	$ 161,337	$ 36,994	$ 47,879
Other comprehensive income (loss):			
Unrealized gain on hedging activities	—	1,135	2,597
Unrealized gain on available-for-sale securities	1,067	10,228	604
Minimum pension liability	—	—	980
Cumulative translation adjustments	—	(2,236)	1,937
Adjustments for derivative instruments maturing during the year	(2,167)	(3,398)	(2,983)
Adjustments for realized gains on available-for-sale securities due to dispositions during the year	(12,506)	(65)	(632)
Tax effect of other comprehensive income (loss) items	1,241	(1,241)	—
Other comprehensive income (loss) for the year	(12,365)	4,423	2,503
Total comprehensive income for the year	$ 148,972	$ 41,417	$ 50,382

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 Income (Loss)
Balance December 31, 2003	84,469,804	$ 601,305	$ —	$ 15,732	$ 13,291	$ (218,055)	$ (11,550)
Shares issued under Employee Stock Option Plan (note 7(a))	391,525	3,410	—	—	—	—	—
Stock options	—	—	465	—	—	—	—
Shares issued under the Incentive Share Purchase Plan (note 7(b))	198,387	2,754	—	—	—	—	—
Shares issued under flow-through share private placement (note 6(b))	1,000,000	13,114	—	—	—	—	—
Shares issued under the Company's dividend reinvestment plan	13,063	121	—	—	—	—	—
Net income for the year	—	—	—	—	—	47,879	—
Dividends declared ($0.03 per share) (note 6(a))	—	—	—	—	—	(2,580)	—
Adjustment due to Contact Diamond Corporation share exchange (note 2(b))	—	—	—	—	1,837	—	—
Other comprehensive income for the year	—	—	—	—	—	—	2,503
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 10)	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 10)	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)

See accompanying notes

AGNICO-EAGLE MINES LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

(thousands of United States dollars, US GAAP basis)

	Years ended December 31,		
	2006	**2005**	**2004**
Operating activities			
Net income for the year	$ 161,337	$ 36,994	$ 47,879
Add (deduct) items not affecting cash:			
Amortization	25,255	26,062	21,763
Future income and mining taxes	81,993	(2,777)	2,338
Unrealized loss on derivative contracts	—	8,335	1,087
Gain on sale of available-for-sale securities	(24,118)	(461)	(839)
Gain on Contact Diamond Corporation	(7,361)	—	—
Amortization of deferred costs and other	288	7,475	5,631
Changes in non-cash working capital balances			
Metals awaiting settlement	(28,683)	(12,862)	(8,872)
Income taxes payable/recoverable	21,954	8,382	(8,566)
Inventories	(2,493)	2,550	(9,875)
Other current assets	(4,422)	(1,054)	(1,590)
Accounts payable and accrued liabilities	4,745	10,519	1,304
Interest payable	(2,243)	(183)	(735)
Cash provided by operating activities	226,252	82,980	49,525
Investing activities			
Additions to property, plant and mine development	(149,185)	(70,270)	(53,318)
Acquisition of Pinos Altos property	(32,500)	—	—
Recoverable value added tax on acquisition of Pinos Altos property	(9,750)	—	—
Investment in Stornoway	(19,784)	—	—
Decrease (increase) in short-term investments	(110,215)	5,009	(13,954)
Proceeds on available-for-sale securities and other	34,034	(7,089)	(12,116)
Purchase of available-for-sale securities	(12,323)	(2,362)	(9,820)
Decrease (increase) in restricted cash	—	8,173	(5,624)
Cash used in investing activities	(299,723)	(66,539)	(94,832)
Financing activities			
Dividends paid	(3,166)	(2,525)	(2,480)
Common shares issued	315,160	14,243	23,906
Share issue costs	(13,415)	(29)	(253)
Cash provided by financing activities	298,579	11,689	21,173
Effect of exchange rate changes on cash and cash equivalents	2,312	20	205
Net increase (decrease) in cash and cash equivalents during the year	227,420	28,150	(23,929)
Cash and cash equivalents, beginning of year	61,155	33,005	56,934
Cash and cash equivalents, end of year	$ 288,575	$ 61,155	$ 33,005
Other operating cash flow information:			
Interest paid during the year	$ 4,214	$ 8,304	$ 6,999
Income, mining and capital taxes paid (recovered) during the year	$ 1,405	$ (6,259)	$ 222

See accompanying notes

1. METALS AWAITING SETTLEMENT

	2006	2005
Bullion awaiting settlement	$ 2,520	$ 222
Concentrates awaiting settlement	82,467	56,082
	$ 84,987	$ 56,304

In 2006, precious metals accounted for 46.9% of Agnico-Eagle's revenues from mining operations (2005 — 66.2%; 2004 — 74.9%). The remaining revenues from mining operations consisted of net byproduct revenues. In 2006, these net byproduct revenues as a percentage of total revenues from mining operations consisted of 45.6% zinc (2005 — 27.8%; 2004 — 17.6%) and 7.5% copper (2005 — 6.0%; 2004 — 7.5%).

2. OTHER ASSETS

(a) *Other current assets*

	2006	2005
Estimated fair value of available-for-sale securities	$ 38,760	$ 25,462
Federal, provincial and other sales taxes receivable	16,327	3,236
Interest receivable	4,453	1,009
Prepaid expenses	733	3,664
Employee loans receivable	626	555
Other	1,054	557
	$ 61,953	$ 34,483

In 2006, the Company realized $35.9 million (2005 — $1.4 million; 2004 — $1.3 million) in proceeds and recorded a gain of $24.1 million (2005 — $0.5 million; 2004 — $0.8 million) in income on the sale of available-for-sale securities. Available-for-sale securities consist of equity securities and the cost basis is determined using the average cost method. Available-for-sale securities are carried at fair value and comprise the following:

	2006	2005
Cost	$ 37,890	$ 13,153
Unrealized gains	5,258	12,606
Unrealized losses	(4,388)	(297)
Estimated fair value of available-for-sale securities	$ 38,760	$ 25,462

(b) *Other assets*

	2006	2005
Deferred financing costs, less accumulated amortization of $154 (2005 — $3,283)	$ 3,709	$ 5,697
Loan to Contact Diamond Corporation	3,422	1,159
Other	606	1,139
	$ 7,737	$ 7,995

Riddarhyttan Resources AB

In 2005, Agnico-Eagle owned 14% stake in Riddarhyttan Resources AB ("Riddarhyttan"), then a public company listed on the Stockholm Stock Exchange in Sweden under the trading symbol "RHYT." Agnico-Eagle accounted for its investment in Riddarhyttan using the equity method of accounting through to October 17, 2005. Although Agnico-Eagle owned less than 20% of Riddarhyttan's common stock through this period, Agnico-Eagle was able to significantly influence Riddarhyttan's operating, investing and financing activities through its representation on Riddarhyttan's Board of Directors.

As of October 18, 2005, the Company's interest was greater than 50% of the outstanding shares and voting rights of Riddarhyttan. The Company therefore ceased using the equity method of accounting for its investment in Riddarhyttan and commenced consolidating the results of Riddarhyttan (see note 10).

Contact Diamond Corporation

As a result of Agnico-Eagle's share of losses in Contact Diamond Corporation ("Contact"), the 2004 opening book value of the investment in Contact was nil, with the excess of equity losses applied to reduce the carrying value of debt owing to Agnico-Eagle. Changes in the loan to Contact from year-to-year were then attributable to the recording of equity losses against the loan and to the difference in foreign exchange rates at the respective year-ends.

In 2004, as a result of further issuances of stock by Contact, Agnico-Eagle recorded a dilution gain with a resultant increase in the carrying value of its investment in Contact. As Contact is considered a "development stage enterprise," the dilution gain was recorded in contributed surplus for the year.

As at December 31, 2005, the Company owned 39% (13,814,077 shares) of Contact Diamond, with a market value of $5.9 million. Contact Diamond is a public company listed on the Toronto Stock Exchange under the trading symbol "CO."

The loan to Contact Diamond is due on demand, unsecured and bears interest at 8% per annum. Agnico-Eagle waived interest on the loan commencing May 13, 2002. During the third quarter of 2006, the Company tendered 13.8 million Contact Diamond shares in conjunction with Stornoway Diamond Corporation's ("Stornoway") 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 Agnico-Eagle 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. In addition, Agnico-Eagle subscribed to a private placement of subscription receipts by Stornoway for a total cost of $19.8 million. As a result of the transaction, equity accounting for the Company's investment in Contact ceased in September 2006. In addition, interest on the loan to Contact commenced as per the original terms of the agreement. The new investment in Stornoway is accounted for based on the cost method and classified as an available-for-sale security.

Subsequent to year-end, the Company entered into a note assignment agreement on January 26, 2007 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 price of C$1.25 per share on February 12, 2007.

Loss on equity accounted investments:

	2006	2005	2004
Riddarhyttan Resources AB	$ —	$ 1,010	$ 440
Contact Diamond Corporation	663	1,889	1,784
	$ 663	$ 2,899	$ 2,224

3. PROPERTY, PLANT AND MINE DEVELOPMENT

	2006			2005		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Mining properties	$ 340,308	$ 17,751	$ 322,557	$ 263,661	$ 15,211	$ 248,450
Plant and equipment	322,660	104,350	218,310	299,085	93,367	205,718
Mine development costs	251,055	67,986	183,069	225,720	55,484	170,236
Construction in process:						
Goldex mine project	80,777	—	80,777	17,900	—	17,900
Kittila mine project	21,982	—	21,982	—	—	—
Lapa mine project	33,164	—	33,164	18,892	—	18,892
	$ 1,049,946	$ 190,087	$ 859,859	$ 825,258	$ 164,062	$ 661,196

Geographic Information

	Net Book Value 2006	Net Book Value 2005
Canada	$ 574,949	$ 468,685
Finland	212,363	190,394
Mexico	70,342	13
U.S.A	2,205	2,104
Total	$ 859,859	$ 661,196

In 2005, Agnico-Eagle capitalized $2.2 million related to the purchase and implementation of an enterprise resource planning system ("ERP"). There were no amounts amortized in 2005.

In 2006, Agnico-Eagle capitalized $3.1 million of costs and recognized $0.2 million of amortization expense related to the ERP.

4. LONG-TERM DEBT

(a) *Convertible subordinated debentures*

The Company's convertible subordinated debentures (the "Convertible Debentures") bore interest at 4.50% per annum, payable in cash semi-annually. 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 properties 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. The amended facility can be further extended, at the option of the Company with the consent of the lenders representing $66\frac{2}{3}$ % of the aggregate commitments under the facility, for three additional one-year terms to December 2014. The facility is secured by the LaRonde Mine, the Goldex and Lapa mine projects, and a pledge of the shares of 1715495 Ontario Inc. and Agnico-Eagle Sweden AB, the Company's subsidiaries through which it holds its indirect interest in the Kittila mine project. At December 31, 2006, the amended facility was

completely undrawn however outstanding letters of credit decreased the amounts available under the facility such that $288 million was available for future drawdowns at December 31, 2006.

The amended facility limits, among other things, the Company's ability to incur additional indebtedness, pay dividends or make payments in respect of its common shares, make investments or loans, transfer the Company's assets or make expenditures relating to property secured under the credit agreement at that time that are not consistent with the mine plan and operating budget delivered pursuant to the credit facility. Further, the agreement requires the Company to maintain specified financial ratios and meet financial condition covenants.

For the year ended December 31, 2006, interest expense was $2.9 million (2005 — $7.8 million; 2004 — $8.2 million), of which cash payments were $4.2 million (2005 — $8.3 million; 2004 — $7.0 million). In 2006, cash interest on the facility was nil (2005 — nil; 2004 — nil) and cash standby fees on the facility were $1.3 million (2005 — $1.2 million; 2004 — $1.4 million). In 2006, interest of $0.3 million (2005 — $2.5 million; 2004 — nil) was capitalized to construction in progress. The Company's weighted average interest rate on all of its debt as at December 31, 2006 was nil (2005 — 7.9%; 2004 — 4.9%).

5. RECLAMATION PROVISION AND OTHER LIABILITIES

Reclamation provision and other liabilities consist of the following:

	2006	2005
Reclamation and closure costs (note 5(a))	$ 22,073	$ 12,569
Pension benefits (note 5(b))	5,384	3,651
	$ 27,457	$ 16,220

(a) *Reclamation and closure costs*

Under mine closure plans submitted to the Minister of Natural Resources in Quebec, the estimated future reclamation costs for the LaRonde and Bousquet mines are approximately $18.1 million and $3.0 million, respectively. These reclamation estimates are based on current legislation and there can be no assurance that the Minister of Natural Resources will not impose additional reclamation obligations with higher costs. All of the accrued reclamation and closure costs are long-term in nature and thus no portion of these costs have been reclassified to current liabilities. The Company does not currently have assets that are restricted for the purposes of settling these obligations.

In 2006, each cost item from the actual closure plan estimate was reviewed and updated, if deemed necessary, resulting in current year additions to the asset retirement obligation of $8.7 million.

The following table reconciles the beginning and ending carrying amounts of the asset retirement obligations.

	2006	2005
Asset retirement obligations, beginning of year	$ 12,569	$ 11,560
Current year additions	8,696	—
Current year accretion	825	402
Reclamation payments	—	(145)
Foreign exchange revaluation and other	(17)	752
Asset retirement obligations, end of year	$ 22,073	$ 12,569

The assumptions used at December 31, 2006 for the 2006 calculation of the provision are as follows:

	2006	2005
Cash flows to settle the obligation (undiscounted)	$ 61,897	$ 28,435
Timing for settling the obligation	2027	2027
Credit-adjusted risk-free interest rate	6.60%	4.86%

(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 retired prior to that date remain in the defined benefit pension plan. In addition, Agnico-Eagle provides a non-registered executive supplementary defined benefit plan for certain senior officers. The funded status of Agnico-Eagle's defined benefit employees' pension plan ("Employees Plan") is based on an actuarial valuation as of January 1, 2006 and projected to December 31, 2006. The funded status of the executive supplementary defined benefit plan is based on an actuarial valuation as of July 1, 2006 and projected to December 31, 2006. The components of Agnico-Eagle's net pension plan expense are as follows:

	2006	2005	2004
Service cost — benefits earned during the year	$ 399	$ 274	$ 307
Gain due to settlement	(16)	(124)	(784)
Prior service cost	23	21	20
Interest cost on projected benefit obligation	384	352	488
Return on plan assets	(166)	(157)	(151)
Amortization of net transition asset, past service liability and net experience gains	(22)	(34)	208
Net pension plan expense	$ 602	$ 332	$ 88

Agnico-Eagle contributes 5% of its Canadian payroll expense to a defined contribution plan. The expense in 2006 was $3.0 million (2005 — $2.2 million; 2004 — $1.8 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 58% to equity securities and 42% 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. The accumulated benefit obligation for the Employees Plan was equal to the projected benefit obligation in 2005 and 2004 and no amount was included for these years in accumulated other comprehensive income (loss) for this plan.

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:

	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, 2006 was $5.4 million (2005 — $4.5 million). At the end of 2006, the remaining unamortized net transition obligation was $1.2 million (2005 — $1.3 million) for the Executives Plan and the net transition asset was $0.4 million (2005 — $0.6 million) for the Employees Plan.

The following table provides the net amounts recognized in the consolidated balance sheets as of December 31:

	Pension Benefits 2006		Pension Benefits 2005	
	Employees	Executives	Employees	Executives
Intangible liability (asset)	$ (363)	—	$ (132)	—
Accrued employee benefit liability	—	$ 4,071	—	$ 3,651
Accumulated other comprehensive income (loss):				
Initial transition obligation (asset)	(372)	1,162	—	—
Past service liability	—	177	—	—
Net experience (gains) losses	466	(27)	—	—
Net liability (asset)	$ (269)	$ 5,383	$ (132)	$ 3,651

The following table provides the components of the expected recognition in 2007 of amounts in accumulated other comprehensive loss:

	Employees	Executives
Initial transition obligation (asset)	$ (186)	$ 145
Past service liability	—	22
Net experience (gains) losses	20	(16)
	$ (166)	$ 151

The funded status of the Employees and the Executives Plans for 2006 and 2005 are as follows:

	2006		2005	
	Employees	Executives	Employees	Executives
Reconciliation of the market value of plan assets				
Fair value of plan assets, beginning of year	$ 2,243	$ 747	$ 2,196	$ 662
Agnico-Eagle's contribution	—	153	—	129
Actual return on plan assets	272	—	138	—
Benefit payments	(172)	(153)	(161)	(129)
Other	—	153	—	85
Divestitures	—	—	—	(23)
Effect of exchange rate changes	(2)	(3)	70	23
Fair value of plan assets, end of year	$ 2,341	$ 897	$ 2,243	$ 747
Reconciliation of projected benefit obligation				
Projected benefit obligation, beginning of year	$ 2,013	$ 5,237	$ 1,858	$ 3,920
Service costs	—	399	—	274
Interest costs	99	285	106	246
Actuarial losses (gains)	133	641	146	860
Benefit payments	(172)	(256)	(161)	(234)
Effect of exchange rate changes	(1)	(26)	64	171
Projected benefit obligation, end of year	$ 2,072	$ 6,280	$ 2,013	$ 5,237
Excess (deficiency) of plan assets over projected benefit obligation	$ 269	$ 5,383)	$ 230	$ (4,490)
Comprised of:				
Unamortized transition asset (liability)	$ 372	$ (1,162)	$ 558	$ (1,307)
Unamortized net experience gain (loss)	(466)	(150)	(460)	468
Accrued assets (liabilities)	363	(4,071)	132	(3,651)
	$ 269	$ (5,383)	$ 230	$ (4,490)
Weighted average discount rate [(i)]	5.00%	5.00%	5.00%	5.00%
Weighted average expected long-term rate of return	7.50%[(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)	13.0	8.0[(iii)]	12.0	9.0[(iii)]

Notes:

(i) Discount rates used for the Executives Plan 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
2007	$ 180	$ 103	$ 283
2008	$ 177	$ 103	$ 280
2009	$ 175	$ 103	$ 278
2010	$ 172	$ 103	$ 275
2011	$ 169	$ 103	$ 272
2012 – 2016	$ 804	$ 1,929	$ 2,733

6. SHAREHOLDERS' EQUITY

(a) *Common shares*

The Company's Shareholder Rights Plan expired in May 2005. Prior to that time, under the Shareholder Rights Plan, each shareholder, in the event of certain takeover bids or other change-in-control transactions involving the acquisition of 20% or more of Agnico-Eagle's outstanding voting shares, had the right to purchase from Agnico-Eagle for an exercise price of C$80.00 that number of shares of Agnico-Eagle having an aggregate market price equal to twice the exercise price.

The Company has reserved for issuance 6,896,000 common shares in the event that the warrants are exercised and converted into 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 2006, the Company declared dividends on its common shares of $0.12 per share (2005 — $0.03 per share; 2004 — $0.03 per share). Under the terms of the Company's amended credit facility, the Company's dividend payments are restricted to an aggregate of $40 million per year.

(b) *Flow-through share private placements*

In 2006, Agnico-Eagle issued 1,226,000 (2005 — 500,000; 2004 — 1,000,000) common shares under flow-through share private placements for total proceeds of $35.3 million (2005 — $8.3 million; 2004 — $17.5 million), net of share issue costs. The 2006 shares were issued at a 12% premium to the prevailing market price. The premium was allocated to income and mining tax recovery as discussed in the following paragraph. Agnico-Eagle has agreed to use such proceeds for the purpose of incurring Canadian exploration expenditures in connection with its 2007 and 2008 exploration activities. Effective December 31, 2006, the Company renounced to its investors C$40.2 million (2005 — C$10.0 million; 2004 — C$23.0 million) of such expenses for income tax purposes. To comply with the flow-through share agreement, the Company must incur C$nil (2005 — C$nil; 2004 — C$9.8 million) of exploration expenditures in 2007 related to the expenditures renounced in 2006.

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 entitles 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. Warrants are exercisable at any time prior to November 14, 2007, after which time the warrants will expire and be of no value. The Company will inform warrant holders, through a press release, of pending expiry at least 90 days prior to the expiry date.

During the year, 4,000 warrants were exercised (2005 — nil). If all outstanding warrants are exercised, the Company would issue an additional 6,896,000 common shares.

In addition, during 2006 the Company closed a public offering of 8,455,000 common shares (2005 — nil), for total proceeds of $238.0 million net of share issue costs.

(d) *Accumulated other comprehensive income (loss)*

The opening balance of the cumulative translation adjustment in accumulated other comprehensive income (loss) in 2005 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 income (loss) as at December 31, 2006 and 2005.

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 income (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 income (loss).

The following table presents the components of accumulated other comprehensive income (loss), net of related tax effects:

	2006	2005
Cumulative translation adjustment from adopting US dollar as principal reporting currency	$ (15,907)	$ (15,907)
Unrealized gain on available-for-sale securities	870	12,309
Unrealized gain on foreign exchange derivative contracts	—	4,134
Unrealized loss on gold put option contracts	(1,653)	(3,620)
Cumulative translation adjustments	(299)	(299)
Unrealized loss on pension liability upon application of FASB Statement No. 158	(1,406)	—
Tax effect of other comprehensive income items	396	(1,241)
	$ (17,999)	$ 3,323

In 2006, a $2.0 million (2005 — $2.3 million) loss was reclassified from accumulated other comprehensive income (loss) to income to reflect the amortization of gold put option contract premiums for contracts originally scheduled to mature in 2006. Also in 2006, a $16.6 million gain (2005 — $0.1 million gain) was reclassified from accumulated other comprehensive income (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:

	2006	2005	2004
Weighted average number of common shares outstanding — basic	115,461,046	89,029,754	85,157,476
Add: Dilutive impact of employee stock options	786,358	483,045	414,555
Dilutive impact of warrants	2,862,891	—	—
Weighted average number of common shares outstanding — diluted	119,110,295	89,512,799	85,572,031

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 and 2004, 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 1,232,000 options granted under the ESOP in 2006, 308,000 options granted vest immediately and expire in the year 2011. The remaining options expire in 2011 and vest in equal installments, on each anniversary date of the grant, over a three-year term. Of the 982,000 options granted under the ESOP in 2005, 245,500 options granted vested immediately and expire in the year

2010. The remaining options expire in 2010 and vest in equal installments, on each anniversary date of the grant, over a three-year term. Of the 537,250 options granted under the ESOP in 2004, 134,313 options granted vested immediately and expire in the year 2009. The remaining options expire in 2009 and vest in equal installments, on each anniversary date of the grant, over a three-year term.

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

	2006		2005		2004	
	Options	Weighted average exercise price	Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding, beginning of year	3,071,625	C$ 15.78	2,383,150	C$ 15.16	2,845,150	C$ 14.85
Granted	1,232,000	24.52	982,000	16.61	537,250	16.71
Exercised	(1,805,085)	16.49	(214,725)	12.44	(391,525)	11.01
Cancelled	(19,750)	19.28	(78,800)	16.33	(607,725)	17.76
Outstanding, end of year	2,478,790	C$ 19.55	3,071,625	C$ 15.78	2,383,150	C$ 15.16
Options exercisable at end of year	1,137,103		2,257,250		1,983,963	

The weighted average grant-date fair value of options granted in 2006 was C$8.17 (2005 — C$4.17; 2004 — C$4.35). The following table summarizes information about Agnico-Eagle's stock options outstanding at December 31, 2006:

	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	14,200	1.7 years	C$7.70	14,200	C$7.70
C$10.20 – C$15.43	274,600	3.0 years	C$10.84	265,600	C$10.71
C$15.60 – C$19.94	1,073,240	2.8 years	C$16.70	649,053	C$16.80
C$21.72 – C$25.60	883,750	3.9 years	C$23.02	157,500	C$23.02
C$27.71 – C$31.70	233,000	4.3 years	C$30.49	50,750	C$30.33
C$6.55 – C$31.70	2,478,790	3.3 years	C$19.55	1,137,103	C$16.73

The Company has reserved for issuance 2,478,790 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, 2006, 2005 and 2004 was 4,212,250, 1,943,285 and 2,846,485, respectively.

Agnico-Eagle estimated the fair value of options under the Black-Scholes option pricing model using the following weighted average assumptions:

	2006	2005	2004
Risk-free interest rate	3.91%	3.1%	3.0%
Expected life of options (in years)	2.5	2.5	2.5
Expected volatility of Agnico-Eagle's share price	48.7%	35.6%	38.5%
Expected dividend yield	0.12%	0.24%	0.24%

The total compensation cost for the ESOP recognized in the consolidated statements of income (loss) for the current year was $5.2 million (2005 — $2.4 million; 2004 — $0.5 million).

(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 2006, 146,249 common shares were issued under the Purchase Plan (2005 — 245,494; 2004 — 198,387) for proceeds of $4.7 million (2005 — $3.6 million; 2004 — $2.8 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 759,529 common shares (2005 — 905,778; 2004 — 1,151,272) under the Purchase Plan.

8. FUTURE INCOME AND MINING TAXES

Income and mining taxes recovery is made up of the following components:

	2006	2005	2004
Current provision			
Provincial mining duties	$ 20,266	$ —	$ (5,233)
Future provision			
Canadian Federal and provincial income taxes	69,645	(13,323)	(13,950)
Provincial mining duties	11,522	10,546	16,288
Foreign income taxes	(2,127)	—	—
	79,040	(2,777)	2,338
	$ 99,306	$ (2,777)	$ (2,895)

Mining duties are assessed at the rate of 12% on income from mining operations. Income from mining operations is calculated as revenue from mined metals less production costs directly attributable to mining. Income from mining operations is reduced by depreciation allowances on mine construction and development as well as certain exploration costs. The mining duties are paid to the government agency which grants the mining lease and/or mining concession required in order to extract ore in the particular jurisdiction.

Cash income and mining taxes paid in 2006 were $1.4 million (2005 — $6.2 million recovery; 2004 — $0.2 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:

	2006	2005	2004
Combined federal and composite provincial tax rates	34.6%	34.8%	36.9%
Increase (decrease) in taxes resulting from:			
Provincial mining duties	12.3	19.2	23.7
Resource allowances	(3.5)	(17.8)	(12.1)
Impact of foreign tax rates	1.1	—	—
Permanent and other differences	0.8	0.8	(7.0)
Utilization of temporary differences for which no benefit was previously recognized	—	(10.4)	(11.6)
Utilization of losses for which no benefit was previously recognized	(4.5)	(34.5)	(36.2)
Effect of changes in Canadian income tax legislation	(2.7)	—	—
Actual rate as a percentage of pre-tax income	38.1%	(7.9)%	(6.3)%

Agnico-Eagle has approximately C$253 million of cumulative Canadian exploration and development expenses and C$380 million of unamortized capital pools available indefinitely to reduce future years' taxable income.

As at December 31, 2006 and 2005, Agnico-Eagle's future income and mining tax assets and liabilities are as follows:

	2006		2005	
	Assets	Liabilities	Assets	Liabilities
Non-current:				
Income taxes:				
Plant and equipment	$ 3,374	$ —	$ 22,896	$ —
Mine development costs	—	29,787	18,670	—
Mining properties	—	61,006	—	52,500
Net operating and capital loss carryforwards	16,029	—	15,168	—
Unrealized foreign exchange gain on convertible subordinated debentures	—	—	(5,149)	—
Mining duties	15,867	—	15,068	—
Reclamation provisions	6,298	—	3,773	—
Other	916	—	2,503	—
Valuation allowance	(11,425)	—	(9,386)	—
Total non-current	$ 31,059	$ 90,793	$ 63,543	$ 52,500
Mining duties:				
Plant and equipment	$ 244	$ 37,385	$ 488	$ 31,743
Mine development costs	191	43,949	382	37,857
Other	—	(2,436)	—	(1,918)
Valuation allowance	(435)	—	(870)	—
Total non-current	$ —	$ 78,898	$ —	$ 67,682
Non-current future income and mining tax assets and liabilities	$ 31,059	$ 169,691	$ 63,543	$ 120,182

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 sheets date. The increase in the gross amounts of the future tax assets and liabilities was impacted by the weaker US dollar in relation to the Canadian dollar throughout 2006. At December 31, 2006, asset and liability amounts were translated into US dollars at an exchange rate of C$1.1652 per $1.00 whereas at December 31, 2005, asset and liability amounts were translated at an exchange rate of C$1.1656 per $1.00. A future income tax liability was also recorded on the acquisition of Riddarhyttan (see note 10). At January 1, 2006, the valuation allowance, a reserve against future income tax assets recorded in the accounts, was $9.4 million (2005 — $17.7 million). In 2006, the valuation allowance increased by $2.0 million (2004 — $8.3 million) due to capital loss carry forwards and net operating losses in foreign jurisdictions whose realization is currently uncertain.

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.

9. FINANCIAL INSTRUMENTS

Agnico-Eagle enters 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. Financial instruments which subject Agnico-Eagle to market risk and concentration of credit risk consist primarily of cash and short-term investments and derivative contracts for currencies, interest rates and precious and base metals. 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 attempts to mitigate the risks associated with fluctuating metal prices and foreign exchange rates. Agnico-Eagle uses 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 are straightforward contracts and involve limited complexity. Agnico-Eagle is exposed to credit risk in the event of non-performance by counterparties in connection with its currency and metal option contracts. Agnico-Eagle does not obtain any security to support financial instruments subject to credit risk, but mitigates 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 expire monthly based on planned production volumes. These instruments have 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 complies with the new documentation requirements of FAS 133. As a result, these option contracts have qualified for hedge accounting and from 2002 through 2006, 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 will remain in accumulated other comprehensive income (loss) and will be reclassified to income based on the original maturities of these contracts. In 2007, the Company expects to reclassify a loss of $1.7 million relating to its gold put option contracts to income.

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. Due to the nature and structure of the Company's foreign currency hedge contracts, the Company did not record amounts for ineffectiveness in income. The Company's written put options do 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.

At December 31, 2006, the aggregate unrealized loss of the net market value of Agnico-Eagle's metals derivative position amounted to $nil (2005 — $8.3 million). The Company's unrealized gain on its foreign exchange hedge position at December 31, 2006 was $nil (2005 — $nil). Since the Company uses only over-the-counter instruments, the fair value of individual hedging instruments is based on readily available market values. As at December 31, 2006, there were no metal or foreign exchange derivative positions.

The following table shows the changes in the fair values of derivative instruments recorded in the consolidated financial statements. The fair values of recorded derivative related assets and liabilities reflect the netting of the fair values of individual derivative financial

instruments. 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".

	Interest Rate		Metals		Foreign Exchange	
	2006	2005	2006	2005	2006	2005
Fair value, beginning of year	$ (1,364)	$ (1,876)	$ (8,335)	$ 30	$ —	$ 4,535
Financial instruments entered into or settled	1,364	—	8,335	7,031	—	(4,535)
Changes in fair value	—	512	—	(15,396)	—	—
Fair value, end of year	$ —	$ (1,364)	$ —	$ (8,335)	$ —	$ —

Agnico-Eagle's exposure to interest rate risk at December 31, 2006 relates to its short-term investments and cash equivalents of $459 million (2005 — $121 million). The Company's short-term investments and cash equivalents have a fixed weighted average interest rate of 4.89% (2005 — 3.79%) for a period of 16 days (2005 — 14 days).

In addition, Agnico-Eagle has outstanding letters of credit amounting to C$13.6 million relating to the Executives Plan and reclamation obligations (2005 — C$13.3 million) for which fees were 2.25% per annum.

The fair values of Agnico-Eagle's current financial assets and liabilities approximate their carrying values as at December 31, 2006. The fair value of Agnico-Eagle's Convertible Debentures as at December 31, 2005 was $187.4 million.

10. ACQUISITION

(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.

The results of operations of Riddarhyttan are included in the consolidated statements of income from the date of the share issuances detailed below.

The purchase price, before transaction costs, amounted to $120.8 million which was paid through the issuance of 10,023,882 shares of the Company:

	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	$ 120,788
Balance of equity investment	11,123
Transaction costs	7,725
Total purchase price to allocate	$ 139,636
Fair Value of Assets Acquired:	
Suurrikuusikko property	$ 187,500
Net future tax liability	(50,738)
Iso-Kuotco property	2,252
Oijarvi property	587
Other	35
Total fair value of assets acquired	$ 139,636

Pro forma results of operations for Agnico-Eagle assuming the acquisition of Riddarhyttan described above had occurred as of January 1, 2004 are shown below. On a pro forma basis, there would have been no effect on Agnico-Eagle's consolidated revenues. In 2006, Riddarhyttan was a consolidated entity:

	Unaudited	
	2005	**2004**
Pro forma net income	$ 32,795	$ 46,297
Pro forma income per share — basic and diluted	$ 0.34	$ 0.49

(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
Total purchase price to allocate	$ 66,976
Fair Value of Assets Acquired:	
Pinos Altos mining property	$ 66,976

11. OTHER FINANCIAL INFORMATION

	2006	2005
Trade payables	$ 28,243	$ 31,497
Wages payable	3,450	4,759
Accrued liabilities	10,845	1,537
	$ 42,538	$ 37,793

12. RELATED PARTY TRANSACTIONS

As at December 31, 2006, the total indebtedness of Contact to the Company was $3.5 million (2005 — $3.4 million) including accrued interest to December 31, 2006 of $0.1 million (2005 — nil).

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 is 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 the quarter. In addition, Agnico-Eagle subscribed to a private placement of subscription receipts by Stornoway for a total cost of $19.8 million.

Subsequent to year-end, the Company entered into a note assignment agreement on January 26, 2007 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, subsequent to year-end 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.

13. SUBSEQUENT EVENTS

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 Resources Ltd. ("Cumberland") under which the Company and Agnico Acquisition agreed to make an exchange offer for all of the outstanding common shares of Cumberland not already owned by the Company. The Company currently owns 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 will be exchanged for 0.185 common share of Agnico-Eagle. The agreement values Cumberland at approximately C$710 million based on 80.0 million fully diluted common shares outstanding and the closing price on February 13, 2007. Cumberland owns 100% of the Meadowbank gold project, located in Nunavut, Canada.

On March 12, 2007, the formal offer and take-over documentation were mailed to the shareholders of Cumberland. The offer will be open for acceptance until April 26, 2007, unless further extended. The offer will be subject to certain conditions of completion including: absence of material adverse changes; acceptance of the offer by Cumberland's shareholders owning not less than two-thirds of the Cumberland common shares on a fully diluted basis; and the absence of an event that materially affects the financial markets. If the two-thirds acceptance level is met, Agnico-Eagle intends to take steps to acquire all outstanding Cumberland common shares.

Under certain circumstances, if the transaction does not proceed to completion, Agnico-Eagle will be entitled to receive a fee of C$21 million, or approximately 3% of the implied transaction value.

In February 2007, the Company entered into a series of gold derivative transactions in connection with the take-over bid for Cumberland. Prior to announcement of the take-over bid by Agnico, 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 are for 420,000 ounces of gold and mature on September 20, 2007, the expected drawdown date of the loan. As Agnico-Eagle's philosophy 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.

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, and Articles of Amalgamation of the Registrant (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).	*
4.01	Third Amended and Restated Credit Agreement dated October 17, 2006.	*
4.02	Consent and Amendment No. 1 to Third Amended and Restated Credit Agreement dated as of November 1, 2006.	*
4.03	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).	*
4.04	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).**	*
4.07	Support Agreement, dated February 14, 2007 between the Registrant and Cumberland Resources Ltd. (incorporated by reference to Exhibit 2.1 to the Registrant's Registration Statement on Form F-10) (File No. 333-141229), as filed with the SEC on March 12, 2007).	*
4.08	Lock-Up Agreement, dated February 14, 2007, among Agnico-Eagle, Agnico-Eagle Acquisition, Kerry M. Curtis, J. Michael Kenyon, Abraham Aronowicz, Richard Colterjohn, Walter Segsworth, Jonathan A. Rubenstein, Glen D. Dickson, Michael Carroll, Brad G. Thiele, E.R. (Ted) Rutherglen and Craig Goodings (incorporated by reference to Exhibit 2.2 to the Registrant's Registration Statement on Form F-10) (File No. 333-141229), filed with the SEC on March 12, 2007.	*
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.

AGNICO-EAGLE MINES LIMITED

Toronto, Canada
March 23, 2007

By: /s/ DAVID GAROFALO

David Garofalo
Senior Vice President, Finance and Chief Financial Officer

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SIGNATURES

Exhibit 4.01

EXECUTION COPY

October 17, 2006

AGNICO-EAGLE MINES LIMITED

- and -

EACH BANK AND FINANCIAL INSTITUTION NOW OR HEREAFTER PARTY HERETO

- and -

THE BANK OF NOVA SCOTIA, AS CO-ARRANGER, ADMINISTRATIVE AGENT AND TECHNICAL AGENT

- and -

SOCIÉTÉ GÉNÉRALE (CANADA), AS CO-ARRANGER AND SYNDICATION AGENT

- and -

N M ROTHSCHILD & SONS LIMITED, AS CO-ARRANGER AND CO-DOCUMENTATION AGENT

- and -

THE TORONTO-DOMINION BANK, AS CO-DOCUMENTATION AGENT

THIRD AMENDED AND RESTATED CREDIT AGREEMENT

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THIRD AMENDED AND RESTATED CREDIT AGREEMENT

THIS AGREEMENT made as of the 17 TH day of October, 2006.

BETWEEN:

AGNICO-EAGLE MINES LIMITED

OF THE FIRST PART

- and -

EACH BANK AND FINANCIAL INSTITUTION NOW OR HEREAFTER PARTY HERETO

OF THE SECOND PART

- and -

THE BANK OF NOVA SCOTIA, AS CO-ARRANGER, ADMINISTRATIVE AGENT AND TECHNICAL AGENT

- and -

OF THE THIRD PART

SOCIÉTÉ GÉNÉRALE (CANADA), AS CO-ARRANGER AND SYNDICATION AGENT

- and -

OF THE FOURTH PART

N M ROTHSCHILD & SONS LIMITED, AS CO-ARRANGER AND CO-DOCUMENTATION AGENT

OF THE FIFTH PART

- and -

THE TORONTO- DOMINION BANK, AS CO-DOCUMENTATION AGENT

OF THE SIXTH PART

WHEREAS the parties to this Agreement are also parties to an amended and restated credit agreement dated as of March 20, 2003, as further amended by Amendment No. 1 to Amended and Restated Credit Agreement dated October 30, 2003, Amendment No. 2 to Amended and Restated Credit Agreement dated December 31, 2003 and Amendment No. 3 to Amended and Restated Credit Agreement dated January 31, 2004 (the " **Original Credit Agreement** "), and as further amended and restated by the Second Amended and Restated Credit Agreement dated as of December 23, 2004, as amended by Amendment No. 1 to Second Amended and Restated Credit Agreement dated as of October 17, 2005 (as so amended, the " **Existing Credit Agreement** ");

AND WHEREAS the Borrower has requested certain amendments to the Existing Credit Agreement, and the parties are entering into this Agreement to amend and restate the Existing Credit Agreement to provide for amended terms on which credits under the Existing Credit Agreement will be continued;

AND WHEREAS the Arrangers (as defined below) have made arrangements with the Borrower relating to certain of the amendments set out herein;

AND WHEREAS the Lenders desire to have the Administrative Agent continue to act on their behalf with regard to certain matters associated with the Credit Facility and certain of their rights and obligations set forth herein;

AND WHEREAS the Lenders also desire to have The Bank of Nova Scotia act as "Technical Agent", Société Générale (Canada) as "Syndication Agent" and N M Rothschild & Sons Limited act as "Documentation Agent", with regard to this Credit Facility.

NOW THEREFORE in consideration of the mutual covenants and premises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree that the Existing Credit Agreement is hereby amended and restated so that, as amended and restated, it reads as follows:

ARTICLE 1
INTERPRETATION

1.1 **Certain Defined Terms.** In this Agreement, where the context does not otherwise require, capitalized terms have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined unless otherwise specified and words importing gender shall include the masculine, feminine and neuter genders):

" Administrative Agent " means BNS, in its capacity as administrative agent hereunder (including pursuant to Section 12.2(e)), and its successors in such capacity.

" Administrative Questionnaire " has the meaning ascribed to that term in the Provisions.

" Advances " means a Loan, as defined in the Provisions.

" Affiliate " has the meaning ascribed to that term in the Provisions.

" Agency Fee Letter " means the letter agreement dated December 23, 2004 between the Administrative Agent and the Borrower providing for the payment by the Borrower of certain fees in connection with this Credit Facility, as such letter agreement is amended, supplemented, restated or replaced from time to time.

" Aggregate Net Hedge Indebtedness " at any date means (a) in respect of the amounts owing by the Borrower to any Hedge Counterparty, the amount, if any, by which the aggregate amount of all Hedge Indebtedness owing by the Borrower to such Hedge Counterparty under Permitted Hedge Agreements with such Hedge Counterparty as at such date exceeds the aggregate amount, if any, of all Hedge Indebtedness owing by such Hedge Counterparty to the Borrower under such Permitted Hedge Agreements; and (b) in respect of amounts owing by the Borrower to all Hedge Counterparties, the amount, if any, by which the aggregate amount of all Hedge Indebtedness owing by the Borrower to each Hedge Counterparty under Permitted Hedge Agreements exceeds the aggregate amount of all Hedge Indebtedness owing by each Hedge Counterparty to the Borrower under Permitted Hedge Agreements with each Hedge Counterparty.

" Agnico-Eagle AB " shall mean Agnico-Eagle AB, a Swedish corporation, and its successors.

" Agnico-Eagle Sweden AB " shall mean Agnico-Eagle Sweden AB, a Swedish corporation, and its successors.

" Agreement " has the meaning ascribed to that term in the Provisions.

" Applicable Margin " means, for each type of Advance or Commitment Fee Rate listed below, the corresponding annual percentage rate for each listed level of Total Net Debt to EBITDA Ratio set forth below:

Level	Total Net Debt to EBITDA Ratio	US $ LIBOR or C$ BA	L/C commission	US$ Base Rate or C$ Prime	Commitment Fee Rate
I	≤ 3.50X	2.00%	2.00%	1.00%	0.75%
II	≤ 2.5X	1.75%	1.75%	0.75%	0.60%
III	≤ 2.0X	1.50%	1.50%	0.50%	0.50%
IV	≤ 1.5X	1.25%	1.25%	0.25%	0.40%

Increases or decreases in the Applicable Margin resulting from a change in the Total Net Debt to EBITDA Ratio shall be based on the applicable Compliance Certificate delivered by the Borrower pursuant to Section 9.1(a); provided that, from the Restatement Date to the Effective Date (as defined below) in respect of the first full fiscal quarter of the Borrower immediately following the Restatement Date, the Applicable Margin shall be set at the applicable "Level" of the corresponding matrix contained in the definition of "Applicable Margin" set forth in the Existing Credit Agreement which is in effect on the Restatement Date. Notwithstanding the foregoing, if the average daily sum of the Lenders' Available Commitment during each month is

greater than 50% of the total Commitments, the Commitment Fee Rate shall be based on "Level II" of the foregoing matrix, and if the average daily sum of the Lenders' Available Commitment during each month is greater than 65% of the total Commitments, the Commitment Fee Rate shall be based on "Level I" of the foregoing matrix. Changes in the Applicable Margin shall be effective as of the earlier of two Business Days following the day upon which such Compliance Certificate is delivered to the Administrative Agent and the day upon which such Compliance Certificate could be delivered on time (the " **Effective Date** "). For greater certainty, changes in L/C fees and Bankers' Acceptance Fees shall be effective for that portion of the term of any L/Cs or Bankers' Acceptances on or after the Effective Date, and any amount owing by the Borrower to the Lenders with respect to L/Cs or Bankers' Acceptances 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 last date which it could be delivered on time (the " **Due Date** "), if any Compliance Certificate required to be delivered by the Borrower is delivered after the Due 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 Due Date, the Administrative Agent shall determine the amount of any overpayment or underpayment of interest, L/C fees and Bankers' Acceptance Fees during the period from the Due 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 Administrative Agent shall constitute, in the absence of manifest error, *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 Administrative 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, L/C fees and Bankers' Acceptance Fees as they become due until such amount has been fully applied. Should the Administrative Agent, acting reasonably, determine that the calculation of the Total Net Debt to EBITDA Ratio in any Compliance Certificate is incorrect, the Administrative Agent shall advise the Borrower of such error and the Borrower and the Administrative Agent agree that, absent manifest error, the Applicable Margin shall be adjusted in accordance with the determination by the Administrative Agent, acting reasonably, and the Borrower shall pay the amount owing commencing as of the date when the adjustment would otherwise be effective in accordance with this provision.

" Applicable Percentage " has the meaning ascribed to that term in the Provisions.

" Arranger Fee Letter " means the letter agreement dated September 26, 2006 between the Arrangers and the Borrower providing for the payment by the Borrower of certain fees in connection with this Credit Facility, as such letter agreement is amended, supplemented, restated or replaced from time to time.

" Arrangers " means, collectively, BNS, Société Générale (Canada) and N M Rothschild & Sons Limited, in their respective capacities as co-arrangers of the credit facilities set forth in this Agreement.

" Assignment and Assumption " has the meaning ascribed to that term in the Provisions.

" Assignment of Metal Hedge Agreements " has the meaning ascribed to that term in Section 7.1(l).

" Available Commitment " means at any time, in respect of all Lenders, the amount, if any, by which the aggregate of the Lenders' Commitments exceeds the amount of the Outstanding Advances at that time and means at any time, in respect of any particular Lender, the amount, if any, by which the Commitment of such Lender exceeds the amount of the Outstanding Advances made by such Lender. For greater certainty, the Available Commitment shall not at any time exceed the Maximum Facility Amount.

" Bank Act Security " means the "Notice of Intention to Give Security Under Section 427 of the Bank Act" granted to each Lender on November 9, 2001, the "Application for Credit and Promise to Give Security Under Section 427 of the Bank Act" granted to each Lender on November 16, 2001, the "Agreement as to Loans and Advances and Security Therefor. Section 426 and 427 of the Bank Act" granted to each Lender on November 16, 2001, the "Security Under Section 427 on All Property of Specified Kinds" granted to each Lender on November 16, 2001 and the security under Section 426 of the Bank Act granted to each Lender on November 13, 2001, and any additional security documents pursuant to the *Bank Act* (Canada) granted by the Borrower to any Lender in connection with this Agreement, as each may be amended, restated or otherwise modified from time to time.

" BA Discount Proceeds " means, in respect of any Bankers' Acceptance, an amount calculated on the applicable Drawdown Date which is (rounded to the nearest full cent, with one-half of one cent being rounded up) equal to the face amount of such Bankers' Acceptance multiplied by the price, where the price is calculated by dividing one by the sum of one plus the product of (i) the BA Discount Rate applicable thereto expressed as a decimal fraction multiplied by (ii) a fraction, the numerator of which is the actual number of days in the term of such Bankers' Acceptance and the denominator of which is 365, which calculated price will be rounded to the nearest multiple of 0.001%.

" BA Discount Rate " means, (a) with respect to any Bankers' Acceptance accepted by a Lender named on Schedule I to the *Bank Act* (Canada) , the rate determined by the Administrative Agent as being the CDOR Rate in effect from time to time, and (b) with respect to any Bankers' Acceptance accepted by any other Lender, the rate determined by the Administrative Agent in accordance with (a) above plus 0.10% per annum.

" BA Equivalent Advance " has the meaning ascribed to it in Section 3.9(e).

" Bankers' Acceptance " means a depository bill as defined in the *Depository Bills and Notes Act* (Canada) in Canadian Dollars that is in the form of an order signed by the Borrower and accepted by a Lender pursuant to this Agreement or, for Lenders not participating in clearing services contemplated in that Act, a draft or bill of exchange in Canadian Dollars that is drawn by the Borrower and accepted by a Lender pursuant to this Agreement. Orders that become depository bills, drafts and bills of exchange are sometimes collectively referred to in this Agreement as "orders."

" Bankers' Acceptance Fee " means the amount calculated by multiplying the face amount of each Bankers' Acceptance by the Applicable Margin and then multiplying the result by a fraction, the numerator of which is the duration of its term on the basis of the actual number of days to elapse from and including the date of acceptance of a Bankers' Acceptance by the Lender up to but excluding the maturity date of the Bankers' Acceptance and the denominator of which is 365.

" Banking Day " means any Business Day on which dealings in foreign currencies and exchange between lenders may be carried on in London, England and New York, New York.

" Base Rate " means, on any date, a fluctuating rate of interest per annum (expressed on the basis of the actual number of days in a calendar year, rounded upward, if necessary, to the next highest 1/16 of 1%) equal to the higher of:

(a) the reference rate of interest (however designated) of the Administrative Agent in effect on such day for determining interest chargeable by it on US Dollar commercial loans made in Canada; and

(b) the Federal Funds Rate in effect on such day plus 0.5% per annum.

Changes in the rate of interest on that portion of any Advances maintained as Base Rate Advances will take effect simultaneously with each change in the Base Rate. The Administrative Agent will give notice promptly to the Borrower and the Lenders of changes in the Base Rate; provided that the failure to give such notice shall not affect the Base Rate in effect after such change.

" Base Rate Advance " means an Advance in US Dollars bearing interest at a fluctuating rate determined by reference to the Base Rate plus the Applicable Margin.

" Base Rate Loan " (as used in the Provisions) means a Base Rate Advance.

" BNS " means The Bank of Nova Scotia, a bank to which the *Bank Act* (Canada) applies. BNS shall be the "Issuing Bank" referred to in the Provisions.

" Bond " has the meaning ascribed to it in Section 7.1(e).

" Borrower " means Agnico-Eagle Mines Limited, a corporation existing under the laws of the Province of Ontario and its successors.

" Branch of Account " means the Wholesale Banking Operations – Loan Operations department of BNS at 720 King Street West, Third Floor, Toronto, Ontario, M5V 2T3 or such other branch as is designated from time to time by the Administrative Agent.

" Business Day " means each day that is not a Saturday, Sunday or a day on which commercial banks are not open for normal banking business in Toronto, Ontario or Montreal, Quebec.

" Canadian Dollars ", " Cdn. Dollars " and " Cdn $ " mean lawful money of Canada.

" Canadian Lender " has the meaning ascribed to it in Section 7.4(a).

" Capital Expenditures " shall mean, with respect to any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities and including expenditures for capitalized lease obligations) by the Borrower during such period that are required by GAAP to be included as a non-current asset on the balance sheet of the Borrower.

" Capital Stock " means any and all shares, interests, participations, warrants, options or other equivalents (however designated) of capital stock of a corporation, any securities convertible into such capital stock or any and all equivalent ownership interests in a Person.

" Cash Collateral " means Collateral consisting of cash (in Canadian Dollars or US Dollars) or Cash Equivalents on which the Administrative Agent has a first priority Lien.

" Cash Equivalents " means:

(a) investments in direct obligations of Canada or the United States of America, including Canadian or United States of America federal, provincial or state obligations, with remaining maturities of one year or less from the date of acquisition of the investment;

(b) investments in direct obligations of municipalities (having short-term credit ratings of at least A1 by Standard & Poor's Ratings Group or P1 by Moody's Investors Service) in Canada or the United States of America with remaining maturities of one year or less from the date of acquisition of the investment;

(c) investments in certificates of deposit with remaining maturities of one year or less, issued by commercial banks in Canada or the United States of America having capital and surplus in excess of US $500,000,000 and having short-term credit ratings of at least A1 by Standard & Poor's Ratings Group, P1 by Moody's Investors Service, Inc. or R-1 (middle) by Dominion Bond Rating Service Limited;

(d) investments in commercial paper issued by issuers resident in Canada or the United States of America of maturities of not more than 270 days rated at least A1 by Standard & Poor's Ratings Group, P1 by Moody's Investors Service, Inc. or R-1 (middle) by Dominion Bond Rating Service Limited;

(e) investments in securities that are obligations of Canada or the United States of America purchased by the Borrower or any Subsidiary of the Borrower under repurchase agreements pursuant to which arrangements are made with selling financial institutions (being a financial institution having unimpaired capital and surplus of not less than US $500,000,000 and with short-term credit ratings of at least A1 by Standard & Poor's Ratings Group, P1 by Moody's Investors Service, Inc. or R-1 (middle) by Dominion Bond Rating Service Limited) for such financial institutions to repurchase such securities within 30 days from the date of purchase by the Borrower or such Subsidiary, and other similar short-term investments made in connection with the Borrower's or any of its Subsidiary's cash management practices; provided that the Borrower shall take possession of

all securities purchased by the Borrower or any such Subsidiary under repurchase agreements and shall adhere to customary margin and mark-to-market procedures with respect to fluctuations in value; or

(f) 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).

" CDOR Rate " shall mean, on any day, the annual rate of interest which is the arithmetic average of the 1, 2, 3 or 6 month rates applicable to Bankers' Acceptances issued by banks listed on Schedule I of the *Bank Act* (Canada) identified as such on the Reuters Screen CDOR Page at approximately 10:00 a.m. (Toronto time) on such day (as adjusted by the Administrative Agent after 10:00 a.m. to reflect any error in any posted rate or in the posted average annual rate). If the rate does not appear on the Reuters Screen CDOR Page as contemplated above, then the CDOR Rate on any day shall be calculated as the arithmetic average of the discount rates applicable to one month Bankers' Acceptances of, and as quoted by, any two Lenders which are banks listed on Schedule I of the *Bank Act* (Canada), chosen by the Administrative Agent in its discretion, as of 10:00 a.m. on such day, or if such day is not a Business Day, then on the immediately preceding Business Day. If less than two such Lenders quote the aforementioned rate, the CDOR Rate shall be the rate quoted by the Administrative Agent.

" 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;

(b) the occupation of a majority of the seats (other than vacant seats) on the board of directors of the Borrower by Persons who were neither (i) directors on the Closing Date nor (ii) nominated or appointed by a majority vote of the board of directors of the Borrower in circumstances where such nomination or appointment is made other than as a result of a dissident proxy solicitation, whether actual or threatened; or

(c) the consummation of any amalgamation, statutory arrangement (involving a business combination) or other reorganization of or involving the Borrower (i) in which the Borrower is not the continuing corporation or (ii) pursuant to which any Voting Stock of the Borrower would be reclassified, changed or converted into or exchanged for cash, securities or other property; other than (in each case) an amalgamation, statutory arrangement or other reorganization of or involving the Borrower in which the holders of the Voting Stock of the Borrower on the

Closing Date continue to have, directly or indirectly, more than 50% of the Voting Stock of the continuing corporation immediately after such transaction and in respect of which neither of the events described in (a) or (b) of this definition shall have occurred.

" Closing Date " means November 23, 2001.

" Closing and Amendment Fee Letter " means the letter agreement dated October 17, 2006 between the Administrative Agent and the Borrower providing for the payment by the Borrower of certain fees in connection with this Credit Facility, as such letter agreement is amended, supplemented, restated or replaced from time to time.

" Collateral " means the property and interests in property subject to or to be subject to the Liens of the Security Documents.

" Commitment " means, in respect of each Lender, at any time, the commitment of such Lender to provide the amount of Advances set opposite its name on Annex 2, as modified from time to time in accordance with the terms hereof. If a Lender has more than one Commitment hereunder, each Commitment shall be deemed to be a separate Commitment for purposes of this Agreement.

" Commitment Fee Rate " means the applicable percentage per annum set forth in the pricing matrix under the "Commitment Fee Rate" column in the definition of Applicable Margin.

" Compliance Certificate " means a compliance certificate of the Borrower, in the form of Exhibit E, delivered by the Borrower to the Administrative Agent pursuant to Section 9.1(a) and certified (without personal liability) by the chief financial officer or chief executive officer of the Borrower.

" Constating Documents " means a Person's articles or certificate of incorporation, amendment, amalgamation or continuance, memorandum of association, by-laws, 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 such Person's Capital Stock.

" Contractual Obligation " means as to any Person, any provision of any security issued by such Person or any agreement, instrument or undertaking to which such Person is a party or by which it or any of its property is bound and, for greater certainty, shall include in the case of the Borrower, the Material Contracts and contracts and agreements relating to Indebtedness of the Restricted Parties.

" Control " has the meaning ascribed to that term in the Provisions.

" Convertible Debentures " means the 4.5% senior subordinated convertible debentures of the Borrower which were issued under the Trust Indenture, and which were redeemed in full by the Borrower on February 15, 2006.

" Copper " means metal which contains 0.999 cathode copper, which is registered or registrable, and is in conformity in all respects with the requirements for good delivery, on the London Metals Exchange.

" Credit Facility " means the credit facility which the Lenders have agreed to establish in favour of the Borrower pursuant to, and on the terms and conditions set out in, this Agreement in the amount of the Maximum Facility Amount.

" 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.

" Default " has the meaning ascribed to that term in the Provisions.

" Demand " has the meaning ascribed to it in Section 3.19(b).

" Designated Account " means, in respect of any Advance, the account or accounts (including in Cdn. Dollars and US Dollars) maintained by the Borrower at a branch of the Administrative Agent in Toronto, Ontario that the Borrower designates in writing from time to time.

" Development Plan " means, collectively, the Mine Plan and the Operating Budget, as updated from time to time in accordance with Sections 9.2 and 9.3; and, to the extent of any inconsistency between such documents, the document having the later date shall govern.

" Documents " means the Financing Documents and the other documents delivered under Articles 6 and 7 hereof and all instruments, agreements, certificates and other documents delivered to the Administrative Agent and/or Lenders pursuant to or in connection with any of the foregoing.

" Drawdown Date " means the date on which an Advance is made to the Borrower pursuant to the terms hereof and which shall be a Banking Day.

" Drawdown Notice " means a notice delivered by the Borrower pursuant to Section 3.1 and substantially in the form of Exhibit A.

" Due Date " has the meaning specified in the definition for Applicable Margin.

" 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:

(a) onsite and offsite cash operating costs for such period;

(b) general and administrative expenses for such period;

(c) cash capital taxes for such period; and

(d) cash reclamation expenditures for such period;

each component of which is to be calculated in accordance with GAAP consistently applied.

" Effective Date " has the meaning specified in the definition for Applicable Margin.

" El Coco Documents " means (a) the Net Smelter Royalty Agreement dated as of June 21, 1999 among Barrick Gold Corporation, Lac Exploration Inc. and the Borrower and (b) the Net Profits Royalty Agreement dated as of June 21, 1999 among Barrick Gold Corporation, Lac Exploration Inc. and the Borrower, true and complete copies of which (together with all amendments, supplements and restatements thereof or thereto) have been delivered to the Administrative Agent.

" Eligible Assignee " has the meaning ascribed to that term in the Provisions.

" Environmental Liability " means any claim (including sums paid in settlement of claims), action, administrative proceeding, judgment, lien, damages, penalty, fine, cost, liability or loss, including reasonable legal fees and expenses and all other costs and expenses of any kind or nature that are incurred or arise directly or indirectly from or in connection with any Requirement of Environmental Law, or any failure or breach in respect thereof, or any Release of Hazardous Materials, that, in either case, is applicable to the Borrower or any other Subsidiary, or its respective properties or operations.

" Equivalent Amount " means, on any day, for the purpose of calculations under this Agreement, the amount of Canadian Dollars into which US Dollars may be converted or the amount of US Dollars into which Canadian Dollars may be converted using the Bank of Canada noon spot rate, if available, and if not available, the Administrative Agent's mid-rate (i.e. the average of the Administrative Agent's spot buying and selling rates) for converting the first currency to the other currency at the relevant time on that day; or as the context requires, the amount of Euros into which US Dollars may be converted or the amount of US Dollars into which Euros may be converted using the noon spot rate of the Federal Reserve Bank of New York, if available, and if not available, the Administrative Agent's mid-rate (i.e. the average of the Administrative Agent's spot buying and selling rates) for converting the first currency to the other currency at the relevant time on that day.

" Euro " means the lawful currency of the member states of the European Union participating in the third stage of the European monetary union.

Event of Default " means any event specified in Section 11.1.

" Exchange Rate Hedge Agreement " shall mean any contract for the sale, purchase or exchange or for future delivery of foreign currency (whether or not the subject currency is to be delivered or exchanged), or any currency swap agreements, option contracts, futures contracts, options on futures contracts, spot or forward contracts or other agreements to purchase or sell currency or any other arrangements entered into by a Person related to movements in the rates of exchange of currencies or other similar currency derivatives transactions entered into by such Person or any other currency contract or arrangement having the same economic effect as the foregoing, whether at, above or below current market prices.

" Existing Credit Agreement " has the meaning defined in the first recital to this Agreement.

" Exploration Expenditures " shall mean, with respect to any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities and including expenditures for capitalized lease obligations) made by the Borrower during such period in respect of prospecting, sampling, drilling and other work involved in searching for gold doré, copper concentrate and zinc concentrate and any other base or precious metal (whether in concentrate, doré or other form).

" Facility Indebtedness " means all present and future indebtedness, liabilities and obligations of the Borrower to the Administrative Agent and the Lenders under or in connection with the Financing Documents, whether direct or indirect, absolute or contingent, matured or not, at any time owing by the Borrower to the Administrative Agent or the Lenders in any currency or remaining unpaid by the Borrower to the Administrative Agent or the Lenders under or in connection with the Financing Documents, and whether incurred by the Borrower alone or with another or others and whether as principal or surety, in each case whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including all fees, legal and other costs, charges and expenses of or incurred by the Administrative Agent or the Lenders under or in connection with the Financing Documents which are required to be paid thereunder), but in any event excluding Hedge Indebtedness.

" Federal Funds Rate " means for any day, an annual interest rate equal to the weighted average of the rates on overnight United States federal funds transactions with members of the Federal Reserve System arranged by United States federal funds brokers, as published for such day (or if such day is not a Banking Day, for the next preceding Banking Day) by the Federal Reserve Bank of New York or for any Banking Day on which such rate is not so published, the arithmetic average of the quotations for such day on such transactions received by the Administrative Agent from three United States federal funds brokers of recognized standing selected by it.

" Final Permitted Hedge Counterparties " means each Permitted Hedge Counterparty which has outstanding Hedge Agreements with the Borrower at the time that the Facility Indebtedness is indefeasibly paid in full and all Commitments are terminated.

" Financial Parameters " means the "Financial Parameters" set forth on Annex 3.

" Financing Documents " means this Agreement, the Security Documents, all other agreements, undertakings or commitments entered into by any Restricted Party pursuant to or in connection with this Agreement and the transactions contemplated hereby, including agreements with the Administrative Agent in connection with consolidation and electronic fund transfer arrangements and credit cards, and the Hedge Agreements entered into with each Permitted Hedge Counterparty.

" Financing Lease " means (a) any lease, including by way of sale and leaseback, of property, whether real or immovable or personal or movable, if the then present value of the minimum rental commitment thereunder should, in accordance with GAAP, be capitalized on a balance sheet of the lessee and (b) any other such lease the obligations under which are capitalized on the balance sheet of the lessee.

" Free Cash Flow " means, for any period, EBITDA less Maintenance Capital Expenditures.

" GAAP " means generally accepted accounting principles in effect from time to time in the United States of America.

" Gold " means gold having a minimum fineness of 0.995 and which is registered or registrable, and is in conformity in all respects with the requirements for good delivery, on the London Bullion Market.

" Gold Equivalent " means a quantity of a Metal having an economic value expressed in ounces of Gold and calculated by multiplying the quantity of the Metal by an assumed price for that Metal and dividing the product by an assumed price for Gold, where such prices are determined using the Financial Parameters.

" Gold Equivalent Proven and Probable Reserves " means the sum of (a) Proven Reserves and Probable Reserves of Gold at the Mines which are Included Property and (b) Proven Reserves and Probable Reserves of Silver, Zinc and Copper at such Mines multiplied by the applicable price for the relevant metal as determined using the Financial Parameters, divided by the relevant Gold price as determined using the Financial Parameters.

" 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 in accordance with the Development Plan or otherwise (which property and operations currently include (a) the Mining Assets relating to the Goldex mine, (b) the 22 mining claims comprising the Goldex mine referred to in Schedule 8.1(l) and (c) the immovable property comprising the Goldex mine referred to in Schedule 8.1(l)), and any replacements, substitutions and modifications thereof, together with all applications, surveys, easements, rights of way, rights, titles or interests of every kind and description which the Borrower or its Affiliates have rights to, otherwise own or control, relating to or acquired in connection with one or more of said operations, properties and claims.

" Governmental Authority " has the meaning ascribed to that term in the Provisions.

" Guarantee Obligation " means, as to any Person, (a) any obligation of such Person guaranteeing any obligations, contingent or otherwise, or indebtedness of other Persons, and (b) any other contingent obligations of such Person in respect of, or obligations to purchase or otherwise acquire or to assure payment or satisfaction of, any indebtedness or obligations of any other Person, directly or indirectly.

" Hedge Agreements " means all Metal Hedge Agreements, Exchange Rate Hedge Agreements, Interest Rate Hedge Agreements, and all other derivative transactions, at any time entered into by the Borrower including without limitation the Hedge Agreements identified in Section 8.1 (cc).

" Hedge Counterparty " means a Permitted Hedge Counterparty or an Unsecured Hedge Counterparty.

" Hedge Indebtedness " means with respect to the indebtedness or obligations of any Person under or pursuant to any Permitted Hedge Agreement on any date, the aggregate amount, if any, determined on such date which would have to be paid on such date by such Person to a replacement counterparty to enter into a replacement transaction on substantially the same terms

as the then existing transaction, with a term from such date to the scheduled termination date of the existing transaction.

" Hypothec " means the deed of hypothec referred to in Section 7.1(f), together with any and all other deeds of hypothec executed and delivered by the Borrower in favour of the Trustee.

" Included Property " means (a) the LaRonde Mine, the Goldex Mine, the Kittila Mine and the Lapa Mine and (b) (i) any other Mine located in a Permitted Jurisdiction, (ii) which Mine is operating to the satisfaction of the Majority Lenders in consultation with their independent consultants, (iii) which Mine is wholly owned, controlled and operated by a Person referred to in clauses (a) or (b) of the definition of Restricted Party, (iv) on which Mine the Administrative Agent, for and on behalf of the Secured Parties, has been granted an exclusive Lien to secure the Senior Secured Indebtedness pursuant to Section 10.2(n), and (v) for which the Administrative Agent has provided the Borrower written notice that such Mine is Included Property pursuant to Section 10.2(n).

" Indebtedness " of a Person means, at a particular date, the sum (without duplication) of:

(a) all obligations of such Person for borrowed money and obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(b) all obligations of such Person (whether contingent or otherwise) in respect of bankers' acceptances, letters of credit, surety or other bonds and similar instruments;

(c) all obligations of such Person to pay the deferred purchase price of property or services (other than for borrowed money);

(d) all obligations of such Person under Financing Leases in respect of which such Person is liable, contingently or otherwise, as obligor, guarantor or otherwise, or in respect of which obligations such Person otherwise assures a creditor against loss;

(e) all Guarantee Obligations of such Person;

(f) indebtedness of others secured by any Lien upon Property owned by such Person, whether or not assumed;

(g) all obligations of such Person to deliver goods or services in consideration of advance payments; and

(h) all Hedge Indebtedness of such Person;

provided that trade payables and accrued liabilities that are current liabilities incurred in the ordinary course of business do not constitute Indebtedness.

" Indemnified Party " has the meaning ascribed to it in Section 13.17.

" Independent Engineer " means the current Independent Engineer, Roscoe Postle Associates Inc. together with Hatch Associates Inc., or such other independent engineer as may be selected by the Majority Lenders pursuant to Section 13.6.

" Indicated Resource " means that portion of a mineral resource expressed as tons and grade which has been designated as such by the Borrower, audited and approved by the Independent Engineer, after consultation with the Administrative Agent, on the basis of drill holes, underground openings or other sampling procedures spaced closely enough to give a reasonable indication of continuity and where geological data is reasonably well known.

" Initial Mine Plan " means the Initial Model and Budget as of the date hereof.

" Initial Model and Budget " means the mine plan for the Life of Mine and the annual operating budget for the Included Properties, delivered by the Borrower to the Lenders, reviewed and approved by the Independent Engineer and accepted by the Lenders, attached as Annex 6.

" Instrument of Adhesion " means an instrument of adhesion on the terms and in the form of Exhibit B.

" Intellectual Property " shall have the meaning ascribed to it in Section 8.1(o).

" Interest Coverage Ratio " means, for any period, the ratio of Free Cash Flow for such period to Total Interest Expense for such period.

" Interest Period " means, with respect to any LIBOR Advance:

(a) the period commencing on and including the applicable Drawdown Date with respect to such LIBOR Advance and, subject as hereinafter provided, ending on but excluding the date which is one, two, three or six months thereafter, as selected by the Borrower in its Drawdown Notice; and

(b) thereafter, each period commencing on the last day of the last preceding Interest Period applicable to such LIBOR Advance and, subject as hereinafter provided, ending on but excluding the date which is one, two, three or six months thereafter, as selected by the Borrower by irrevocable notice to the Administrative Agent not less than 3 Banking Days prior to the last day of the then current Interest Period with respect to such Advance;

provided that, all of the foregoing provisions relating to Interest Periods are subject to the following:

(c) if any Interest Period would otherwise end on a day which is not a Banking Day, that Interest Period shall be extended to the next succeeding Banking Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Banking Day;

(d) any Interest Period that would otherwise extend beyond the Maturity Date, shall end on the Maturity Date; and

(e) any Interest Period that begins on the last Banking Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Banking Day of a calendar month.

" Interest Rate Hedge Agreements " shall mean any interest rate swap, option contract, futures contract, option on futures contract, cap, floor, collar, or any other similar arrangement entered into by a Person related to movements in interest rates or any other similar interest rate derivatives transaction entered into by such Person or any other interest rate contract or arrangement having the same economic effect, whether at, above or below current market prices.

" Investment " means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of Capital Stock or debt or other securities of another Person, (b) a loan, advance or capital contribution to, Guarantee Obligation or assumption of Indebtedness of, or purchase or other acquisition of any other Indebtedness or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of all or substantially all of the property and assets or business of another Person or assets constituting a business unit, line of business or division of such Person. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment.

" Investment Conditions " means, with respect to any Investment that: (a) no Default has occurred and is continuing or would result therefrom (without duplicating subsection (e) below); (b) any Person in which such Investment is made is in the business of mining or mining related activities or the asset acquired is a mining or mining related asset; (c) immediately after giving effect to any such Investment no Material Adverse Change would be reasonably expected to occur (without duplicating subsection (e) below); (d) such Investment does not breach, conflict with or violate any Requirements of Law; and (e) immediately after giving effect to such Investment, the Borrower shall be in compliance with all covenants set forth in Section 10.1 on a pro forma basis.

" Issuing Bank " has the meaning ascribed to that term in the Provisions.

" Kittila Mine " shall mean 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 in accordance with the Development Plan or otherwise (which property and operations currently include (a) the Mining Assets relating to the Kittila mine, (b) the mining claims and mining concessions comprising the Kittila mine referred to in Schedule 8.1(l) and (c) the real or immovable property comprising the Kittila mine referred to in Schedule 8.1(l)), and any replacements, substitutions and modifications thereof, together with all applications, surveys, easements, rights of way, rights, titles or interests of every kind and description which the Borrower, Agnico-Eagle AB or their Affiliates have rights to, otherwise

own or control, relating to or acquired in connection with one or more of said operations, properties and claims.

" Lapa Mine " shall mean means the Borrower's Lapa mining operations and property located approximately 11 kilometers east of the LaRonde Mine, as presently constituted and as the same may be developed or expanded from time to time in accordance with the Development Plan or otherwise (which property and operations currently include (a) the Mining Assets relating to the Lapa mine, (b) the one concession and the 43 mining claims comprising the Lapa mine referred to in Schedule 8.1(l) and (c) the immovable property comprising the Lapa mine referred to in Schedule 8.1(l)), and any replacements, substitutions and modifications thereof, together with all applications, surveys, easements, rights of way, rights, titles or interests of every kind and description which the Borrower or its Affiliates have rights to, otherwise own or control, relating to or acquired in connection with one or more of said operations, properties and claims.

" 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 in accordance with the Development Plan or otherwise (which property and operations currently include (a) the Mining Assets relating to the LaRonde mine, (b) the property covered by the LaRonde Mining Leases as described in surveys dated January 23, 1998 and November 11, 1999 prepared by Jean-Luc Corriveau, which surveys have been made available by the Borrower to the Administrative Agent and to Lenders' Counsel, (c) the 22 mining claims constituting the "El Coco Property" which claims are described in the El Coco Documents, (d) the 34 mining claims located adjacent to the LaRonde mine comprising the LaRonde mine tailings dam), and any replacements, substitutions and modifications thereof, together with all applications, surveys, easements, rights of way, rights, titles or interests of every kind and description which the Borrower or its Affiliates have rights to, otherwise own or control, relating to or acquired in connection with one or more of said operations, properties and claims and (e) the 20 mining claims constituting the "Terrex Property" which mining claims are described in Schedule 8.1(l) under the caption "Terrex Property".

" LaRonde Mining Leases " means those certain mining leases number BM796 entered into between Les Mines Dumagami Ltée on March 12, 1991 and the Government of Quebec on April 19, 1991, as the same was transferred to the Borrower on December 29, 1992, and number BM854 entered into between the Borrower on April 26, 2001 and the Government of Quebec on June 5, 2001, and as the same may be renewed, amended, supplemented or restated in accordance with the terms of this Agreement from time to time.

" L/C " means a standby letter of credit, letter of guarantee or commercial letter of credit, in US Dollars, Canadian Dollars or Euros, and in a form satisfactory to BNS issued by BNS at the request of the Borrower in favour of a third party to secure the payment or performance of an obligation of the Borrower or a Subsidiary to the third party. For purposes of the Provisions, " Letter of Credit " shall mean "L/C".

" Lenders " means the Lenders listed on Annex 2 hereof and their respective successors and assigns, and any other Eligible Assignee which becomes party to this Agreement pursuant to Sections 3.3(b) or 10 of the Provisions, and "Lender" means any one of them.

" Lenders' Counsel " means Borden Ladner Gervais LLP.

" Lending Office " means, as to any Lender, the office or offices of such Lender described as such in such Lender's Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Borrower and the Administrative Agent.

" LIBO Rate " means, with respect to any Advance for any Interest Period, the product of (a) (i) the interest rate per annum shown on Telerate Page 3750 or any successor page as the composite offered rate for London interbank deposits with a period comparable to the Interest Period for such Advance as shown under the heading "USD" at 11:00 a.m. (London time) on the LIBO Rate Determination Date for such Interest Period, or (ii) if the rate in clause (i) of this definition is not shown for any particular day, the average (rounded upwards to the nearest whole multiple of one sixteenth of one percent) of the respective rates notified to the Administrative Agent by the Reference Banks at which deposits in US Dollars are offered by such Reference Banks to prime banks in the London interbank market at approximately 11:00 a.m. (London time) on the LIBO Rate Determination Date for such Interest Period for delivery on the first day of such Interest Period for a period identical to such Interest Period and in an amount comparable to the amount of such Advance, times (b) Statutory Reserves (if greater than one), if applicable.

" LIBO Rate Determination Date " means a day which is two Banking Days prior to the first day of an Interest Period.

" LIBO Rate Loan " (as used in the Provisions) means a LIBOR Advance.

" LIBOR Advance " means an Advance in US Dollars bearing interest at a fluctuating rate determined by reference to the LIBO Rate plus the Applicable Margin.

" LIBOR Tranche " means a LIBOR Advance or LIBOR Advances having the same Interest Period (whether or not originally made on the same day).

" Lien " shall mean any interest in property securing or intended to secure payment or performance of an obligation owed to a Person other than the owner of the property, whether such interest is based on contract, common law or statutory law, and including but not limited to the lien or security interest arising from a mortgage, hypothec, encumbrance, pledge, security agreement, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term "Lien" shall also include reservations, exceptions, encroachments, easements, rights of way, liens, prior claims and other statutory or common law rights of landlords, leases and other title exceptions affecting property, and the filing or registering of any financing statement or other registration document under the *Civil Code of Quebec* , the Ontario *Personal Property Security Act* or any other comparable law of any jurisdiction for the purpose of protecting or perfecting such Lien to the extent that the mere filing of the same has the effect in and of itself of giving the beneficiary thereof an interest in property.

" Life of Mine " means the period during which all Reserves at the Mines constituting Included Property are projected to be extracted through planned mining activities (for the LaRonde Mine, currently through to the year 2016).

" Loan Documents " (as used in the Provisions) means Financing Documents.

" London Bullion Market " means the London Bullion Market Association, London, England.

" London Metals Exchange " means the London Metals Exchange, London, England.

" Maintenance Capital Expenditures " means, for any period, the sum of all Capital Expenditures made during such period on commercially operating mines held directly or indirectly by the Borrower, which Capital Expenditures are required or anticipated to be required in accordance with customary and prudent mining industry practice to maintain the operations of such mines at the unit operating cost, design capacity and utilization levels contemplated in the Operating Budget provided from time to time by the Borrower to the Lenders.

" Majority Lenders " means, at any time, two or more Lenders, the Commitments of which are in the aggregate greater than 50% of the aggregate Commitments of all Lenders.

" Material Adverse Change " means any material adverse change in the business, assets, liabilities, condition (financial or otherwise), properties or prospects of the Restricted Parties on a consolidated basis, or of their Mines that constitute Included Property taken as a whole. " Material Adverse Effect " means (a) any Material Adverse Change or (b) any material adverse effect on (i) the ability or prospects of the Borrower on an individual basis to carry out its business, including the operation of the Mines owned and operated directly or indirectly by it that constitute Included Property, (ii) the ability of the Restricted Parties, on a consolidated basis, to perform their obligations under the Financing Documents in accordance with their respective terms or (iii) the rights and remedies of the Administrative Agent or the Lenders under the Financing Documents.

" Material Contracts " means the contracts listed on Schedule 8.1(p) relating to Included Property to which each Restricted Party is a party, the Mining Leases and the Hedge Agreements, true and complete copies of which (together with all amendments, supplements and restatements thereof or thereto) have been delivered to the Administrative Agent.

" Material Subsidiary " means any Subsidiary of the Borrower the consolidated total assets of which, at any time, have a book value of US $20,000,000 or more or the consolidated total revenue of which, at any time, is US $10,000,000 or more (on an annual basis); provided that, once a Subsidiary of the Borrower has become a Material Subsidiary, it shall not cease to be a Material Subsidiary until the Borrower provides written notice to the Administrative Agent in which the Borrower represents and warrants to the Administrative Agent that the book value of such Subsidiary is less than US $20,000,000 and the consolidated total revenue of such Subsidiary is less than US $10,000,000 (on an annual basis); and provided further that, notwithstanding any of the foregoing, if any Restricted Party (excluding the Borrower) is not a "Material Subsidiary" pursuant to the foregoing part of this definition, such Restricted Party shall be deemed for all purposes of this Agreement to be a "Material Subsidiary" and, for greater certainty, such Person shall not cease to be a "Material Subsidiary" as long as such Person is a Restricted Party.

" Maturity Date " means December 23, 2011, or if such date has been extended in accordance with the terms of Section 5.2, such extended date.

" Maximum Facility Amount " means US $300,000,000, as the same is reduced in accordance with the terms of this Agreement.

" Measured Resource " means that portion of a mineral resource expressed as tons and grade which has been designated as such by the Borrower, audited and approved by the Independent Engineer, after consultation with the Administrative Agent, on the basis of drill holes, underground openings or other sampling procedures spaced closely enough to confirm continuity to a high degree of confidence, and where geological data is reliably known.

" Metal " means Gold, Silver, Copper or Zinc derived from Product, together with any other base or precious metal produced by the Mines which are registered or registrable, and is in conformity in all respects with the requirements for good delivery, on the London Metals Exchange or London Bullion Market.

" Metal Hedge Agreement " shall mean any contract or commitment for or representing the sale or purchase for future delivery of a Metal (whether or not the subject Metal is to be delivered) and any option, put option, synthetic put option, call option, collar, spot, spot deferred, fixed forward and floating lease rate forward or other similar contract or arrangement entered into by a Person in respect of Metal prices or other similar metal derivatives transactions entered into by such Person or other metal contract or arrangement having the same economic effect as any of the foregoing, whether at, below or above the current market price of such Metal.

" Mine " means the LaRonde Mine or any other Mining Assets directly or indirectly owned, controlled or operated by the Borrower or its Subsidiaries; and " Mines " means all such mines.

" Mine Plan " means the Initial Model and Budget and each subsequent "Mine Plan", as updated and modified from time to time in accordance with the procedures set out in Section 9.2 and as updated in accordance with Section 9.4 to include reference to any additional Mines constituting Included Property acquired by the Borrower or its Subsidiaries in accordance with this Agreement.

" Mining Assets " means the Mining Properties and all other present and after-acquired property and assets used in connection with or relating to an operating mine 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), together with all inventory and accounts receivable thereof, whether situate on or off such mine or facility, and all replacements, substitutions and additions thereto made in accordance with the terms of this Agreement.

" Mining Claims " means all mining rights and claims, licences, mining leases and concessions and other similar rights and interest forming part of the Mining Properties relating to operating mines.

" Mining Leases " means the LaRonde Mining Leases and any other mining leases as the same may be renewed, amended, supplemented or restated in accordance with the terms of this Agreement from time to time.

" Mining Properties " means the lands, premises, Mining Leases, surface leases and rights, mining rights and claims, mining concessions and other rights to extract surface minerals from real or immovable property, now owned or hereafter acquired, which relate to a mine.

" Monthly Operating Report " means a report as to the operations of the LaRonde Mine, the construction, development and operations of the Goldex Mine, the Lapa Mine and the Kittila Mine, and the construction, development and operations of any additional Mines constituting Included Property acquired by the Borrower or its Subsidiaries in accordance with this Agreement, and certain other required information, in the form or substantially in the form last delivered to the "Administrative Agent" under the Existing Credit Agreement.

" Net Cash Proceeds " means with respect to any sale or other disposition of any asset (other than Product) by any Person (a) the gross amount of cash or cash equivalent received by such Person in connection with such transaction minus (b) the amount, if any, of all taxes (including the amount, if any, estimated by such Person in good faith at the time of such sale or other disposition for taxes payable by such Person on or measured by net income or gain resulting from such transaction), fees, commissions, costs and other expenses which are incurred or payable by such Person in connection with such transaction, but only to the extent not already deducted in arriving at the amount referred to in clause (a) above.

" Non BA Lender " has the meaning ascribed to it in Section 3.9(e).

" Non-Bank Act Security " has the meaning ascribed to it in Section 7.4(c).

" Operating Budget " means the Initial Model and Budget and each of the Borrower's subsequent annual operating budgets, in the form or substantially in the form of the Operating Budget last delivered to the Administrative Agent under the Existing Credit Agreement and as updated in accordance with Section 9.5 to include reference to any additional Mines constituting Included Property, acquired by the Borrower or its Subsidiaries in accordance with this Agreement.

" Original Credit Agreement " has the meaning ascribed to it in the first recital to this Agreement.

" Original Currency " shall have the meaning ascribed to it in Section 13.13.

" Other Senior Indebtedness " shall have the meaning ascribed thereto in Section 10.3(c)(vi).

" Outstanding Advances " means, at any time, the aggregate of the outstanding balance of all Advances which remain outstanding and have not been repaid to zero at such time together with the undrawn face amount of outstanding L/Cs and the face amount of outstanding Bankers' Acceptances.

" Overdraft Facility " shall have the meaning ascribed thereto in Section 2.2(c).

" Permits " shall mean all permits, consents, waivers, licences, certificates, approvals, authorizations, registrations, franchises, rights, privileges and exemptions or any item with similar effect as the foregoing issued or granted by any applicable Governmental Authority or by any other third party, including, without limitation, environmental permits.

" Permitted Acquisition " shall mean any Investment which is permitted under Sections 10.3(b)(vi), (vii), (viii) and (ix).

" Permitted Hedge Agreements " shall mean any Hedge Agreements, in the case of a Permitted Hedge Counterparty, and any Metal Hedge Agreements, in the case of an Unsecured Hedge Counterparty.

" Permitted Hedge Counterparty " means, at any time, (a) any Lender or Affiliate of a Lender which was a "Permitted Hedge Counterparty" under the Original Credit Agreement and which, in accordance with the terms of the Existing Credit Agreement, became a Permitted Hedge Counterparty thereunder and (b) any other Lender or Affiliate of a Lender, if such Person has executed and delivered an Instrument of Adhesion to the Administrative Agent and has provided to the Administrative Agent copies of all Hedge Agreements such Person has entered into with the Borrower, which Hedge Agreements must include the provisions set out in Annex 5 hereof. If, at any time, a "Permitted Hedge Counterparty" is not in compliance with the applicable terms and conditions set out in this definition or the relevant "Instrument of Adhesion" (as defined in the Existing Credit Agreement) or Instrument of Adhesion, as applicable, it shall cease to be a "Permitted Hedge Counterparty". For purposes of this definition, after the indefeasible payment in full of the Facility Indebtedness and termination of all Commitments, "Lender", "Person" and "Affiliate" shall have the meanings given to them immediately prior to the indefeasible payment of the Facility Indebtedness and termination of all Commitments.

" Permitted Jurisdiction " means Canada, the United States of America, Mexico, Chile, Peru, Brazil, Panama, Costa Rica, Australia, New Zealand or the European Union.

" Permitted Liens " in respect of any Person means the following Liens from time to time:

(a) 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;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's, or other like Liens arising in the ordinary course of business 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;

(c) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation and other obligations of a like nature incurred in the ordinary course of business;

(d) 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 of business;

(e) easements, servitudes, rights-of-way, restrictions, exceptions and other similar encumbrances (including for public utilities) which, in the aggregate, are not substantial in amount and which do not in any case materially interfere with such Person or business or the use of the affected property by such Person;

(f) reservations, limitations, provisos and conditions in any original grant from the Crown or any freehold lessor of any of the properties of such Person and statutory exceptions to title or reservations of rights which do not in any case materially interfere with such Person or business or the use of the affected property by such Person;

(g) 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;

(h) Liens created pursuant to the Security Documents;

(i) Liens created in connection with Financing Leases permitted by Section 10.3(c)(ii);

(j) 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;

(k) Liens on equipment and the proceeds thereof (and on no other property) created or assumed to finance the acquisition or secure the unpaid purchase price of such equipment (including the principal amount of any Financing Lease) to the extent permitted by Section 10.3(c);

(l) Liens that (i) exist at the time such Person is, or the assets subject to such Liens are, acquired by a Restricted Party and (ii) extend only to the assets acquired or the assets of the Person acquired, as applicable;

(m) royalty agreements or other rights or claims to royalties on or affecting any property acquired by a Restricted Party pursuant to Section 10.3(b)(vi), (vii), (viii) or (ix) which royalty agreements or other such rights or claims are in existence at the time of such acquisition;

(n) 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 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 of such Person's business provided that such pledging or deposit does not result in a Default under any provision of this Agreement (without reference to Section 10.3(a));

(o) Liens in existence on the Restatement Date and listed on Schedule 8.1(m) hereto and any extensions, renewals or replacements of any such Lien provided that the

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; and

(p) Liens securing Other Senior Indebtedness to the extent permitted by Section 10.3(c)(vi), but for greater certainty, not including any Liens in any present or after acquired Included Property.

" Person " has the meaning ascribed to that term in the Provisions.

" Plan " shall mean any pension plan within the meaning of the *Pension Benefits Act* (Ontario), the *Supplemental Pension Plans Act* (Quebec) or any other similar legislation pursuant to which the Borrower or any of its Subsidiaries makes contributions in respect of its employees.

" Pledge Agreement " means any and all deeds of movable hypothec on a specific claim pursuant to the terms of which the Bond is hypothecated in favour of the Secured Parties, therein acting and represented by the Administrative Agent.

" Prime Rate " means, on any day, a fluctuating rate of interest (rounded upwards if necessary to the next highest 1/16 th of 1%) equal to the greater of:

(a) the annual rate of interest expressed as a percentage per annum announced by BNS on that day as its reference rate for commercial loans made by it in Canada in Canadian Dollars; and

(b) the average rate for 30 day Canadian Dollar bankers' acceptances that appears on the Reuters Screen CDOR Page at 10:00 a.m. Toronto time on that day, plus 0.50% per annum.

" Prime Rate Advance " means an Advance in Canadian Dollars bearing interest at a fluctuating rate determined by reference to the Prime Rate plus the Applicable Margin.

" Probable Reserve " means that portion of an Indicated Resource which has been adjusted for mining dilution and mining recovery which has been designated as such by the Borrower, audited and approved by the Independent Engineer, to be technically and economically mineable under current economic and operating conditions, all in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum standard therefor.

" Proceeding " shall have the meaning ascribed thereto in Section 9.1(j).

" Product " means gold doré, copper concentrate and zinc concentrate and any other base or precious metal (whether in concentrate, doré or other form) derived from or produced at a Mine.

" Proven Reserve " means that portion of a Measured Resource which has been adjusted for mining dilution and mining recovery and which has been designated as such by the Borrower, audited and approved by the Independent Engineer, to be technically and economically mineable under current economic and operating conditions, all in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum standard therefor.

" Provisions " means the model credit agreement provisions attached as Annex 1.

" Recourse Assets " means entities or properties (i) which are located in Permitted Jurisdictions, and (ii) to which any part of Total Debt, excluding Indebtedness under Subordinated Indebtedness and any other part of Total Debt which is unsecured and not ranking, or capable of ranking, senior to or pari passu with Total Debt, has direct recourse, whether as primary or secondary obligor, contingent or otherwise, secured or unsecured.

" Reference Banks " means BNS and any Lender or Lenders designated by the Administrative Agent, together with any replacement Lender or Lenders determined in accordance with Section 4.2(d), so that there are at least two Reference Banks.

" Release of Hazardous Materials " means any release, discharge, spill, emission, leakage, disposal, leaching or removal, in the indoor or outdoor environment, including through or in the air, soil, surface water, ground water or property, of any substance, product, waste, residue, pollutant, material, chemical, contaminant, dangerous good, constituent or other material which is or becomes listed, regulated, defined or addressed under or subject to any Requirements of Environmental Law or any applicable Permit.

" Required Lenders " (as used in the Provisions) means Majority Lenders.

" Requirements of Environmental Law " means duties under any Requirements of Law to the extent that such are intended in any way to prevent, limit, control or otherwise regulate any effects or risks on human health, the environment or property, including such Requirements of Law relating to: (a) the use, storage, presence, generation, discharge, emission, release, disposal, arrangement for disposal, remediation, or removal of any substance (including heat or radiation), or (b) the placement, construction, modification, maintenance, use, or removal of any structure, or (c) the modification, maintenance, use, or removal of any land, wetland or waterway (including anything beneath the surfaces thereof); and any amendments to or regulations promulgated thereunder.

" Requirements of 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 judgement, order, writ, injunction, decision, ruling, decree or award; (c) any regulatory policy, practice, guideline or directive; in each case, applicable to and binding upon such Person or any of its property or to which such Person is subject as a legally enforceable requirement; or (d), as to any Person, its Constating Documents.

" Reserves " means Proven Reserves and Probable Reserves.

" Restatement Date " means the date the conditions precedent set out in Section 6.1 are completed to the satisfaction of the Majority Lenders, as evidenced by a written notice delivered by the Administrative Agent to the Borrower.

" Restricted Party " means (a) the Borrower and (b) each wholly-owned Subsidiary which directly or indirectly wholly owns, controls and operates a Mine; where the Mine directly or indirectly owned by each such Person has been determined to be Included Property.

" Restricted Payment " shall have the meaning ascribed to it in Section 10.3(d).

" Reuters Screen CDOR Page " shall mean the display designated as page CDOR on the Reuters Monitor Money Rates Service or such other page as may, from time to time, replace that page on that service for the purpose of displaying bid quotations for Bankers' Acceptances accepted by Canadian banks.

" Riddarhyttan Resources AB " shall mean Riddarhyttan Resources AB, a Swedish corporation, and its successors.

" Scandinavian Subsidiaries " shall mean Agnico-Eagle Sweden AB, Riddarhyttan Resources AB and Agnico-Eagle AB, and any other Subsidiary which is incorporated or formed under Swedish or Finnish law; and "Scandinavian Subsidiary" means any one of them.

" Second Currency " shall have the meaning ascribed to it in Section 13.13.

" Secured Parties " means, collectively, the Administrative Agent, the Lenders and each Permitted Hedge Counterparty, and in each case, each of their permitted successors and assigns.

" Security " means all security now held or to be held pursuant to this Agreement (including, without limitation the security described in Article 7 hereof) or hereafter received by the Administrative Agent (or by the Trustee for and on behalf of the Administrative Agent) for and on behalf of the Secured Parties for any Indebtedness of the Borrower (whether Indebtedness of the Borrower itself or Indebtedness of any other Person directly or indirectly liable for the Indebtedness of the Borrower) to the Secured Parties or any of them hereunder or under Hedge Agreements to which they are a party in accordance with the terms hereof and thereof (as the same may be amended, restated or otherwise modified from time to time). For greater certainty, prior to the indefeasible payment of all Facility Indebtedness and the termination of all Commitments, to the maximum extent permitted by law, each Permitted Hedge Counterparty shall be permitted to share the benefit of the Bank Act Security (including, to the maximum extent permitted by law, all payments or other recoveries thereunder), as part of the Security; and after the indefeasible payment of all Facility Indebtedness and the termination of the Commitments, the Final Permitted Hedge Counterparties shall not be entitled to the benefit of the Bank Act Security and the Security shall not include the Bank Act Security.

" Security Documents " means all mortgages, security agreements, hypothecs, pledge agreements, guarantees and other documents, instruments and agreements constituting or evidencing the Security, as the same may be amended, restated or otherwise modified from time to time.

" Senior Secured Indebtedness " means the Facility Indebtedness and, without duplication, the Hedge Indebtedness owed to each Permitted Hedge Counterparty.

" Silver " means silver having a minimum fineness of 0.999 and which is registered or registrable, and is in conformity in all respects with the requirements for good delivery, on the London Bullion Market.

" Statutory Reserves " shall mean a number (expressed as a decimal), determined by dividing the number one by the number one minus the aggregate of the maximum applicable reserve

percentages, including any marginal, special, emergency or supplemental reserves, (expressed as a decimal) to the extent established by any banking authority to which any Lender is subject for LIBOR Advances or any other category of deposits or liabilities by reference to which the LIBO Rate is determined. LIBOR Advances shall be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender. Statutory Reserves shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

" Subordinated Indebtedness " shall have the meaning ascribed thereto in Section 10.3(c)(vii).

" Subsidiary " with respect to a corporation, has the meaning ascribed to such term in the *Business Corporations Act* (Ontario) on the date hereof, and with respect to a partnership, joint venture or other entity, a partnership, joint venture or other entity of which more than fifty percent (50%) of the outstanding equity interests having voting power to elect a majority of the board of directors or equivalent thereof of such partnership, joint venture or other entity are, directly or indirectly, owned by the relevant Person. Unless otherwise specified, references to a "Subsidiary" shall mean a Subsidiary of the Borrower.

" Super Majority Lenders " means, at any time, Lenders, the Commitments of which are in the aggregate not less than 66 2/3% of the aggregate Commitments of all Lenders; provided that, if a Lender does not consent to an extension of the Maturity Date which is requested by the Borrower pursuant to Section 5.2, such Lender (if still a Lender at the relevant time) shall not be entitled to vote on any subsequent extension request made by the Borrower pursuant to Section 5.2, and for the purpose of any such subsequent vote such Lender's Commitment shall not be included in the denominator of "Super Majority Lenders".

" 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.

" Total Debt " means all Indebtedness of the Borrower on a consolidated basis, but excluding Indebtedness of the Borrower on a consolidated basis that does not have direct recourse (as primary or secondary obligor, whether contingent or otherwise) to any Restricted Party or any property of any Restricted Party.

" Total Interest Expense " means, for any period, without duplication, the aggregate expense incurred by the Borrower on a consolidated basis during such period for interest, other financing charges and equivalent costs under or in connection with Indebtedness, including but not limited to (i) interest, (ii) cash expenditures for interest whether expensed or capitalized, (iii) commissions, (iv) discounts, (v) the interest or time value of money component of costs related to factoring or securitizing receivables or monetizing inventory, (vi) bankers' acceptance fees, if any, (vii) discounts on bankers' acceptances, if any, (viii) fees and charges payable with respect to letters of credit and letters of guarantee, (ix) the interest portion of any capital lease payments, (x) net payments, if any, pursuant to Hedge Agreements and (xi) all fees and other compensation

paid to any Person that has extended credit to the Borrower, all calculated in accordance with GAAP consistently applied.

" Total Net Debt " means Total Debt (excluding Subordinated Indebtedness) less Unencumbered Cash.

" Total Net Debt to EBITDA Ratio " means, for any period, the ratio of Total Net Debt to EBITDA.

" Trust Indenture " means the trust indenture dated as of February 15, 2002 between the Borrower and Computershare Trust Company of Canada, as trustee.

" Trustee " means Computershare Trust Company of Canada in its capacity as the *fondé de pouvoir* under the Hypothec.

" Unanimous Lenders " means, at any time, all Lenders.

" Unencumbered Cash " means all cash and Cash Equivalents held by the Borrower in OECD countries that are not subject to any Lien by any Person other than the Administrative Agent. 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.

" United States Dollars ", " US Dollars " and " US $ " mean lawful money of the United States of America.

" Unsecured Hedge Counterparty " means, in respect of any Metal Hedge Agreements entered into by the Borrower, the Persons listed on Annex 4, as such Annex is amended from time to time at the request of the Borrower and with the consent of the Majority Lenders, acting reasonably; provided that, there shall be no more than two Persons listed on Annex 4 at any time; provided further, that each such Person listed on Annex 4 has executed the "Consent" to the Assignment of Metal Hedge Agreement (in substantially the form of such Consent) and the Borrower has delivered such executed consent to the Administrative Agent.

" Voting Stock " of any Person shall mean capital stock of such Person which ordinarily has voting power for the election of directors (or Persons performing similar functions) of such Person, whether at all times or only so long as no senior class of securities has such voting power by reason of any contingency.

" Zinc " means zinc metal of a minimum 0.99995 purity which is registered or registrable, and is in conformity in all respects with the requirements for good delivery, on the London Metals Exchange.

1.2 Accounting Terms . All accounting terms used herein but not specifically defined herein, shall be construed in accordance with GAAP consistently applied and all financial data submitted pursuant to this Agreement shall be prepared in accordance with such principles.

1.3 Headings, etc . The headings in this Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement. All text included in sections or subsections entitled, "Provisions Reference", in this Agreement are also inserted for convenience only and shall not affect the meaning or interpretation of this Agreement.

1.4 Provisions Reference . Reference is made to Section 2 of the Provisions for other definitional and interpretative principles applicable to this Agreement.

1.5 Amendment and Restatement . This Agreement is and shall for all purposes be a further amendment and a restatement of the provisions of the Existing Credit Agreement. This Agreement shall supersede the Existing Credit Agreement insofar as it constitutes the entire agreement between the parties concerning the subject matter of this Agreement, but does not constitute a novation of the Existing Credit Agreement, the Security held under the Existing Credit Agreement or any of the indebtedness, liabilities or obligations of the Borrower thereunder. All Advances (as defined in the Existing Credit Agreement) shall be Advances under this Agreement, and all of the Facility Indebtedness (as defined in the Existing Credit Agreement) shall be Facility Indebtedness under this Agreement. Without in any way limiting the terms of the Existing Credit Agreement, the Borrower confirms that the existing Security shall continue to secure all of the Facility Indebtedness and Hedge Indebtedness, including but not limited to that arising under this Agreement and the other Financing Documents and the Hedge Agreements to which each Permitted Hedge Counterparty is a party.

1.6 Schedules, etc . The following Schedules, Annexes and Exhibits are deemed to be part of this Agreement:

Annex 1	-	Model Credit Agreement Provisions
Annex 2	-	Commitments
Annex 3	-	Financial Parameters
Annex 4		Unsecured Hedge Counterparties
Annex 5	-	Hedge Agreement Terms
Annex 6	-	Initial Model and Budget
Annex 7		Closing Agenda
Schedule 8.1(h)	-	Litigation
Schedule 8.1(l)	-	Mining Properties
Schedule 8.1(m)	-	Certain Permitted Liens

Schedule 8.1(p)	-	Certain Contracts
Schedule 8.1(q)	-	Permits
Schedule 8.1(t)	-	Subsidiaries and Capital Stock
Schedule 8.1(u)	-	Environmental
Schedule 8.1(v)	-	Labour
Schedule 8.1(w)	-	Employee Matters
Schedule 8.1(y)		Partnerships and Other Associations
Schedule 8.1(z)	-	Investments and Indebtedness
Schedule 8.1(cc)	-	Hedge Information
Schedule 8.1(dd)	-	Royalties
Exhibit A	-	Drawdown Notice
Exhibit B	-	Instrument of Adhesion

Exhibit C	-	Assignment of Metal Hedge Agreement
Exhibit D	-	Assignment of Contracts
Exhibit E	-	Compliance Certificate
Exhibit F	-	Investment Certificate (Securities Acquisition)
Exhibit G	-	Investment Certificate (Asset Acquisition)
Exhibit H	-	Indebtedness Certificate (Other Senior Indebtedness)
Exhibit I		Indebtedness Certificate (Subordinated Indebtedness)

1.7 **Construction .** This Agreement has been negotiated by each party hereto with the benefit of legal representation, and any rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not apply to the construction or interpretation of this Agreement.

ARTICLE 2
CREDIT FACILITY

2.1 **Creation of the Credit Facility .** Each Lender hereby severally, but not jointly, agrees to make available to the Borrower, upon and subject to the terms and conditions hereof, such Lender's Applicable Percentage of the Credit Facility.

2.2 **Amount, Availability and Purpose .**

(a) The Outstanding Advances expressed as an Equivalent Amount in US Dollars shall not exceed at any time the Maximum Facility Amount, and shall reduce in accordance with the terms and conditions of this Agreement. The Credit Facility shall be available by way of Prime Rate Advances, Base Rate Advances, LIBOR Advances, the issuance of L/Cs and/or by presenting orders to a Lender for acceptance as Bankers' Acceptances.

(b) The aggregate face amount of L/Cs outstanding at any time under the Credit Facility (calculated by reference to the face amount of each L/C at its time of issuance) expressed as an Equivalent Amount in US Dollars shall not exceed US $80,000,000.

(c) At the option of the Borrower, up to US $10,000,000 of the Credit Facility may be used, subject to the terms hereof, by incurring overdrafts in the Designated Account with BNS, which shall be deemed to be Prime Rate Advances (if made in Canadian Dollars) and Base Rate Advances (if made in US Dollars) (the **"Overdraft Facility"**).

(d) Upon and subject to the terms hereof, each Lender shall severally make Advances to the Borrower from time to time prior to the Maturity Date in an amount equal to its Applicable Percentage of the Maximum Facility Amount; provided that the aggregate amount of Advances made by each Lender shall not exceed such Lender's Commitment and provided further that the Advances by way of the Overdraft Facility shall be made solely by BNS.

(e) Prior to the Maturity Date, the principal amount of any Advance which is prepaid other than pursuant to Sections 5.3 and 5.4 may, subject to the terms hereof, be reborrowed.

(f) All Advances shall be applied by the Borrower for general corporate purposes, including for acquisitions, to meet working capital needs and for Capital Expenditures on existing and new projects, to the extent permitted by this Agreement.

2.3 Termination of Credit Facility . Unless otherwise accelerated and terminated in accordance with Section 11.2, or unless terminated in accordance with Section 5.3, all outstanding Facility Indebtedness shall be repaid in full, and the Commitments and Credit Facility terminated, on the Maturity Date.

ARTICLE 3
ADVANCES

3.1 Drawdown Procedure .

(a) Unless otherwise specified herein, the Borrower may obtain Advances under the Credit Facility, subject to the provisions hereof, by delivering to the Administrative Agent at the Branch of Account not less than four Banking Days' prior to each proposed Drawdown Date for LIBOR Advances, four Business Days' prior to each proposed Drawdown Date for Advances by way of Bankers' Acceptances, two Business Days' prior to each proposed Drawdown Date for Advances by way of Prime Rate Advances and Base Rate Advances, and such notice period in respect of Advances by way of L/Cs as BNS may reasonably require so that it has sufficient time to review the proposed form of L/C, a Drawdown Notice, specifying among other things, the type of Advance, the amount to be borrowed, the requested Drawdown Date and, if applicable, the length of the Interest Period (for LIBOR Advances) or term (for Bankers' Acceptances); provided that, if the Borrower fails to give such notice with respect to the roll-over of any outstanding LIBOR Advances or Advances by way of Bankers' Acceptances prior to any applicable Interest Period or maturity date, as the case may be, such Advances shall be deemed to be Base Rate Advances, in the case of LIBOR Advances, and Prime Rate Advances, in the case of Bankers' Acceptances, and shall bear interest at a rate per annum equal to the Base Rate plus the Applicable Margin or the Prime Rate plus the Applicable Margin, as the case may be (provided that at any time thereafter the Borrower may, provided no Default has occurred and is continuing, convert such Advances into LIBOR Advances or request the issuance of Bankers' Acceptances upon giving notice as set forth in this Section 3.1(a)).

(b) Upon receipt of each Drawdown Notice for a Prime Rate Advance, Base Rate Advance and LIBOR Advance, the Administrative Agent shall forthwith notify the Lenders thereof specifying the amount of the Advance being requested, the

proposed Drawdown Date, each Lender's Applicable Percentage of the proposed Advance and, if applicable, the Interest Period thereof.

(c) Each Lender shall make available to the Administrative Agent such Lender's Applicable Percentage of the relevant Prime Rate Advance, Base Rate Advance or LIBOR Advance before 11:00 a.m. (Toronto time) on the relevant Drawdown Date, by transfer through the interbank payment system in immediately available funds, to the account designated by the Administrative Agent at the Branch of Account.

(d) Provided that the applicable conditions set forth in Article 6 have been fulfilled after receipt by the Administrative Agent of the funds transferred to it pursuant to Section 3.1(c), the Administrative Agent shall forthwith make such funds available to the Borrower by debiting the account(s) referred to in Section 3.1(c) and by crediting the Designated Account or by paying the Borrower, as the Borrower shall otherwise direct, like funds in the aggregate of such funds received by the Administrative Agent from the Lenders prior to 2:00 p.m. (Toronto time) on the Drawdown Date, but if the conditions precedent to the Advance are not met by 2:00 p.m. (Toronto time) on the Drawdown Date, the Administrative Agent shall return such funds to the Lenders or invest them in an overnight investment as orally instructed by each Lender until such time as the Advance is made.

(e) Each Drawdown Notice shall be irrevocable and binding on the Borrower. In respect of the Advance specified in any Drawdown Notice, the Borrower shall indemnify the Administrative Agent and each Lender and hold the Administrative Agent and each Lender harmless from any and all loss or expense incurred or sustained by the Administrative Agent and such Lender as a result of (i) failure by the Borrower to borrow such Advance in accordance with the terms hereof and the relevant Drawdown Notice after giving a Drawdown Notice in respect thereof or (ii) the Advance not occurring on a Drawdown Date due to the failure by the Borrower to fulfil any of the applicable conditions set forth in Article 6 or the occurrence of a Default; which loss or expense shall include, without limitation, any loss or expense incurred by reason of the liquidation or re-employment of deposits or other funds obtained by the Administrative Agent or any Lender to fund the requested Advance, but shall not include any compensation for loss of the amount of the Applicable Margin which would otherwise have been earned by the Lenders if such Advance had been made or if such Advance had been made on the requested Drawdown Date. The Borrower shall, on demand from the Administrative Agent, pay to the Administrative Agent for or on behalf of itself or any Lender the amount of such loss or expense and the certificate of the Administrative Agent or each such Lender setting out the amount of such loss or expense shall, in the absence of manifest error, be prima facie evidence thereof. The indemnity set out in this Section shall survive the termination of the Commitments and the repayment of all amounts outstanding hereunder and under the Financing Documents.

(f) Provisions Reference: Reference is made to Section 6(a) of the Provisions regarding "Funding by Lenders" and "Presumption by Administrative Agent".

(g) The failure of any Lender to make its Applicable Percentage of an Advance to be made by it shall not relieve any other Lender of its obligation, if any, hereunder to make its Applicable Percentage of an Advance on the relevant Drawdown Date, but no Lender shall be responsible for the failure of any other Lender to make an Advance to be made by the defaulting Lender on such Drawdown Date.

(h) If any Lender shall fail to advance its Applicable Percentage of an Advance, the Administrative Agent shall, if requested in writing by the Borrower, for 20 days after such request, invite other Eligible Assignees to assume thenceforth all of the obligations of such Lender under the Credit Facility in accordance with the procedures set out in Section 3.3(b) of the Provisions. In accordance with such procedures, if such Eligible Assignee is a Lender or an Affiliate of a Lender, no consent of the Borrower shall be required. If such invitee is an Eligible Assignee which is not a Lender or an Affiliate of a Lender, the consent of the Borrower as to the replacement Lender shall be required, which consent shall not be unreasonably withheld; provided that the Borrower's consent shall not be required if a Default has occurred and is continuing. Such defaulting Lender shall reimburse the Administrative Agent for all reasonable out-of-pocket costs and expenses incurred by the Administrative Agent in connection therewith. If such defaulting Lender fails to so reimburse the Administrative Agent within three Business Days after demand therefor, the Borrower shall reimburse the Administrative Agent for all such costs and expenses, without limiting the rights of the Borrower against the defaulting Lender. The defaulting Lender and any Affiliate of such Lender which is a Permitted Hedge Counterparty shall, effective as of the assignment to the replacement Lender, assign, at price determined in a reasonable manner from market quotations in accordance with customary market practices, all Hedge Agreements it or they hold with the Borrower to such replacement Lender or to another Lender or Permitted Hedge Counterparty.

3.2 Prime Rate, Base Rate and LIBOR Advances . Except with respect to Advances made under the Overdraft Facility, each Prime Rate Advance shall be in an aggregate minimum amount of Cdn. $1,000,000 and in a whole multiple of Cdn. $1,000,000. Each LIBOR Advance or Base Rate Advance shall be in minimum amount of US $1,000,000 and a whole multiple of US $1,000,000. The Borrower shall pay interest to the Administrative Agent for the account of the Lenders at the Branch of Account on any such Advances outstanding to it from time to time hereunder at the applicable rate of interest specified in Article 4.

3.3 LIBOR Tranches . There shall not at any time be more than six different LIBOR Tranches.

3.4 Overdraft Facility . All Advances under the Overdraft Facility shall be made solely by BNS and records concerning Advances under the Overdraft Facility shall be maintained solely by BNS. All payments of principal, interest, fees and other amounts relating to the Overdraft Facility shall be made solely to BNS at the Branch of Account. Any notices by the Borrower in

connection with the Overdraft Facility shall be made to BNS. Neither the notice periods set out in Section 3.1(a) nor minimum amount requirements for Advances shall apply to Advances by way of overdraft under the Overdraft Facility. In addition, in respect of Advances by way of overdraft under the Overdraft Facility, the Borrower shall not be required to deliver a Drawdown Notice pursuant to Section 6.2(c). In connection with Advances under the Overdraft Facility, BNS shall ascertain the position or net position of the Borrower's Designated Account at the close of business daily. If the Canadian Dollar position or net position is a debit in favour of BNS, the debit will (if the Borrower is entitled to an Advance) be deemed to be a Prime Rate Advance under the Overdraft Facility in the amount of the debit. If the US Dollar position or net position is a debit in favour of BNS, the debit will (if the Borrower is entitled to an Advance) be deemed to be a Base Rate Advance under the Overdraft Facility in the amount of the debit. If a position or net position is a credit in favour of the Borrower, the credit will be deemed to be a repayment of a Prime Rate Advance or Base Rate Advance, as the case may be, under the Overdraft Facility in the amount of the credit to the extent of any principal amounts owing in respect thereof.

3.5 Conversions . Subject to the other terms of this Agreement, the Borrower may from time to time convert all or any part of the outstanding amount of any Advance into another form of Advance permitted by this Agreement.

3.6 Execution of Bankers' Acceptances .

(a) To facilitate the acceptance of Bankers' Acceptances hereunder, the Borrower hereby appoints each Lender as its attorney to sign and endorse on its behalf, as and when considered necessary by the Lender, an appropriate number of orders in the form prescribed by that Lender.

(b) Each Lender may, at its option, execute any order in handwriting or by the facsimile or mechanical signature of any of its authorized officers, and the Lenders are hereby authorized to accept or pay, as the case may be, any order of the Borrower which purports to bear such a signature notwithstanding that any such individual has ceased to be an authorized officer of the Lender. Any such order or Bankers' Acceptance shall be as valid as if such officer were an authorized officer at the date of issue of the order or Bankers' Acceptance.

(c) Any order or Bankers' Acceptance signed by a Lender as attorney for the Borrower, whether signed in handwriting or by the facsimile or mechanical signature of an authorized officer of a Lender may be dealt with by the Administrative Agent or any Lender to all intents and purposes and shall bind the Borrower as if duly signed and issued by the Borrower.

(d) The receipt by the Administrative Agent of a request for an Advance by way of Bankers' Acceptances shall be each Lender's sufficient authority to execute, and each Lender shall, subject to the terms and conditions of this Agreement, execute orders in accordance with such request and the advice of the Administrative Agent given pursuant to Section 3.9, and the orders so executed shall thereupon be deemed to have been presented for acceptance.

3.7 Sale of Bankers' Acceptances .

(a) It shall be the responsibility of each Lender to arrange, in accordance with normal market practice, for the sale on each Drawdown Date of the Bankers' Acceptances issued by the Borrower and to be accepted by that Lender, failing which the Lender shall purchase its Bankers' Acceptances.

(b) In accordance with the procedures set forth in Section 3.9, the Administrative Agent will make the net proceeds of the requested Advance by way of Bankers' Acceptances received by it from the Lenders available to the Borrower on the Drawdown Date by crediting the Designated Account with such amount.

3.8 Size and Maturity of Bankers' Acceptances and Rollovers . Each Advance of Bankers' Acceptances shall be in a minimum amount of Cdn. $1,000,000. Each Bankers' Acceptance shall have a term of 30 to 180 days after the date of acceptance of the order by a Lender, but no Bankers' Acceptance may mature on a date which is not a Business Day or on a date after the Maturity Date. The face amount at maturity of a Bankers' Acceptance may be renewed as a Bankers' Acceptance or converted into another form of Advance permitted by this Agreement.

3.9 Co-ordination of BA Advances . Each Lender shall advance its Applicable Percentage of each Advance by way of Bankers' Acceptances in accordance with the provisions set forth below.

(a) The Administrative Agent, promptly following receipt of a notice from the Borrower pursuant to Section 3.1(a) requesting an Advance by way of Bankers' Acceptances, shall advise each Lender of the aggregate face amount and term(s) of the Bankers' Acceptances to be accepted by it, which term(s) shall be identical for all Lenders. The aggregate face amount of Bankers' Acceptances to be accepted by a Lender shall be determined by the Administrative Agent by reference to the respective Commitments of the Lenders, except that, if the face amount of a Bankers' Acceptance would not be a whole multiple of Cdn. $1,000, the face amount shall be increased or decreased by the Administrative Agent in its sole discretion to the nearest whole multiple of Cdn. $1,000.

(b) Each Lender shall transfer to the Administrative Agent at the Branch of Account for value on each Drawdown Date immediately available Cdn. Dollars in an aggregate amount equal to the BA Discount Proceeds of all Bankers' Acceptances accepted and sold or purchased by the Lender on such Drawdown Date net of the applicable Bankers' Acceptance Fee and net of the amount required to pay any of its previously accepted Bankers' Acceptances that are maturing on the Drawdown Date or any of its other Advances that are being converted to Bankers' Acceptances on the Drawdown Date.

(c) If the Administrative Agent determines that all the conditions precedent to an Advance specified in this Agreement have been met, it shall advance to the Borrower the amount delivered by each Lender by crediting the Designated Account or by paying the Borrower, as the Borrower shall otherwise direct, prior

to 2:00 p.m. (Toronto time) on the Drawdown Date, but if the conditions precedent to the Advance are not met by 2:00 p.m. (Toronto time) on the Drawdown Date, the Administrative Agent shall return the funds to the Lenders or invest them in an overnight investment as orally instructed by each Lender until such time as the Advance is made. To the extent that any such funds are returned to a Lender, such funds (less the Bankers' Acceptance Fee) shall be deemed to be a reimbursement by the Borrower to such Lender of corresponding amounts payable by such Lender under any Bankers' Acceptance which were issued.

(d) Notwithstanding any other provision hereof, for the purpose of determining the amount to be transferred by a Lender to the Administrative Agent for the account of the Borrower in respect of the sale of any Bankers' Acceptance issued by the Borrower and accepted by such Lender, the proceeds of sale thereof shall be deemed to be an amount equal to the BA Discount Proceeds calculated with respect thereto. Accordingly, in respect of any particular Bankers' Acceptance accepted by it, a Lender, in addition to its entitlement to retain the applicable Bankers' Acceptance Fee for its own account, shall be entitled to retain for its own account the amount, if any, by which the actual proceeds of sale thereof exceed the BA Discount Proceeds calculated with respect thereto, and shall be required to pay out of its own funds the amount, if any, by which the actual proceeds of sale thereof are less than the BA Discount Proceeds calculated with respect thereto.

(e) Whenever the Borrower requests an Advance that includes Bankers' Acceptances, each Lender that is not permitted by any Requirements of Law or by customary market practice to accept a Bankers' Acceptance (a " **Non BA Lender** ") shall, in lieu of accepting its pro rata amount of such Bankers' Acceptances, make available to the Borrower on the Drawdown Date an Advance (a " **BA Equivalent Advance** ") in Canadian Dollars and in an amount equal to the BA Discount Proceeds of the Bankers' Acceptances that the Non BA Lender would have been required to accept on the Drawdown Date if it were able to accept Bankers' Acceptances. Each Non BA Lender shall also be entitled to deduct from the BA Equivalent Advance an amount equal to the Bankers' Acceptance Fee that would have been applicable had it been able to accept Bankers' Acceptances. The BA Equivalent Advance shall have a term equal to the term of the Bankers' Acceptances that the Non BA Lender would otherwise have accepted and the Borrower shall, at the end of that term, be obligated to pay the Non BA Lender an amount equal to the aggregate face amount of the Bankers' Acceptances that it would otherwise have accepted. All provisions of this Agreement applicable to Bankers' Acceptances and Lenders that accept Bankers' Acceptances shall apply *mutatis mutandis* to BA Equivalent Advances and Non BA Lenders and, without limiting the foregoing, Advances shall include BA Equivalent Advances.

3.10 **Payment of Bankers' Acceptances .** The Borrower shall provide for the payment to the Administrative Agent at the Branch of Account for the account of the applicable Lenders of the full face amount of each Bankers' Acceptance accepted for its account on the earlier of (a) the date of maturity of a Bankers' Acceptance and (b) the date on which any Facility Indebtedness

becomes due and payable hereunder. Any amount payment of which has not been provided for by the Borrower in accordance with this Section shall be automatically converted to Prime Rate Advances in accordance with Section 3.1(a).

3.11 Deemed Advance - Bankers' Acceptances . Except for amounts which are paid from the proceeds of a rollover of a Bankers' Acceptance or for which payment has otherwise been funded by the Borrower (including by way of automatic conversion in accordance with Section 3.1(a)), any amount which a Lender pays to any third party on or after the date of maturity of a Bankers' Acceptance in satisfaction of the face amount thereof or which is owing to the Lender in respect of such a Bankers' Acceptance on or after the date of maturity of such a Bankers' Acceptance resulting from such Lender paying an amount in satisfaction of the face amount of such Bankers' Acceptance to the holder thereof, shall be deemed to be a Prime Rate Advance to the Borrower. Each Lender shall forthwith give notice to the Administrative Agent of the making of such a payment and the Administrative Agent shall promptly give similar notice to the other Lenders and to the Borrower. Interest shall be payable on such Prime Rate Advance in accordance with the terms applicable to Prime Rate Advances.

3.12 Waiver . The Borrower shall not claim from a Lender any days of grace for the payment at maturity of any Bankers' Acceptances presented and accepted by the Lender pursuant to this Agreement. The Borrower waives any defence to payment which might otherwise exist if for any reason a Bankers' Acceptance shall be held by a Lender in its own right at the maturity thereof, and the doctrine of merger shall not apply to any Bankers' Acceptance that is at any time held by a Lender in its own right.

3.13 Degree of Care . Any executed orders to be used as Bankers' Acceptances shall be held in safekeeping with the same degree of care as if they were the Lender's own property, and shall be kept at the place at which such orders are ordinarily held by such Lender.

3.14 Indemnity . The Borrower shall indemnify and hold the Lenders, and each of them, harmless from any loss, cost, damage or expense with respect to any Bankers' Acceptance dealt with by the Lenders for the Borrower's account, but shall not be obliged to indemnify a Lender for any loss, cost, damage or expense caused by the gross negligence or wilful misconduct of that Lender.

3.15 Obligations Absolute . The obligations of the Borrower with respect to Bankers' Acceptances under this Agreement shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including, without limitation, the following circumstances:

(a) any lack of validity or enforceability of any order accepted by a Lender as a Bankers' Acceptance; or

(b) 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, a Lender or any other Person, whether in connection with this Agreement or otherwise.

3.16 **Shortfall on Drawdowns, Rollovers and Conversions .** The Borrower agrees that:

(a) the difference between the amount of an Advance requested by the Borrower by way of Bankers' Acceptances and the actual proceeds of the Bankers' Acceptances;

(b) the difference between the actual proceeds of a Bankers' Acceptance and the amount required to pay a maturing Bankers' Acceptance, if a Bankers' Acceptance is being rolled over; and

(c) the difference between the actual proceeds of a Bankers' Acceptance and the amount required to repay any Advance which is being converted to a Bankers' Acceptance;

shall be funded and paid by the Borrower from its own resources, by 11:00 a.m. on the applicable Drawdown Date or may be advanced as a Prime Rate Advance if the Borrower is otherwise entitled to such an Advance.

3.17 **Prohibited Use of L/Cs and Bankers' Acceptances .** The Borrower shall not enter into any agreement or arrangement of any kind with any Person to whom Bankers' Acceptances have been delivered whereby the Borrower undertakes to replace such Bankers' Acceptances on a continuing basis with other Bankers' Acceptances, nor shall the Borrower directly or indirectly take, use or provide Bankers' Acceptances or L/Cs as security for funds loaned or advanced from any other Person. For greater certainty, L/Cs may be used as security for deferred amounts and purchase price adjustments owing in connection with acquisitions permitted by this Agreement.

3.18 **Issuance and Maturity of L/Cs .**

(a) A request for an Advance by way of L/C shall be made by the Borrower in accordance with Section 3.1(a) except that a request shall be made to BNS. A request shall include the details of the L/C to be issued. BNS shall promptly notify the Borrower of any comment concerning the form of the L/C requested by the Borrower and shall, if the Borrower is otherwise entitled to an Advance, issue the L/C to the Borrower on the Drawdown Date or as soon thereafter as BNS is satisfied with the form of L/C to be issued.

(b) Each L/C issued under this Agreement shall have a term which is not more than one year after its issuance date or renewal date. An L/C may be renewed by the Borrower subject to complying with the terms of this Agreement applicable to an Advance by way of L/C.

3.19 **Payment of L/Cs .**

(a) The Borrower shall provide for the payment to BNS at the Branch of Account of the full face amount of each L/C (or the amount actually paid in the case of a partial payment) on the earlier of (i) the date on which BNS makes a payment to the beneficiary of an L/C, and (ii) the date on which any Facility Indebtedness becomes due and payable hereunder, provided that any amount paid by the

Borrower under this clause (ii) shall for all purposes be deemed to be Cash Collateral under Section 3.20. Any amount payment of which has not been provided for by the Borrower in accordance with this Section shall be automatically converted to a Prime Rate Advance or Base Rate Advance as set out in Section 3.21.

(b) The obligation of the Borrower to reimburse BNS for a payment to a beneficiary of an L/C shall be absolute and unconditional (without prejudice to the Borrower's right, if applicable, after reimbursing BNS, to claim damages for matters directly resulting from BNS's gross negligence or wilful misconduct) and shall not be reduced by any demand or other request for payment of an L/C (a " **Demand** "), which is paid or acted upon in good faith and in conformity with laws, regulations or customs applicable thereto, being invalid, insufficient, fraudulent or forged, nor shall the Borrower's obligation be subject to any defence or be affected by any right of set-off, counter-claim or recoupment which the Borrower may now or hereafter have against the beneficiary, BNS or any other Person for any reason whatsoever, including the fact that BNS paid a Demand or Demands (if applicable) aggregating up to the amount of the L/C notwithstanding any contrary instructions from the Borrower to BNS (other than instructions contained in the L/C, which instructions need be complied with only to the same extent and in accordance with the same standards set forth above) or the occurrence of any event including, but not limited to, the commencement of legal proceedings to prohibit payment by BNS of a Demand. Any action, inaction or omission taken or suffered by BNS under or in connection with an L/C or any Demand, if in good faith and in conformity with laws, regulations or customs applicable thereto, shall be binding on the Borrower and shall not place BNS under any resulting liability to the Borrower. Without limiting the generality of the foregoing, BNS may receive, accept, or pay as complying with the terms of the L/C, any Demand 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.

3.20 **Cash Collateral** . Except where any amounts under this Agreement have become immediately due and payable, if any L/C is outstanding on the Maturity Date or on any other date that all Commitments are terminated, then on the Maturity Date or such other date, the Borrower shall, promptly on demand by the Administrative Agent, deposit with the Administrative Agent for the benefit of the Secured Parties Cash Collateral in an amount equal to the full undrawn principal amount at maturity of all L/Cs then outstanding. Such Cash Collateral shall be held by the Administrative Agent, as security for, and to provide for the payment of, the Borrower's obligations in respect of such outstanding L/Cs. The Administrative Agent may at any time after the Maturity Date apply any or all of such Cash Collateral to the payment of any or all of the Borrower's obligations in respect of such L/Cs which become due and payable. At the Borrower's request, but subject to the Administrative Agent's reasonable approval, the Administrative Agent shall invest any Cash Collateral consisting of cash and any proceeds of Cash Collateral consisting of cash in Cash Equivalents, and any commissions, expenses and penalties incurred by the Administrative Agent in connection with any investment and redemption of such Cash Collateral shall be payable by the Borrower on demand, shall bear

interest at the rates provided herein for in Section 4.1(c) on the basis of the Prime Rate in effect from time to time, and shall be charged to any accounts of the Borrower, or, at the Administrative Agent's option, shall be paid out of the proceeds of any earnings received by the Administrative Agent from the investment of such Cash Collateral provided herein or out of such cash itself. Neither the Administrative Agent nor the Secured Parties make any representation or warranty as to, and shall not be responsible for, the rate of return, if any, earned on any Cash Collateral. Any earnings on Cash Collateral shall be held as additional Cash Collateral on the terms set forth in this Section 3.20.

3.21 Deemed Advance - L/Cs . Except for amounts which have been funded by the Borrower, any amount which BNS pays to any third party in respect of an L/C in satisfaction or partial satisfaction thereof shall also be deemed to be a Prime Rate Advance in the case of Canadian Dollar L/Cs or a Base Rate Advance in the case of Euro L/Cs (based upon the Equivalent Amount of such amount in US Dollars) or US Dollar L/Cs. BNS shall forthwith give notice of the making of such an Advance to the Borrower and to the Lenders. Interest shall be payable on such Advances in accordance with the terms applicable to such Advances.

3.22 Lenders' Obligations Relating to Overdraft Facility and L/Cs . Notwithstanding that Advances under the Overdraft Facility and Advances made by way of L/Cs are for the time being made by BNS, it is the intention of the parties that the ultimate credit risk and exposure of any Lender in respect of all Advances be in accordance with its Applicable Percentage. Accordingly, immediately upon the issuance of an L/C or the making of Advance under the Overdraft Facility in accordance with this Agreement, each Lender shall be deemed to have irrevocably and unconditionally purchased and received from BNS, without recourse or warranty, an undivided interest and participation therein to the extent of such Lender's Applicable Percentage. Each Lender shall, on the date a draft or demand under any L/C is honoured, from time to time as requested by the Administrative Agent or otherwise upon the occurrence of a Default, without regard to any other provision of this Agreement or any of the other Financing Documents, or any defence any Lender may have in connection with such payment or any defence any Lender may have in connection with such participation, pay its Applicable Percentage of the amount paid by BNS with respect to an L/C and not reimbursed by the Borrower, and pay its Applicable Percentage by way of Overdraft Facility, by payment to the Administrative Agent for reimbursement of BNS on such day in immediately available funds. If and to the extent such Lender shall not make such payment available to the Administrative Agent, such Lender and the Borrower severally agree to pay to the Administrative Agent for reimbursement of BNS forthwith on demand such amount together with interest thereon, for each day from the date such amount was paid or credited by BNS until such amount is made available to the Administrative Agent at a per annum rate equal to the Prime Rate plus the Applicable Margin or the Base Rate plus the Applicable Margin, as the case may be. The failure of any Lender to pay its Applicable Percentage of any such amount shall not relieve any other Lender, or the Borrower, of its obligation to make available any amount required to be paid by it under this Section, but no Lender shall be responsible for the failure of any other Lender to make such payment. If any Lender fails to take the actions required under this Section, the Administrative Agent may, without prejudice to the Borrower's obligation to pay the Administrative Agent for reimbursement of BNS as contemplated in Section 3.19 and this Section 3.22, and until the required action has been taken by such Lender, make appropriate adjustments to the payments to

the defaulting Lender of amounts otherwise required to be made to such Lender under this Agreement.

3.23 **Adjustment of Applicable Percentages .** While BNS is the sole Lender making Advances under the Overdraft Facility and issuing L/Cs, its participation in Advances and payments (including standby fees) under the other Advances hereunder shall be reduced and shall be adjusted by the Administrative Agent from time to time, so that the aggregate of the Advances it has made or committed to make under those other Advances reflects as closely as reasonably possible its overall Applicable Percentage of those other Advances.

3.24 **Evidence of Indebtedness .** The Advances made by the Lenders shall be evidenced by records maintained by the Administrative Agent and by each Lender concerning those Advances it has made. The Administrative Agent shall also maintain records of Advances by way of Bankers' Acceptances and L/Cs, and each Lender shall also maintain records relating to Bankers' Acceptances that it has accepted. BNS shall also maintain records relating to L/Cs that it has issued. The records maintained by the Administrative Agent, and by BNS relating to L/Cs, shall constitute, in the absence of manifest error, *prima facie* evidence of the Facility Indebtedness and all details relating thereto. The failure of the Administrative Agent or any Lender to correctly record any such amount or date shall not, however, adversely affect the obligation of the Borrower to pay the Facility Indebtedness in accordance with this Agreement.

ARTICLE 4
INTEREST RATES AND FEES

4.1 **Interest Rate and Payment Dates .**

(a) Subject to Sections 4.1(c) and 4.4, (i) LIBOR Advances shall bear interest for each day during each Interest Period with respect thereto on the unpaid principal amount thereof at a rate per annum equal to the LIBO Rate determined for such day plus the Applicable Margin, (ii) Prime Rate Advances shall bear interest on the unpaid principal amount thereof at a rate per annum equal to the Prime Rate plus the Applicable Margin, (iii) Base Rate Advances shall bear interest on the unpaid principal amount thereof at a rate per annum equal to the Base Rate plus the Applicable Margin and (iv) the rate per annum for calculating the Bankers' Acceptance Fee shall be the Applicable Margin therefor.

(b) All interest payable in respect of an Advance shall accrue from the date of each Advance and shall, with respect to LIBOR Advances, become due and payable in arrears on the last day of each Interest Period in respect thereof and, if the Interest Period is longer than three months, every three months after the date of the relevant LIBOR Advance and, in the case of all other Advances (other than Advances by way of Bankers' Acceptances and L/Cs), on the last Business Day of each calendar month.

(c) If all or a portion of the principal amount or interest of any of the Advances shall not be paid when due (whether at the stated maturity, by acceleration or otherwise) such overdue amount shall, to the extent permitted by all applicable

Requirements of Law, bear interest at a rate which is 2% greater than the rate which would otherwise be applicable pursuant to Section 4.1(a) (in the case of LIBOR Advances, based on the existing LIBO Rate until the expiry of the then applicable Interest Period and thereafter based on successive Interest 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.

4.2 Computation and Determination of Interest and Fees .

(a) Interest in respect of LIBOR Advances shall be calculated on the basis of a 360 day year for the actual number of days elapsed in each Interest Period. Interest in respect of Base Rate Advances shall be calculated on the basis of a 365 or 366 day year, as the case may be. Interest in respect of Prime Rate Advances shall be calculated on the basis of a 365 or 366 day year, as the case may be.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall constitute prima facie evidence of such interest rate. The Administrative Agent shall, at the request of the Borrower, deliver to the Borrower a statement showing the basis used by the Administrative Agent in determining any interest rate pursuant to Article 4.

(c) When requested by the Administrative Agent in the event that Telerate Page 3750 or any successor page is not functioning or available, each Reference Bank shall use its best efforts to furnish quotations of LIBO Rates to the Administrative Agent as contemplated hereby. If any Reference Bank shall in such case be unable or otherwise fail to supply such rates to the Administrative Agent upon its request, the LIBO Rate shall be determined on the basis of the quotations of the remaining Reference Bank.

(d) If any Reference Bank's Commitment shall terminate (otherwise than on termination of all the Commitments), or all of its Advances are assigned for any reason whatsoever, such Reference Bank shall thereupon cease to be a Reference Bank, and if, as a result of the foregoing, there shall only be one Reference Bank remaining, then the Administrative Agent (after consultation with the Borrower and the Lenders) may, by notice to the Borrower and the Lenders, designate another Lender that is a bank as a Reference Bank.

4.3 Provisions Reference . Reference is made to Section 3.5 of the Provisions regarding "Inability to Determine Rates".

4.4 Interest Act . 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.

4.5 **Prohibited Rates of Interest .** Notwithstanding any other provision of this Agreement or any other Financing Documents, the Borrower shall not be obliged to make any payment of interest or other amounts payable to the Administrative Agent or Lenders in an amount or at a rate that would be prohibited by law or would result in the receipt of interest at a criminal rate, as the terms "interest" and "criminal rate" are defined under the *Criminal Code* (Canada), or that would contravene any usury laws which may be applicable to any obligations of the Borrower in connection with this Agreement or the other Financing Documents. In any such case, any payment, collection or demand for interest in excess of the maximum permitted rate shall, notwithstanding such provision, be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in a receipt by the Administrative Agent or Lender of "interest" at a "criminal rate".

4.6 **Commitment Fee .** The Borrower shall pay to the Administrative Agent on the last Business Day of each month, commencing on the last Business Day of the month in which the Restatement Date occurs, for the account of each Lender, a commitment fee calculated on the average daily sum of each Lender's Available Commitment during each month (or such shorter period with respect to the first such payment date) at the Commitment Fee Rate, payable in arrears and calculated on the basis of a 365 or 366 day year, as applicable. Such commitment fee shall be distributed by the Administrative Agent to the Lenders based on their Applicable Percentage.

4.7 **L/C Fees .** Payment of L/C fees shall be made by the Borrower to BNS at the Branch of Account. The L/C fees which accrue during each calendar quarter shall be paid in arrears one Business Day after such calendar quarter. L/C fees shall be calculated at the annual rate of the then Applicable Margin on the face amount of each L/C for the duration of its term on the basis of the actual number of days to elapse from and including the date of issuance or renewal by BNS to but not including the expiry date of the L/C. Such L/C fees shall be distributed by the Administrative Agent to the Lenders based on their Applicable Percentage. An additional L/C fronting fee shall be payable by the Borrower to BNS, for BNS's sole benefit, at the Branch of Account. The L/C fronting fee which accrues during each calendar quarter shall be paid in arrears one Business Day after such calendar quarter. The L/C fronting fee shall be calculated at the annual rate of 0.12% per annum on the face amount of each L/C for the duration of its term on the basis of the actual number of days to elapse from and including the date of issuance or renewal by BNS to but not including the expiry date of the L/C. L/C fees shall be calculated on the basis of a 365 or 366 day year, as applicable.

4.8 **Interest under Overdraft Facility** . All payments of interest and any other amount with respect to the Overdraft Facility shall be payable by the Borrower to the Administrative Agent at the Branch of Account for the account of the Lenders. Such interest and other amounts shall be distributed by the Administrative Agent to the Lenders based on their Applicable Percentage, upon the Administrative Agent making adjustments to its participation in Advances under Section 3.23.

ARTICLE 5
REDUCTIONS AND PAYMENTS

5.1 **General Rule Regarding Repayments .** Subject to Section 11.6 hereof and Section 5 of the Provisions, repayment of an outstanding Advance made by the Borrower shall be applied by the Administrative Agent among all Lenders on the basis of their Applicable Percentage.

5.2 **Term and Repayments .**

(a) Unless due and payable sooner in accordance with this Agreement, all Facility Indebtedness shall be due and payable on December 23, 2011, 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 Super Majority Lenders, in their sole discretion, for three additional one year terms in accordance with this Section 5.2.

(b) 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 Administrative Agent with irrevocable written notice of such request at least 60, but not more than 90, days before the applicable anniversary date of the Restatement Date. If the Super Majority Lenders consent to a request for an extension made before the first anniversary of the Restatement Date, then unless due and payable sooner in accordance with this Agreement, all Facility Indebtedness shall be due and payable on December 23, 2012 and all remaining Commitments shall be cancelled at such time. In that case, and if the Super Majority Lenders consent to a request by the Borrower for an extension made at least 60, but not more than 90, days before the second anniversary of the Restatement Date, then unless due and payable sooner in accordance with this Agreement, all Facility Indebtedness shall be due and payable on December 23, 2013 and all remaining Commitments shall be cancelled at such time. In that case, and if the Super Majority Lenders consent to a request by the Borrower for an extension made at least 60, but not more than, 90 days before the third anniversary of the Restatement Date, then unless due and payable sooner in accordance with this Agreement, all Facility Indebtedness shall be due and payable on December 23, 2014 and all remaining Commitments shall be cancelled at such time.

(c) Notwithstanding Section 5.2(b), if the Borrower has not requested an extension of this Agreement before the first anniversary of the Restatement Date, the Borrower can (if it wishes to exercise its option to make such request) provide the Administrative Agent with irrevocable written notice of a request for an extension of this Agreement at least 60, but not more than 90, days before the second anniversary of the Restatement Date. If the Super Majority Lenders consent to such a request for an extension, then unless due and payable sooner in accordance with this Agreement, all Facility Indebtedness shall be due and payable on December 23, 2012 and all remaining Commitments shall be cancelled at such time. In that case, the Borrower can (if it wishes to exercise its option to make

such request) provide the Administrative Agent with irrevocable written notice of a request at least 60, but not more than 90, days before the third anniversary of the Restatement Date. If the Super Majority Lenders consent to such a request for an extension, then unless due and payable sooner in accordance with this Agreement, all Facility Indebtedness shall be due and payable on December 23, 2013 and all remaining Commitments shall be cancelled at such time.

(d) Notwithstanding Sections 5.2(b) and (c), if the Borrower has not requested an extension of this Agreement before the first and the second anniversary dates of the Restatement Date, the Borrower can (if it wishes to exercise its option to make such request) provide the Administrative Agent with irrevocable written notice of a request for an extension of this Agreement at least 60, but not more than 90, days before the third anniversary of the Restatement Date. If the Super Majority Lenders consent to such a request for an extension, then unless due and payable sooner in accordance with this Agreement, all Facility Indebtedness shall be due and payable on December 23, 2012 and all remaining Commitments shall be cancelled at such time.

(e) Notwithstanding Section 5.2(b), (c) and (d), if the Borrower has requested an extension of this Agreement before the first anniversary of the Restatement Date, and the Super Majority Lenders consent to such a request for an extension as set out in Section 5.2(b), but the Borrower does not provide the Administrative Agent with irrevocable written notice of a request at least 60, but not more than 90, days before the second anniversary of the Restatement Date, the Borrower can (if it wishes to exercise its option to make such request) provide the Administrative Agent with irrevocable written notice of a request at least 60, but not more than 90, days before the third anniversary of the Restatement Date. If the Super Majority Lenders consent to such a request for an extension, then unless due and payable sooner in accordance with this Agreement, all Facility Indebtedness shall be due and payable on December 23, 2013 and all remaining Commitments shall be cancelled at such time.

(f) Upon receipt by the Administrative Agent of any such request by the Borrower for an extension of this Agreement, the Administrative 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 Administrative 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 Administrative Agent to such Lender, such Lender shall be irrevocably deemed to have not consented to such extension.

(g) If the Super Majority Lenders consent to any extension requested by the Borrower pursuant to this Section 5.2, 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

5.2 (and the denominator in the definition of Super Majority Lender shall, for such purpose, be reduced by such Lender's Commitment).

(h) If the Super Majority Lenders consent to any requested extension of this Agreement pursuant to this Section 5.2, but any Lender does not so consent, the Borrower may require that:

(i) any such dissenting Lender assign its Commitment in accordance with Section 3.3(b) of the Provisions;

(ii) 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 Facility Amount reducing by the amount of such Lender's Commitment at that time); or

(iii) such dissenting Lender's Commitments immediately terminate.

In the case of clause (iii), 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 5.5, and upon receipt by such Lender of such amount such Lender's Commitment shall be cancelled (with the Maximum Facility Amount reducing by the amount of such Lender's Commitment at that time). Any assigning Lender or any Lender whose Commitments terminate before the Maturity Date (if extended in accordance with the foregoing provisions) shall, upon such assignment or termination, assign, or cause any of its Affiliates which is a Permitted Hedge Counterparty, to assign, at a price determined in a reasonable manner from market quotations in accordance with customary market practices, all Hedge Agreements it or they hold with the Borrower to the applicable Eligible Assignee or to another Lender or Permitted Hedge Counterparty.

(i) If the Super Majority Lenders do not consent to any extension requested by the Borrower pursuant to the foregoing procedures, all Facility Indebtedness 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.

5.3 **Termination and Reduction of Commitments .** The Borrower may at any time, upon at least five (5) Business Days' irrevocable written notice provided to the Administrative Agent, without penalty, terminate entirely at any time, or partially reduce on a permanent basis from time to time, by an aggregate amount of US $1,000,000 or the Equivalent Amount in Canadian Dollars or multiples thereof, the Commitments of all Lenders; and any such termination or reduction shall reduce each Lender's Commitment on the basis of its Applicable Percentage; provided that, prepayments of LIBOR Advances may not occur during an Interest Period unless the Borrower pays the required amount under Section 5.5. Upon receipt of such notice the Administrative Agent shall promptly notify each Lender thereof. Any such reduction shall also reduce the Maximum Facility Amount by that amount. If the Maximum Facility Amount and the

Commitments of all Lenders are reduced to zero and the Credit Facility is terminated in its entirety, all Facility Indebtedness, together with all other amounts owing by the Borrower under Section 5.5, shall be due and payable by the Borrower on the effective date of such termination. If the Maximum Facility Amount and the Commitments of all Lenders are partially reduced, the outstanding Advances (including, for greater certainty, the face amount of all Bankers' Acceptances) which, if not repaid, would be in excess of the Maximum Facility Amount and the Commitments of all Lenders, together with all other amounts owing by the Borrower under Section 5.5, shall be due and payable by the Borrower on the effective date of such reduction.

5.4 Mandatory Prepayments .

(a) If at any time the Borrower or any Subsidiary receives any insurance proceeds relating to Included Property, except for insurance proceeds which the Borrower or any Subsidiary is permitted to retain pursuant to Section 10.2(j)(ii) or which the Borrower has remitted to the Administrative Agent to be held as part of the Security in accordance with Section 10.2(j)(ii), the Borrower shall remit such proceeds to the Administrative Agent to prepay or repay the outstanding Advances.

(b) If at any time the Borrower or any Subsidiary, in one or more transactions, sells, transfers, leases, assigns or otherwise disposes of any assets not permitted to be sold, transferred, leased, assigned or otherwise disposed, or in excess of the amounts permitted, under Section 10.3(e), the Borrower shall remit the aggregate Net Cash Proceeds received therefrom which relate to Included Property to the Administrative Agent to prepay or repay the outstanding Advances.

(c) If at any time the Borrower or any Subsidiary receives any proceeds of expropriation relating to any Included Property, the Borrower or such Subsidiary shall remit such proceeds to the Administrative Agent to prepay or repay outstanding Advances.

(d) Without limiting the other rights and remedies of the Administrative Agent and the Lenders under the Financing Documents, the Commitments and the Maximum Facility Amount shall be reduced by any amounts received by the Administrative Agent pursuant to Sections 5.4(a), (b) and (c).

5.5 Indemnity . The Borrower agrees to indemnify each Lender and the Administrative Agent and to hold each Lender and the Administrative Agent harmless from any loss or expense which such Lender or the Administrative Agent may sustain or incur as a consequence of (a) default by the Borrower in payment when due of the principal amount of or interest on any Advances, (b) default by the Borrower in making any prepayment after the Borrower has given a notice in accordance with Section 5.3 resulting in the making of a prepayment of a LIBOR Advance on a day which is not the last day of an Interest Period with respect thereto, including without limitation, in each case any such loss or expense arising from the re-employment of funds obtained by it to maintain its Advances hereunder or from fees payable to terminate the deposits from which such funds were obtained to the extent not recovered in connection with such re-employment of funds if applicable (but in any event excluding any loss of profits or other

consequential damages and the Applicable Margin applicable to such Advances). This covenant shall survive termination of all Commitments and payment of the outstanding Facility Indebtedness.

5.6 **Exchange Rate Fluctuations .** If fluctuations in rates of exchange in effect between US Dollars and Cdn. Dollars cause the amount of outstanding Advances (expressed in US Dollars based on the Equivalent Amount from time to time) to exceed the Maximum Facility Amount then in effect by five percent or more at any time, the Borrower shall pay the Administrative Agent for the benefit of the Lenders immediately on demand such amount as is necessary to repay the excess. If the Borrower is unable to immediately pay that amount because Interest Periods have not ended, Bankers' Acceptances have not matured or L/Cs (or any portion thereof) have not been drawn, the Borrower shall, immediately on demand, post Cash Collateral with the Administrative Agent in the amount of the excess, which shall form part of the Security and be held until the amount of the excess is paid in full or is less than five percent. If, on the date of any Advance (whether by rollover, conversion or otherwise), the amount of Advances (expressed as described above) exceeds the maximum amount permitted herein because of fluctuations in rates of exchange, the Borrower shall immediately pay the Lenders the excess and shall not be entitled to any Advance that would result in the amount permitted hereunder being exceeded.

5.7 **Payments .** All payments (including prepayments) made by the Borrower on account of principal, interest and fees hereunder shall be made without set-off or counterclaim including, without limitation, any set-off or counterclaim based on any law, rule or policy or, any governmental authorization or order which is now or hereafter promulgated by any Governmental Authority and which may adversely affect the Borrower's obligation to make, or the right of any Lender to receive, such payments. All such payments shall be made to the Administrative Agent, for the account of the Lenders, at the Branch of Account, in the same currency as the relevant Advance, and, in each case, in immediately available funds. The Administrative Agent shall distribute such payments to the Lenders entitled thereto promptly upon receipt in like funds as received. If any payment hereunder (other than payments on the Advances) becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day, and, with respect to payments of principal and interest thereon, shall be payable at the then applicable interest rate(s) hereunder during such extension. If any payment on an Advance becomes due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day unless the result of such extension would be to extend such payment into another calendar month in which event such payment shall be made on the immediately preceding Business Day (and such reduction or extension of time shall in such case be included in computing interest in connection with such payment).

5.8 **Authorized Transfer .** The Borrower hereby irrevocably authorizes the Administrative Agent to effect the making of all payments whether of principal, interest, fees or any other charges whatsoever hereunder which the Borrower is required to pay the Lenders, the Administrative Agent or any other Person by charging any designated bank account maintained by the Borrower with the Administrative Agent. Nothing herein limits or restricts the right of the Lenders and/or the Administrative Agent under Section 4 of the Provisions. Payment by the Borrower to the Administrative Agent of any amount owed by the Borrower to the Lenders hereunder shall discharge the Borrower's obligation to pay such amount to the Lenders.

5.9 **Provisions Reference .** Reference is made to Sections 3.1, 3.2, 3.3 and 3.4 of the Provisions regarding "Increased Costs", "Taxes", "Mitigation Obligations; Replacement of Lenders" and "Illegality", respectively.

ARTICLE 6
CLOSING AND DRAWDOWN CONDITIONS

6.1 **Conditions Precedent to Amendments .** The amendments to the Existing Credit Agreement effected hereby shall be subject to the satisfaction of the following conditions:

(a) The following Documents shall have been executed by a duly authorized officer or duly authorized Person of each of the parties thereto and delivered to the Administrative Agent, in sufficient number as the Administrative Agent shall reasonably require, all in form and substance satisfactory to the Administrative Agent:

(i) a certified copy of the articles, by-laws, authorizing resolutions and certificate of incumbency of each Restricted Party, certified by a senior officer of such party as being true, complete and correct copies thereof, as well as a copy of certificates dated as of a recent date from the appropriate Governmental Authority evidencing the existence of such Person in its jurisdiction of incorporation and, where required by any Requirements of Law, its qualification to conduct its business in each jurisdiction where the ownership, lease or operation of property or the conduct of business requires such qualification;

(ii) this Agreement;

(iii) the Arranger Fee Letter;

(iv) the Closing and Amendment Fee Letter;

(v) the executed legal opinions of Borrower's (including counsel to the Scandinavian Subsidiaries) legal counsel;

(vi) the items listed in the "closing matters" section of the closing agenda attached as Annex 7;

(vii) to the extent not previously delivered to the Administrative Agent, the Security Documents set forth in Article 7;

(viii) true, complete and correct copies of all consents, authorizations and filings, and any documents or instruments relating thereto, required or advisable under any Requirements of Law applicable to, or by any Contractual Obligation of, the Borrower in connection with the execution, delivery, performance, validity or enforceability of this Agreement (to the extent not delivered under the Existing Credit Agreement), together with a certificate of a senior officer of the Borrower, stating that the foregoing

are true copies and are all the consents, authorizations and filings, and any documents or instruments relating thereto, so required, and such consents, authorizations, and filings, and any documents or instruments relating thereto, shall be satisfactory in form and substance to the Administrative Agent and be in full force and effect; and

(ix) such other Documents reasonably required by the Administrative Agent.

(b) Since October 17, 2005, no event shall have occurred which has had or could reasonably be expected to have a Material Adverse Effect.

(c) No suit, action, investigation, inquiry or other proceeding (including, without limitation, the enactment or promulgation of a statute or rule) by or before any arbitrator or any Governmental Authority shall be pending and no preliminary or permanent injunction or order by a provincial, state, federal or other court shall have been entered (i) in connection with any Document, or any of the transactions contemplated hereby or thereby or (ii) which could reasonably be expected to have a Material Adverse Effect.

(d) The Borrower shall have paid in full all fees and expenses payable by it to the Administrative Agent, the Arrangers and the Lenders, including, without limitation, the fees payable under the Arranger Fee Letter and the Closing and Amendment Fee Letter, and all other Persons in connection with this Agreement and the transaction contemplated herein that are payable by it on or before the Restatement Date pursuant to written agreements with each such Person.

Unless otherwise required by the Administrative Agent, as determined by the Administrative Agent acting reasonably, Documents delivered in connection with the Existing Credit Agreement need not be delivered again in connection with this Agreement.

6.2 Conditions Precedent to All Advances . The obligations of the Lenders to make any Advances under this Agreement shall be subject to the fulfilment of the conditions precedent set out in Sections 6.1 (when required as specified therein) and the following conditions precedent on or prior to each Drawdown Date:

(a) All Documents and other documents delivered pursuant to Section 6.1 shall be in full force and effect and the Borrower and all other parties shall be in good standing under them.

(b) After the making of the requested Advance, the outstanding Advances expressed as an Equivalent Amount in US Dollars would not be greater than the Maximum Facility Amount.

(c) The Administrative Agent shall have received a Drawdown Notice in accordance with the terms of this Agreement.

(d) No request by Canada Revenue Agency for payment pursuant to Section 224(1.1) or any successor section of the *Income Tax Act* (Canada) or any comparable

provision of any other taxing statute shall have been received by any Person in respect of the Borrower.

(e) Each of the statements set forth in clauses (i), (ii) and (iii) below shall be true and correct on the Drawdown Date (both before and after the making of each such Advance (excluding rollovers and conversions)):

(i) each representation and warranty of each Restricted Party contained in the Financing Documents is true and correct on the Drawdown Date (where such representation or warranty is qualified by "Material Adverse Effect" or any other "materiality" concept), and in all other cases true and correct in all material respects on the Drawdown Date, as though such representation and warranty had been made on and as of the Drawdown Date (unless such representation and warranty is expressly limited to an earlier date or is no longer true and correct solely as a result of transactions not prohibited by the Financing Documents);

(ii) no Material Adverse Change has occurred since the Restatement Date (in the case of the first Advance made after the Restatement Date) or since the effective date of the last financial statements of the Borrower delivered to the Administrative Agent pursuant to Section 9.1(b) or (c) (in the case of each subsequent Advance); and

(iii) no Default has occurred and is continuing.

Notwithstanding the foregoing, the acceptance by the Borrower of each Advance shall be deemed to be a statement by the Borrower that each of the statements referred to in this Section 6.2(e) above are true and correct in the manner described in this Section 6.2(e) as at such date as though made on and as of such date.

(f) There is no objectively ascertainable and reasonable expectation that the Borrower will not be in compliance with all covenants contained in Section 10.1 at the end of its current fiscal quarter and was not in compliance with those covenants at the end of its immediately preceding fiscal quarter if it has not yet delivered its Compliance Certificate for that quarter.

6.3 Place of Closings and Waiver of Conditions .

(a) The delivery of the Documents and satisfaction of the conditions precedent set forth in Section 6.1 shall occur at the offices of Lenders' Counsel in Toronto, Ontario, and the delivery of the Documents and satisfaction of the conditions precedent set forth in Section 6.2 shall occur at such place or places as the Administrative Agent may designate, acting reasonably.

(b) The conditions precedent set forth in Sections 6.1 and 6.2 are included in this Agreement solely for the benefit of the Lenders and may be waived or varied in whole or in part only by the consent of the Majority Lenders.

ARTICLE 7
SECURITY

7.1 **Security .** The Borrower shall execute and deliver (or, with respect to Security Documents executed and delivered prior to or at the time of the Restatement Date, shall have executed and delivered) to the Administrative Agent or as otherwise specified in this Section 7.1, for and on behalf of the Secured Parties, or as otherwise directed by the Administrative Agent, as continuing collateral security for the payment and performance by the Borrower of its indebtedness, liabilities and obligations hereunder or under any of the Financing Documents to which it is a party and for any of its indebtedness, liabilities and obligations to the Secured Parties or any of them under the Hedge Agreements to which they are a party, the following security, all in form and substance satisfactory to the Administrative Agent, providing the Administrative Agent (or the Trustee for and on behalf of the Administrative Agent) for and on behalf of the Secured Parties with a first priority Lien, subject only to Permitted Liens, in the Collateral charged thereunder, as applicable:

(a) a security agreement dated as of November 13, 2001 granted by the Borrower in favour of the Administrative Agent;

(b) an assignment of the "Indemnity regarding Encumbrances on El Coco Property" dated June 21, 1999 by Barrick Gold Corporation and Lac Exploration Inc., dated November 16, 2001 granted by the Borrower to the Administrative Agent;

(c) a letter dated November 13, 2001 by the Administrative Agent appointing Computershare Trust Company of Canada as Trustee;

(d) a delivery order dated November 22, 2001 by the Borrower to the Trustee;

(e) a collateral mortgage demand bond dated November 21, 2001 granted by the Borrower to the Administrative Agent and certified by the Trustee (the " **Bond** ");

(f) a deed of hypothec dated November 13, 2001 between the Borrower and the Trustee;

(g) a deed of movable hypothec on a specific claim dated November 22, 2001 between the Borrower and the Administrative Agent;

(h) a deed of movable hypothec on a specific claim to be dated December 23, 2004 between the Borrower and the Administrative Agent;

(i) such consents, assignments and assurances as the Administrative Agent may require from the Borrower, any applicable Governmental Authority or other third party in order to obtain or evidence a valid first mortgage, charge, hypothec and/or security interest in and to the Included Property and Restricted Parties, subject to Permitted Liens, and to be able to practically realize on all such assets after the occurrence of any Event of Default;

(j) an assignment of insurance dated November 13, 2001 granted by the Borrower in favour of the Administrative Agent;

(k) an assignment of accounts agreement dated as of March 20, 2003 granted by the Borrower in favour of the Administrative Agent;

(l) an assignment of metal hedge agreements entered into by the Borrower with each Unsecured Hedge Counterparty executed and delivered by the Borrower in favour of the Administrative Agent substantially in the form of Exhibit C (the " **Assignment of Metal Hedge Agreements** ") whereby the Borrower charges a security interest in such Metal Hedge Agreements and proceeds thereof, consented to by each such Unsecured Hedge Counterparty; and

(m) such other security documents granting Liens on the property of the Restricted Parties as the Administrative Agent may reasonably request, together with all such other agreements, documents and instruments required by the Administrative Agent to provide the Secured Parties with continuing collateral security for the performance by the Borrower of all obligations hereunder or under any of the Financing Documents.

7.2 [Intentionally Deleted.]

7.3 **Registration .** All Security Documents shall, at the Borrower's expense, be registered, filed or recorded in all offices in such jurisdictions as the Administrative Agent, after consultation with Lenders' Counsel, may from time to time reasonably require, where such registration, filing or recording is, in the opinion of the Administrative Agent, necessary or desirable to the creation, perfection and preservation of the Security including, without limitation, at any land registry or land title offices.

7.4 **Bank Act Security .**

(a) On the date hereof, the Borrower shall have executed and delivered, and following the date hereof, each other Restricted Party, shall, to the extent permitted by all applicable Requirements of Law, execute and deliver as required by Sections 6.1(d)(vi) and 10.2(n), to each Lender that is a bank incorporated under the *Bank Act* (Canada) (each, a " **Canadian Lender** "), or as otherwise directed by the Administrative Agent, as continuing collateral security for the Facility Indebtedness, the Bank Act Security, providing the Lenders with a first priority Lien, subject only to Permitted Liens, in the Collateral charged thereunder.

(b) Subject to Section 5 of the Provisions and Section 11.6, each Canadian Lender irrevocably designates and appoints the Administrative Agent as the collateral agent of such Canadian Lender in respect of Bank Act Security, and each such Canadian Lender irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the Bank Act Security and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and as are expressly set out

in such Bank Act Security, together with such other powers that are reasonably incidental thereto. The Administrative Agent may perform any of its duties hereunder or thereunder by or through its agents, officers or employees, its Affiliates or its Affiliates' agents, officers or employees. In addition, without limiting the foregoing, each Canadian Lender grants to the Administrative Agent a power of attorney, for the purposes of laws applicable to the Bank Act Security from time to time, to sign documents comprising the Bank Act Security from time to time, for it and in its name, and also grants to the Administrative Agent the right to delegate its authority as attorney to any other Person, whether or not an officer or employee of the Administrative Agent. Notwithstanding any provision to the contrary elsewhere in this Agreement or the Bank Act Security, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein or therein, or any fiduciary relationship with any Canadian Lender or other Secured Party, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or the Bank Act Security or otherwise exist against the Administrative Agent in such capacity.

(c) The parties acknowledge that, subject to Section 5 of the Provisions and Section 11.6, the Bank Act Security shall secure all Facility Indebtedness, including all loans and advances made by the Canadian Lenders, but that all payments or other recoveries under the Bank Act Security shall, to the maximum extent permitted by law, be shared by the Secured Parties in accordance with Section 11.6 and Section 5 of the Provisions. To the extent practicable, the Administrative Agent will make every reasonable effort to, and each other party hereto shall permit the Administrative Agent (and the Trustee) to, realize on all security granted by the Restricted Parties to the Administrative Agent (or the Trustee) pursuant to this Agreement or any other Document (the " **Non-Bank Act Security** ") prior to the Administrative Agent realizing on the Bank Act Security. Notwithstanding the foregoing, the Borrower, for itself and for all other Restricted Parties, acknowledges that any Security granted by or pursuant to this Agreement may be enforced or realized in any order, whether sequentially, concurrently or otherwise, and the Borrower, for itself and for all other Restricted Parties, waives any defence it may have in respect thereof. If the Bank Act Security is enforced concurrently with the Non-Bank Act Security, any recoveries or payments thereon which are not specifically realized from the Bank Act Security and identified as such shall be deemed to have been realized under the Non-Bank Act Security. Nothing contained in this Section 7.4 shall prohibit or restrict the right or ability of the Administrative Agent or, subject to Sections 11.6 and 12.2 hereof and Section 5 of the Provisions, the Canadian Lenders, to take at any time such actions as are necessary or desirable to preserve or protect the Bank Act Security or to realize thereon in respect of assets not effectively charged under the Non-Bank Act Security or in the event that the Non-Bank Act Security is determined to be invalid or unenforceable or to not constitute a valid prior charge on all or any of the assets of the Borrower or any other Restricted Party which are subject to the Bank Act Security. In the event that it shall not be lawful for amounts realized on the Bank Act Security to be shared among the Secured Parties in

accordance with Sections 11.6 and 12.2 hereof and Section 5 of the Provisions, then, to the maximum extent permitted by all applicable Requirements of Law, the amounts the Canadian Lenders receive from the Non-Bank Act Security shall be reduced to the extent of amounts received by the Canadian Lenders from the Bank Act Security.

(d) The provisions set out in this Section 7.4 are solely for the benefit of the Administrative Agent and the Secured Parties, and the Borrower shall not have any rights as a third party beneficiary in respect thereof.

7.5 Change of Law and Further Assurances . The Borrower acknowledges that the laws and regulations relating to the Security and its registration may change. The Borrower agrees that the Administrative Agent shall have the right to require that such documentation and/or registrations be amended or supplemented from time to time to reflect any changes in such laws, whether arising as a result of statutory amendments, court decisions or otherwise, in order to grant to the Administrative Agent on behalf of the Secured Parties the Liens on all Included Property or as otherwise intended to be created and perfected thereby. In addition, the Borrower shall, from time to time, upon request of the Administrative Agent, execute and deliver, or cause to be executed and delivered by any other applicable Restricted Party, all such further instruments of hypothecation, assignment, transfer, mortgage, pledge or charge as the Administrative Agent may reasonably request to grant the Administrative Agent on behalf of the Secured Parties valid Liens intended to be created and perfected thereby, including, without limitation, assignments of all Material Contracts and Metal Hedge Agreements, now or hereafter entered into by any Restricted Party, substantially in the form of Exhibit D and the Assignment of Metal Hedge Agreements, or in such other form reasonably requested by the Administrative Agent, acknowledged and consented to on terms satisfactory to the Administrative Agent by each counterparty thereto, as well as pledges by the Restricted Parties of all securities and other equity interests now or hereafter held by a Restricted Party in any other Restricted Party, pledges of all indebtedness now or hereafter owing by any Restricted Party to any other Restricted Party and a first priority Lien, subject to Permitted Liens, on any Included Property now owned or hereafter acquired by the Borrower or any other Restricted Party.

7.6 Security for Hedge Indebtedness . The Borrower acknowledges and agrees that the Security shall, without limitation, to the maximum extent permitted by all applicable Requirements of Law, secure all obligations and liabilities of the Borrower to each Permitted Hedge Counterparty under Hedge Agreements entered into with them and, so long as any such Hedge Agreements are outstanding with any Permitted Hedge Counterparty, unless otherwise agreed by the applicable Permitted Hedge Counterparty, the Security shall not be discharged, released or terminated as a result of the termination of the Commitments and/or the repayment or satisfaction of all Facility Indebtedness, but shall, upon such termination and/or repayment or satisfaction continue, to the maximum extent permitted by all applicable Requirements of Law, in full force and effect for the benefit of the Final Permitted Hedge Counterparties in accordance with Section 12.2(e).

7.7 Reaffirmation of Existing Security . Without in any way limiting any other provision of Article 7, and notwithstanding any other provision which may be to the contrary in any Financing Document, the Borrower hereby irrevocably (a) reaffirms and ratifies the continuing

effectiveness of all Security granted by the Borrower prior to the Restatement Date (other than any Security previously released by the Administrative Agent or any Lender), (b) confirms that all such Security remains in full force and effect, unamended and (c) confirms that, to the maximum extent permitted by all applicable Requirements of Law, all such Security secures all Facility Indebtedness and Hedge Indebtedness.

ARTICLE 8
REPRESENTATIONS AND WARRANTIES

8.1 Representations and Warranties . To induce the Lenders and the Administrative Agent to enter into this Agreement and to induce the Lenders to make Advances, the Borrower represents, warrants and, where applicable, covenants to the Administrative Agent and the Lenders as follows:

(a) Authority to Carry on Business . Each of the Borrower and each Material Subsidiary is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, amalgamation or formation, has the corporate (or other required) power and authority, and the legal right, to own and operate its property, to lease the property it operates as lessee and to conduct its business, and is duly qualified to carry on its business and is in good standing under the laws of each jurisdiction where the conduct of its business requires such qualification, except where the failure to so qualify could not be reasonably expected to have a Material Adverse Effect.

(b) Corporate Power and Authority . Each Restricted Party has the corporate (or other required) power and authority, and the legal right, to execute and deliver the Financing Documents to which it is a party and to perform its obligations thereunder. Each Restricted Party has taken all necessary corporate (or other required) action to authorize the execution and delivery of the Financing Documents to which it is a party and the performance by it of its respective obligations thereunder.

(c) Consents, No Restriction, etc . No consent or authorization of, filing with or other act by or in respect of any Governmental Authority or pursuant to any Requirements of Law is required except those obtained or made or where the failure to do so could not reasonably be expected to have a Material Adverse Effect, in order to permit the borrowings under this Agreement by the Borrower, the execution, delivery and performance of the Financing Documents by each Restricted Party party thereto, and the creation or perfection of the Liens under the Security Documents.

(d) Burdensome Provisions . There is no provision in the articles or by-laws of any Restricted Party, nor is there any statute, rule or regulation, or any judgment, decree or order of any court or agency binding on any Restricted Party which would be contravened by the execution, delivery and performance by such Restricted Party of the Financing Documents to which it is a party, other than

those contraventions, if any, that could not reasonably be expected to have a Material Adverse Effect.

(e) Enforceability of Financing Documents . Each Document to which each Restricted Party is a party has been or will be duly executed and delivered by such Restricted Party, as the case may be. Each Document to which such Restricted Party is a party constitutes, or when executed and delivered, will constitute, a legal, valid and binding obligation of such Restricted Party, as the case may be, enforceable against such Restricted Party, as the case may be, in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

(f) No Violation of Law or Contractual Obligation . The execution, delivery and performance of the Financing Documents to which each Restricted Party is a party, the borrowings by the Borrower under this Agreement, the use of the proceeds thereof and the granting of the Liens pursuant to the Security Documents will not violate any Requirements of Law or any Contractual Obligation of the Borrower or any Material Subsidiary, will not be restricted or prohibited by any Governmental Authority, except to the extent that the same, if any, could not reasonably be expected to have a Material Adverse Effect, and will not result in, or require, the creation or imposition of any Lien on any properties or revenues of the Borrower or Material Subsidiary pursuant to any Requirements of Law or Contractual Obligation (other than the Liens created by the Financing Documents or contemplated hereby).

(g) No Default under Contractual Obligations . Neither the Borrower nor any Material Subsidiary is in default under or with respect to any Contractual Obligation in any respect which could, with the giving of notice, the lapse of time, or both, reasonably be expected to have a Material Adverse Effect.

(h) Absence of Litigation . Except as set forth in Schedule 8.1(h), there is no litigation, action, suit, inquiry, investigation, claim, proceeding, arbitration or dispute in each case pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower, any Subsidiaries of the Borrower, or against their revenues or property, the adverse determination of which could reasonably be expected to have a Material Adverse Effect.

(i) Financial Statements . The Borrower's 2005 annual audited, consolidated financial statements and the Borrower's second quarter 2006 unaudited, consolidated financial statements contained in the Borrower's report to its shareholders, copies of which have been furnished to the Administrative Agent and Lenders, are complete and correct in all material respects, have been prepared in accordance with GAAP and present fairly the consolidated financial condition of the Borrower, as at such dates, and the results of its operations and changes in financial position for each period then ended. All such financial statements, including the related schedules and notes thereto, have been prepared in

accordance with GAAP applied consistently throughout the periods involved (except as disclosed therein, if applicable). The Borrower and its Subsidiaries had, at the date of the most recent balance sheets referred to above, no material Guarantee Obligation, contingent liability or liability for taxes, or any long-term lease or unusual forward or long-term commitment, including, without limitation, any interest rate or foreign currency swap or exchange transaction, which is not reflected in the foregoing statements or in the notes thereto. During the period from June 30, 2006 to and including the date of this Agreement, there has not been any sale, transfer or other disposition by the Borrower of any material part of its business or property and there has been no purchase or agreement to purchase (other than pursuant to any Material Contracts) or other acquisition of any business or property (including any Capital Stock of any other Person) which is material in relation to the financial condition of the Borrower since June 30, 2006.

(j) No Material Adverse Change . Since the later of June 30, 2006 and the effective date of the last financial statements of the Borrower delivered to the Administrative Agent pursuant to Sections 9.1(b) and (c), there has been no Material Adverse Change.

(k) No Default . No Default has occurred and is continuing.

(l) Ownership of Mining Properties . Schedule 8.1(l) is a complete and accurate list of all Mining Properties in which the Borrower or any Material Subsidiary has an interest. Schedule 8.1(l) discloses the nature of the Borrower's and each Material Subsidiary's interests in respect thereof (whether owned, leased, licenced, etc.), together with a description of each applicable lease, claim or licence, as the case may be. All Mining Properties are owned, leased or licenced by the Borrower or such Material Subsidiary, as the case may be, subject only to Permitted Liens. Except as set forth on Schedule 8.1(l) and except for any applicable Permitted Liens, the Borrower and each Material Subsidiary enjoy peaceful and undisturbed possession under all leases, claims, concessions or licences comprising Mining Properties. Except as set forth on Schedule 8.1(l) and except for any applicable Permitted Liens, all of such leases, claims, concessions or licences are valid and subsisting leases, claims, concessions or licences and no default exists under any of them that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(m) Collateral and Security . The Restricted Parties own good and marketable title to all Mines constituting Included Property and the other Collateral, free and clear of all Liens, other than Permitted Liens. The Security provides the Administrative Agent with a first priority Lien in the Mines constituting Included Property and the other Collateral, subject only to Permitted Liens, and secures the Senior Secured Indebtedness.

(n) No Other Commitments, etc . Except for sales of Product or agreements to sell Product in the ordinary course of business, no Person has any direct or indirect agreement, right or option to acquire any interest in any Mine that constitutes

Included Property, and no commitment has been made to any such Person with respect thereto.

(o) Intellectual Property . Each of the Borrower and each Material Subsidiary owns, or is licenced to use, all trademarks, tradenames, copyrights, technology, know-how and processes necessary for the conduct of its business as currently conducted that are material to its condition (financial or otherwise), business, or operations (" **Intellectual Property** "). To the best of the Borrower's knowledge or as otherwise disclosed on Schedule 8.1(h), no claim has been asserted or is pending by any Person with respect to the use of any such Intellectual Property, or challenging or questioning the validity or effectiveness of any such Intellectual Property. To the best of the Borrower's knowledge, the use of such Intellectual Property by the Borrower or such Material Subsidiary does not infringe the rights of any Person where such infringement could be reasonably expected to have a Material Adverse Effect.

(p) Material Contracts . The Borrower is not a party to or bound by any outstanding or executory agreement, contract or commitment, whether written or oral, relating to the ownership or operations of any Mine that constitutes Included Property or the marketing and sale of the Product from any Included Property, except for: (i) the Financing Documents and the Material Contracts; and (ii) any contract, lease or agreement, whether or not made in the ordinary course of business (including construction contracts) under which the Borrower has a financial obligation of less than US $5,000,000 or which can be terminated by the Borrower without payment of any damages, penalty or other amount by giving not more than 30 days' notice. No other Restricted Party is a party to or bound by any outstanding or executory agreement, contract or commitment, whether written or oral, relating to the ownership or operations of any mining properties constituting Included Property, or the marketing and sale of Product from any Included Property except for (iii) the Financing Documents and the Material Contracts; and (iv) any contract, lease or agreement, whether or not made in the ordinary course of business (including construction contracts) under which such Restricted Party has a financial obligation of less than US $5,000,000 or which can be terminated by such Restricted Party without payment of any damages, penalty or other amount by giving not more than 30 days' notice. None of the Material Contracts has been amended, varied, terminated or rescinded in any way as at the date hereof, and each is enforceable in accordance with its terms and is in full force and effect, and no default by any Restricted Party, or to the knowledge of the Borrower, any other Person party to any Material Contract, has occurred and is continuing, whether or not any requirement for the giving of notice, the lapse of time, or both, or any other condition, event or act has been satisfied, except to the extent that such default could not reasonably be expected to have a Material Adverse Effect. No Restricted Party has assigned, granted an interest in, or entered into any agreement to assign or grant an interest in, the Material Contracts to which it is a party, except, with respect to the Borrower, pursuant to the Financing Documents, and each Restricted Party's interests in the Material Contracts is, to the best of the Borrower's knowledge, free and clear of any adverse claim.

(q) Licences, Permits, etc . Each of the Borrower and each Material Subsidiary holds, maintains in effect and complies with all Permits which are required by any applicable Governmental Authority or Requirements of Law to be held by it other than Permits the absence of which (either individually or in the aggregate) could not reasonably be expected to have a Material Adverse Effect, and complies with all Requirements of Law applicable to it or to the conduct of its business in all applicable jurisdictions except to the extent any such non-compliance (either individually or in aggregate) could not reasonably be expected to have a Material Adverse Effect; and neither the Borrower nor any Material Subsidiary is the subject of, or has received notice which could result in, any audit or investigation in respect of any Permits or Requirements of Law other than any audit or investigations the results of which, individually or in aggregate, could not reasonably be expected to have a Material Adverse Effect. Schedule 8.1(q) sets forth a list of the material Permits currently held by the Borrower and each Material Subsidiary.

(r) Development Plan . The Development Plan fully reflects the understanding of the Borrower as to the nature and scope of the Mines constituting Included Property, the anticipated production of Product and gold doré, copper concentrate, zinc concentrate or other base or precious metal (whether in concentrate, doré or other form) from each Included Property for each applicable period of time referred to in the Development Plan and the financial performance of the Mines constituting Included Property, as at the date of the Development Plan. The Restricted Parties' interest in the Mines constituting Included Property is sufficient to allow the Restricted Parties to mine, process and sell the Product and such other product in the amounts and in the manner contemplated by the Development Plan.

(s) Taxes . Each of the Borrower and each Material Subsidiary has filed or caused to be filed with all applicable Governmental Authorities all tax returns required to be filed by it and has paid all taxes shown to be due and payable on said returns or on any assessments made against it or any of its property and all other taxes, fees or other charges imposed on it or any of its property by any Governmental Authority and no tax Lien has been filed and, to the knowledge of the Borrower, no claim has or is being asserted with respect to any such tax, fee or other charge; other than, in each case, any taxes, fees or other charges (i) the amount or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which reserves where required by GAAP have been provided on the books of the Borrower or (ii) the failure of which to pay could not be reasonably expected to have a Material Adverse Effect.

(t) Subsidiaries, etc . The Borrower has no Subsidiaries except as listed on Schedule 8.1(t). All Material Subsidiaries are identified as such on Schedule 8.1(t). Schedule 8.1(t) also lists the authorized Capital Stock and the number or amount of issued and outstanding Capital Stock of the Borrower and each Material Subsidiary. All issued and outstanding shares of each Restricted Party which becomes a Subsidiary after the date of this Agreement are free and clear of all Liens except Permitted Liens granted to the Administrative Agent.

(u) Environmental . Except as disclosed on Schedule 8.1(u), each of the Borrower and each Material Subsidiary is in compliance in all material respects with, has not violated, has not done or suffered any act which could give rise to liability under, and is not otherwise exposed to any liability under, any Requirements of Environmental Law. Except as disclosed on Schedule 8.1 (u), neither the Borrower nor any Material Subsidiary has received any notice, claim, demand, suit, or request for information of any kind from any Governmental Authority or private entity of any failure or alleged failure to comply with, or any liability or alleged liability under, any Requirement of Environmental Law which would reasonably be expected to have a Material Adverse Effect, nor, to the best knowledge of the Borrower, has any other entity whose liability therefor, in whole or in part, may be attributed to the Borrower or any Material Subsidiary, received such notice, claim, demand, suit, or request for information except as disclosed on Schedule 8.1(u). Neither the Borrower nor any Material Subsidiary has notified any Governmental Authority under any Requirement of Environmental Law regarding the presence or suspected presence at, on, above, beneath, near, or within its property or the release by it in any way of any substance which may require treatment or remediation of any kind under any Requirement of Environmental Law except as disclosed on Schedule 8.1(u) and except to the extent that the same, either individually or in aggregate, could not reasonably be expected to have a Material Adverse Effect. Except as disclosed on Schedule 8.1(u) and except for substances the existence of which could not reasonably be expected to have a Material Adverse Effect, there exists no substance at, on, above, beneath, near, or within any facilities, properties previously used for the disposal of waste, or lands owned or operated by the Borrower or any Material Subsidiary or any entity whose liability in whole or in part may be attributed to such party or Material Subsidiary thereof the investigation, clean-up, removal, or remediation of which may be required under any Requirement of Environmental Law. Except as disclosed on Schedule 8.1(u) and except for those which could not reasonably be expected to have a Material Adverse Effect, neither the Borrower nor any Material Subsidiary is subject to any agreements, consent orders, licences, permits, or other final orders or directives of any applicable Governmental Authority which relates to or has arisen from any Requirement of Environmental Law. Without limiting the foregoing, the information contained in the documents and instruments referred to in Schedule 8.1(u) with respect to any matter that does not pertain to the LaRonde Mine, could not reasonably be expected to have a Material Adverse Effect.

(v) Labour, etc . Except as set out in Schedule 8.1(v), to the best knowledge of the Borrower, no labour or employee disturbance exists with its employees or with the employees of its Subsidiaries or is imminent that could reasonably be expected to have a Material Adverse Effect, and the Borrower has not been advised by (i) its principal suppliers, contractors or customers, (ii) its Material Subsidiaries or (iii) its Material Subsidiaries' principal suppliers, contractors or customers of any existing or imminent labour disturbance by the employees of any of the foregoing that could reasonably be expected to have a Material Adverse Effect. Except as set out in Schedule 8.1(v), there are no complaints,

claims or charges outstanding, or to the Borrower's knowledge, threatened, nor are there any orders, decisions, directions or convictions currently registered or outstanding by any tribunal or agency against or in respect of the Borrower or any of its Material Subsidiaries, under any Requirements of Law relating to labour or employment matters, other than those which could not reasonably be expected to have a Material Adverse Effect.

(w) Employee Benefits .

(i) Except as could not reasonably be expected to have a Material Adverse Effect, (A) the Borrower and its Material Subsidiaries have complied in all respects with all applicable Requirements of Law regarding each Plan (including, where applicable, the *Pension Benefits Act* (Ontario), the *Supplemental Pension Plans Act* (Quebec) and the *Income Tax Act* (Canada)); and (B) each Plan is, and has been, maintained and administered in substantial compliance with its terms, applicable collective bargaining agreements, and all applicable Requirements of Law (including, where applicable, the *Pension Benefits Act* (Ontario), the *Supplemental Pension Plans Act* (Quebec) and the *Income Tax Act* (Canada)).

(ii) There exists no material outstanding liability of the Borrower or any of its Material Subsidiaries with respect to any Plan that has been terminated.

(iii) Except as could not reasonably be expected to have a Material Adverse Effect, full payment when due has been made of all amounts which the Borrower or any of its Material Subsidiaries is required under the terms of each Plan or all applicable Requirements of Law to have paid as contributions to such Plan.

(iv) Except as set out in Schedule 8.1(w), each Plan is fully funded, on a going concern basis, in accordance with its terms and regulatory requirements as outlined by the *Pension Benefits Act* (Ontario) or the *Supplemental Pension Plans Act* (Quebec), administrative requirements of the Financial Services Commission of Ontario or the Regie des Rentes du Québec and the most recent actuarial report filed with the Financial Services Commission of Ontario or the Regie des Rentes du Québec in respect of such Plan, as and to the extent applicable, except to the extent that any such funding deficiency could not reasonably be expected to have a Material Adverse Effect.

(v) Except as expressly permitted pursuant to Section 10.3(m)(iii), neither the Borrower nor any Material Subsidiary of the Borrower sponsors, maintains or contributes to, or has at any time in the preceding six-year period sponsored, maintained or contributed to any "multi-employer pension plan" (as defined in the *Pension Benefits Act* (Ontario)).

(x) [Intentionally Deleted.]

(y) Partnerships or Other Associations . Except for the El Coco Documents and as set forth in Schedule 8.1(y), the Borrower is not, a partner or participant in any partnership, joint venture, profit-sharing arrangement or other association of any kind and is not party to any agreement under which the Borrower agrees to carry on any part of its business in such manner or by which the Borrower agrees to share any revenue or profit of its business with any other Person. No Material Subsidiary is, in relation to any Mine constituting Included Property or Mining Properties constituting Included Property owned or held by it, or any Product derived from such properties, a partner or participant in any partnership, joint venture, profit-sharing arrangement or other association of any kind and is not party to any agreement under which it agrees to carry on any part of its business in such manner or by which it agrees to share any revenue or profit of its business with any other Person.

(z) Investments and Indebtedness . On the date hereof, none of the Borrower nor its Material Subsidiaries has made any investments in or advances to any Person, nor has entered into, nor is bound by any Indebtedness or Guarantee Obligations, except (i) any such investments, advances, Indebtedness or Guarantee Obligations in an amount (a) individually, equal to or less than US $2,000,000 and (b) in aggregate, equal to or less than US $20,000,000, or (ii) as disclosed in Schedule 8.1(z).

(aa) Casualties; Taking of Properties . Neither the business or properties of the Restricted Parties, nor any Mine constituting Included Property, has been affected in a manner that has had or could reasonably be expected to have a Material Adverse Effect as a result of any fire, explosion, earthquake, flood, drought, windstorm, accident, embargo, requisition or taking of property or cancellation of contracts, Permits or concessions by any domestic or foreign government or any agency thereof, riot, activities of armed forces or acts of God or of any public enemy.

(bb) Insurance . All policies of fire, liability, worker's compensation, casualty, flood, business interruption and other forms of insurance owned or held by the Borrower and each of its Material Subsidiaries are sufficient for compliance with all applicable Requirements of Law and of all agreements to which the Borrower or any of its Material Subsidiaries is a party, are valid, unexpired and enforceable policies, provide adequate insurance coverage in at least such amounts and against at least such risks (but including in any event public liability) as are usually insured against in the same general area by companies engaged in the same or a similar business for the assets and operations of the Borrower and each of its Material Subsidiaries, and will not in any way be affected by, or terminate or lapse by reason of, the transactions contemplated by this Agreement. All such material policies are in full force and effect, all premiums with respect thereto have been paid in accordance with their respective terms, and no notice of cancellation or termination has been received with respect to any such policy,

other than any such policies cancelled voluntarily by the Borrower or a Material Subsidiary where such cancellation does not breach or conflict with any requirement in the Financing Documents. Neither the Borrower nor any of its Material Subsidiaries maintains any formalized self-insurance program with respect to its assets or operations or material risks with respect thereto in excess of US $5,000,000 in the aggregate. The certificate of insurance delivered to the Lenders pursuant to Section 10.2(j)(i) contains an accurate and complete description of all material policies of insurance owned or held by the Restricted Parties with respect to Included Property on the Restatement Date.

(cc) Hedge Agreements . On the Restatement Date, the Borrower and its Subsidiaries were not party to any Hedge Agreement with any counterparty, except for the Borrower which was a party to Hedge Agreements with the counterparties listed in Schedule 8.1(cc). Schedule 8.1(cc) lists on the Restatement Date, the aggregate net Hedge Indebtedness with each such counterparty.

(dd) Royalties . Except as set out in Schedule 8.1(dd), there are no registered or unregistered royalty agreements or other rights or claims to royalties of or effecting the Mining Properties constituting Included Property of the Restricted Parties.

(ee) Accuracy and Completeness of Information . All written information, reports and other papers and data with respect to the Borrower, the Subsidiaries of the Borrower or the Mines that have been furnished by the Borrower to the Administrative Agent and the Lenders were, at the time the same were so furnished to the Administrative Agent and the Lenders, complete and correct in all material respects, or have been subsequently supplemented in writing to the extent necessary to make the information contained therein complete and accurate in all material respects. At the date hereof, no fact, circumstance or event is known to the Borrower which constitutes a Material Adverse Effect or which is reasonably likely (so far as can be reasonably foreseen) to have a Material Adverse Effect, in each case, which has not been set forth in the audited, consolidated financial statements most recently delivered to the Administrative Agent or otherwise disclosed in writing to the Administrative Agent and the Lenders by the Borrower. No document furnished or statement made in writing to the Administrative Agent and the Lenders by the Borrower in connection with the negotiation, preparation or execution of the Financing Documents 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 which has not been corrected, supplemented or remedied by subsequent documents furnished or statements made in writing to the Administrative Agent and the Lenders.

8.2 Disclosure Schedules . The Borrower may from time to time supplement each Schedule hereto with respect to any matter arising after the date hereof which, if existing or occurring at the date hereof, would have been required to be set forth or described in such Schedule or which is necessary to correct any information in such Schedule which has been rendered inaccurate

thereby (and, in the case of any supplements to any Schedule, such Schedule shall be appropriately marked to show the changes made therein). No such supplement to any such Schedule shall be or be deemed a waiver of any Default arising as a result of the information disclosed in such supplement, except as consented to by the Majority Lenders or, with the written consent of the Majority Lenders, the Administrative Agent. No supplement shall be permitted as to representations and warranties that relate solely to the date hereof. For the purpose of any requirement under the Financing Documents that the Borrower or one of its officers confirms, repeats or is deemed to have repeated, the accuracy of a representation and warranty which relies upon a Schedule for disclosure of information as at any time after the date hereof, the Schedule referred to in that representation and warranty shall, if so consented to by the Majority Lenders or if applicable the Administrative Agent (but, in each case, only to the extent such consent is required to waive any Default), be deemed to be a reference to the most recent amended or supplemented Schedule.

ARTICLE 9
REPORTING COVENANTS AND PROCEDURES

9.1 **General Reporting Requirements .** The Borrower covenants and agrees that during the term of this Agreement, it shall deliver to the Administrative Agent, for the use of the Administrative Agent and the Lenders (excepting therefrom those terms which are stated to survive the termination of this Agreement), in such number as the Administrative Agent may reasonably require:

(a) as soon as available and in any event within 45 days after the end of each of the first three fiscal quarters of the Borrower, and as soon as available and in any event within 120 days after the end of each of the last fiscal quarter of the Borrower, a Compliance Certificate, stating that (i) no Default has occurred and is continuing, or if a Default has occurred and is continuing, a detailed description of same, (ii) the Borrower has complied in all material respects with all covenants set forth in this Agreement on its part to be performed or complied with including, without limitation, the covenants set forth in Sections 10.1, 10.2(j)(ii), 10.2(q), 10.3(a), 10.3(b), 10.3(c), 10.3(d), 10.3(e) and 10.3(h)(vi) in accordance with the terms thereof, (iii) no Material Adverse Change has occurred since the last fiscal quarter of the Borrower and (iv) setting out the Aggregate Net Hedge Indebtedness of the Borrower to all Hedge Counterparties;

(b) as soon as available and in any event within 45 days after the end of each of the first three fiscal quarters of the Borrower's fiscal year, unaudited consolidated financial statements of the Borrower for such fiscal quarter, including a balance sheet and statement of profit and loss, all in reasonable detail, such statements to be prepared in accordance with GAAP (except for changes accompanied by a reconciliation statement);

(c) as soon as available and in any event within 120 days after the end of each fiscal year of the Borrower, the audited consolidated financial statements of the Borrower for such fiscal year, including a balance sheet, statements of profit and loss and surplus and changes in financial condition for each such year, together

with notes thereto, all prepared in accordance with GAAP (except for changes which are accompanied by a reconciliation statement) in reasonable detail and accompanied by a report thereon of auditors of national standing, which report shall state that such consolidated financial statements present fairly in all material respects the consolidated financial condition as at the end of such fiscal year of the Borrower in accordance with GAAP applied on a consistent basis (provided that such report may be qualified to the extent only that there are changes in accounting policies which changes are in accordance with GAAP);

(d) [Intentionally Deleted.]

(e) as soon as available and in any event within 25 days after the end of each month, deliver to the Administrative Agent, in sufficient copies for the Administrative Agent and the Lenders, a Monthly Operating Report as of the last day of such month;

(f) forthwith and in any event within 5 Business Days after the mailing, filing, or making thereof, copies of all registration statements, periodic reports and other documents (excluding the related exhibits except to the extent expressly requested by the Administrative Agent) (collectively, " **Material** ") filed by the Borrower with the Ontario Securities Commission, The Toronto Stock Exchange, the Securities and Exchange Commission of the United States of America (or any successor thereto) or any other national securities exchange in the United States of America (each individually, a " **Commission** "), except in cases where the Commission (not at the Borrower's request) requires that the Borrower keep the applicable Material confidential, and the Commission has not waived such requirement;

(g) forthwith and in any event within 5 Business Days after any senior officer or director of the Borrower obtains knowledge of the occurrence of a Default which is continuing, a statement of an officer of the Borrower setting forth details of such Default and the action which the Borrower has taken and proposes to take with respect thereto;

(h) forthwith and in any event within 5 days after any officer or director of the Borrower becomes aware of the same, the Borrower shall notify the Administrative Agent of any event or condition that constitutes a Material Adverse Effect;

(i) forthwith and in any event within 3 Business Days after any senior officer or director of the Borrower obtains knowledge of the occurrence of a default or event of default under any agreement evidencing or relating to any Other Senior Indebtedness, any Subordinated Indebtedness, any unsecured Indebtedness under Section 10.3(c)(ix), or any "Event of Default", "Termination Event" or "Additional Termination Event" under any Hedge Agreement, a statement of an officer of the Borrower setting forth details thereof and the action which the Borrower has taken and proposes to take with respect thereto;

(j) forthwith and in any event within 5 Business Days after any officer or director of the Borrower becomes aware of the same, give notice to the Administrative Agent of any action, suit, inquiry, litigation, claim, proceeding or dispute (each a, " **Proceeding** ") commenced or threatened against or affecting the Borrower or any Subsidiary or any of their properties by or before any court, tribunal, governmental authority or agency or any other board or authority in which, individually or in the aggregate (where more than one Proceeding is threatened or commenced in connection with the same subject matter), the amount claimed thereunder (including any general, special and punitive damages) exceeds US $2,000,000 or where the adverse determination of such Proceeding could have a Material Adverse Effect; and the Borrower shall energetically defend and contest all such Proceedings;

(k) forthwith and in any event within 5 Business Days after any Person becomes a Subsidiary or a Material Subsidiary, or any Subsidiary ceases to be a Subsidiary, or the consolidated total assets of any Material Subsidiary, at any time, have a book value of less than US $20,000,000 or the consolidated total revenues, at any time, are less than US $10,000,000 (on an annual basis), the Borrower shall provide written notice thereof to the Administrative Agent;

(l) forthwith, and in any event within 5 Business Days after entering into any Hedge Agreement or any amendment to a Permitted Hedge Agreement, deliver a true and complete copy of such Hedge Agreement or amendment to the Administrative Agent (except for copies of Hedge Agreements and amendments thereof which will have been delivered by the Borrower to the Administrative Agent pursuant to Sections 6.1), and if the Hedge Agreement entered into is with a Hedge Counterparty that is required to execute an Instrument of Adhesion, the fully-executed Instrument of Adhesion;

(m) forthwith and in any event within 5 Business Days after any officer or director of the Borrower becomes aware of the same, the Borrower shall notify the Administrative Agent of any cadastral amendment, lot cancellation, suspension or annulment of rights or any other change that may affect (i) the Mining Assets or Mining Claims relating to any Included Property or the description thereof, (ii) the registration of the Mining Assets or Mining Claims relating to any Included Property made in any register in which such Mining Assets or Mining Claims are from time to time registered or reflected, including, without limitation, at any Land Registry Office for the Province of Québec and at the register held pursuant to the Mining Act (Québec), or (iii) the legal description of any property that forms part of the Mining Assets or Mining Claims relating to any Included Property or that is affected thereby;

(n) forthwith and in any event within 5 Business Days after the Borrower acquires or otherwise becomes the owner, the grantee or the holder of any additional rights or interest related to or in addition to the Mining Assets or Mining Claims relating to

any Included Property as they exist as of the date hereof, the Borrower shall notify the Administrative Agent of such event or occurrence; and

(o) upon request, such other information as the Administrative Agent and the Lenders may from time to time reasonably request.

9.2 Mine Plan . The Borrower shall deliver each year to the Administrative Agent, with sufficient copies for the Lenders, no later than May 31 each year a Mine Plan, which has been approved by the board of directors of the Borrower. Each such Mine Plan shall:

(a) save as may be otherwise agreed by the Administrative Agent, be in substantially the form of, and contain the same type of data, projections, forecasts, calculations and other information as, the Initial Model and Budget;

(b) include an explanation of any deviation in the amount attributed to any line item specified in the Mine Plan where such deviation is 10% or more of the amount attributed to the same line item in the Initial Model and Budget; and

(c) include such other information as the Administrative Agent may reasonably request with respect to any Mine Plan.

If the Mine Plan is in compliance with the foregoing requirements and the Independent Engineer (and, as applicable, other independent consultant) is not required to review the Mine Plan pursuant to Section 9.5, the Mine Plan shall be deemed to be accepted by the Administrative Agent and the Lenders upon such delivery to the Administrative Agent. In all other cases, the Mine Plan shall not be considered accepted. If the Mine Plan does not comply with the requirements in subparagraphs (a), (b) and (c) above, the Borrower shall within 20 Business Days after consultation with the Administrative Agent, submit an appropriately revised Mine Plan to the Administrative Agent, with sufficient copies for the Lenders, which is otherwise in accordance with this Section 9.2. If the Independent Engineer (and, as applicable, other independent consultant) is required to review the Mine Plan pursuant to Section 9.5, the Borrower shall, following completion of the Independent Engineer's (and, as applicable, other independent consultant's) review, within 20 Business Days after consultation with the Administrative Agent, submit an appropriately revised Mine Plan to the Administrative Agent, with sufficient copies for the Lenders, which is otherwise in accordance with this Section 9.2.

9.3 Operating Budgets . The Borrower shall deliver each year to the Administrative Agent, with sufficient copies for the Lenders, no later than January 31 of each year, a monthly Operating Budget for that fiscal year, which has been approved by the board of directors of the Borrower. Each such Operating Budget shall:

(a) save as may be otherwise agreed by the Administrative Agent, be in substantially the form of, and contain the same type of data, projections, forecasts, calculations and other information as, the Initial Model and Budget;

(b) set out a line item comparison, comparing the actual results for the previous twelve month period of the year ending against the Operating Budget in respect of such year covered by the Operating Budget; and

(c) include such other information as the Administrative Agent may reasonably request with respect to any Operating Budget.

If the Operating Budget is in compliance with the foregoing requirements and the Independent Engineer (and, as applicable, other independent consultant) is not required to review the Operating Budget pursuant to Section 9.5, the Operating Budget shall be deemed to be accepted by the Administrative Agent and the Lenders upon such delivery to the Administrative Agent. In all other cases, the Operating Budget shall not be considered accepted. If the Operating Budget does not comply with the requirements in subparagraphs (a), (b) and (c) above, the Borrower shall within 20 Business Days after consultation with the Administrative Agent, submit an appropriately revised Operating Budget to the Administrative Agent, with sufficient copies for the Lenders, which is otherwise in accordance with this Section 9.3. If the Independent Engineer (and, as applicable, other independent consultant) is required to review the Operating Budget pursuant to Section 9.5, the Borrower shall, following completion of the Independent Engineer's (and, as applicable, other independent consultant's) review, within 20 Business Days after consultation with the Administrative Agent, submit an appropriately revised Operating Budget to the Administrative Agent, with sufficient copies for the Lenders, which is otherwise in accordance with this Section 9.3.

9.4 **Additional Procedures for Updating Mine Plan and Operating Budgets .** If any Person which is a Restricted Party acquires any Mines constituting Included Property or other Mining Properties or other Persons as permitted by this Agreement, within 60 Business Days of such acquisition, the Borrower shall, in accordance with the requirements set out in Sections 9.2 and 9.3 (except for the date of delivery thereof, which shall be governed by this Section 9.4), submit an updated Mine Plan and Operating Budget to the Administrative Agent together with the supporting documents required by those Sections.

9.5 **Review of Monthly Operating Report, Mine Plan and Operating Budgets.** If there has been any adverse variation in actual ore processed, Gold Equivalent produced or operating costs per tonne of ore at the Mines constituting Included Property as reported in the December Monthly Operating Report or in any publicly-filed documents referred to in Section 9.1(f) in respect of the previous year by 15% or more as compared to the projections for such items set out in the previous year's Mine Plan, the Administrative Agent shall arrange for the Monthly Operating Report in respect of the months of March, June, September and December for the current year, the Mine Plan for the current year and the Operating Budgets for the current year, to be reviewed by the Independent Engineer on behalf of the Lenders. In such case, the Administrative Agent may also, if reasonably considered appropriate, consult with (and arrange for reviews by) any other independent consultant who is competent to advise on the relevant matter, in reviewing the Mine Plan and the Operating Budgets.

ARTICLE 10
COVENANTS OF THE BORROWER

10.1 **Financial Covenants** . During the term of this Agreement (excepting therefrom those terms which are stated to survive the termination of this Agreement):

(a) 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.

(b) Interest Coverage Ratio . The Borrower shall, at all times, maintain an Interest Coverage Ratio of not less than 2.00:1.00, on a rolling four-quarter basis.

(c) Current Ratio . The Borrower shall, at all times, maintain a Current Ratio of not less than 1.10:1.00, on quarterly basis.

(d) Reserve Tail . The Borrower shall, at all times, ensure that the Gold Equivalent Proven and Probable Reserves calculated in the Mine Plan forecast to exist on the day immediately following the Maturity Date (based on forecast production of Product from the Maturity Date through the remainder of the Life of Mine as set forth in the Mine Plan using the Financial Parameters) shall, at all times, equal no less than 35% of the Reserves of Product as of June 30, 2005 as calculated in the Initial Mine Plan using the Financial Parameters. For the purposes of this Section 10.1(d), Gold Equivalent Proven and Probable Reserves shall be calculated in the manner set forth in the Initial Mine Plan using the Financial Parameters as verified and accepted by the Independent Engineer.

(e) Tangible Net Worth . The Borrower shall, at all times, maintain a Tangible Net Worth in an amount of not less than US $650,000,000, plus 50% of the Borrower's consolidated net income for each of the Borrower's fiscal quarters, on a cumulative basis, commencing with its fiscal quarter ending September 30, 2006 (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 Capital Stock of the Borrower received during such fiscal quarters, on a cumulative basis.

(f) [Intentionally Deleted.]

(g) [Intentionally Deleted.]

(h) [Intentionally Deleted.]

10.2 Positive Covenants . During the term of this Agreement (excepting therefrom those terms which are stated to survive the termination of this Agreement):

(a) Status and Power . Each of the Borrower and each Material Subsidiary shall at all times maintain in good standing its corporate (or other) existence, power, capacity and authority, and the rights, privileges and franchises under each jurisdiction where it owns properties or carries on business. Each of the Borrower and each Material Subsidiary shall remain duly qualified to do business and own property in each such jurisdiction in which such qualification is necessary or desirable in the normal conduct of its business, except to the extent that not doing so would not have a Material Adverse Effect.

(b) Business . The Borrower and each Material Subsidiary shall conduct business in a businesslike manner and in accordance with good business and mining practice, including operating the Mines in accordance with good mining practice and the Development Plan. Each of the Borrower and each Material Subsidiary shall

maintain, preserve and protect all of its material properties and equipment necessary in the operation of its business in good working order, repair and condition, ordinary wear and tear excepted and casualty or expropriation excepted, and make all necessary renewals, replacements, modifications, improvements, upgrades, extensions and additions thereof or thereto in accordance with prudent industry practice.

(c) Records, etc . Each of the Borrower and each Material Subsidiary shall keep or cause to be kept proper books of account in conformity with GAAP and sound accounting practice and all applicable Requirements of Law and, on reasonable notice, shall make such books of account and all records, ledgers, reports, contracts and other documents and computer files (including records relating to its assets) in connection with its business available to the Administrative Agent or Lenders (or their respective advisers or representatives) on reasonable notice during regular business hours for the purpose of inspecting or auditing the same, and shall permit them to make extracts of the same and to have access to its computer and management system to inspect such documents and computer files.

(d) Payment Obligations . Each of the Borrower and each Material Subsidiary shall pay, discharge or otherwise satisfy as the same shall become due and payable (a) all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the Borrower or such Material Subsidiary; and (b) all lawful claims which, if unpaid, would by any Requirements of Law become a Lien upon its property, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the Borrower or such Material Subsidiary; and except, in each case, to the extent the failure to pay or discharge the same would not have a Material Adverse Effect.

(e) Licences, etc . Each of the Borrower and each Material Subsidiary shall (i) obtain, hold and maintain in full force and good standing all Permits applicable to it or necessary to own its assets and to carry on its business and (ii) duly observe, conform and comply in all material respects with all valid requirements of all Permits, except, in each case, to the extent that not doing so would not have a Material Adverse Effect.

(f) Compliance with Law . The Borrower and its Material Subsidiaries shall operate the Mines and generally conduct their business in compliance with all applicable Requirements of Law and maintain such authorizations as are required to operate the Mines and conduct their business in compliance therewith, except to the extent that not doing so would not have a Material Adverse Effect.

(g) Environmental . Except as described on Schedule 8.1(u), each of the Borrower and each Material Subsidiary shall generate, treat, store or dispose of any hazardous substance or hazardous waste only in the ordinary course of its

business, and then only if done so in compliance with all applicable Requirements of Environmental Law. Each of the Borrower and each Material Subsidiary shall at all times be in compliance with all Requirements of Environmental Law applicable to it and to the Mines, except where such non-compliance would not have a Material Adverse Effect and where appropriate remedial action acceptable to the applicable Governmental Authority is being diligently undertaken. The Borrower shall diligently mitigate any violations of applicable Requirements of Environmental Law which relate to the LaRonde Mine resulting from the discharge of ammonia and other toxic effluent as described on Schedule 8.1(u) pursuant to and in accordance with the terms of such Requirements of Environmental Law.

(h) Contractual Obligations/Material Contracts . Each Restricted Party shall at all times, observe and comply in all respects with all of the material terms, conditions and covenants of all Contractual Obligations under all Material Contracts (and any material documents or instruments delivered pursuant thereto), and shall ensure that there is no termination, rescission or material amendment, modification, waiver or variation of the Material Contracts (or any material documents or instruments delivered pursuant thereto) where the same would have a Material Adverse Effect. Each Restricted Party shall, at all times, ensure that there is no default in the observance or performance of any Contractual Obligations under any Material Contract (or contained in any material instrument or agreement evidencing, securing or relating thereto) and that no event occurs or condition exists, the effect of which is:

(i) to permit the other party or parties thereto to terminate such Contractual Obligations; or

(ii) to create additional liabilities or obligations on the part of any Restricted Party;

which either individually or in the aggregate with other terminations and/or creations of additional liabilities or obligations, as applicable, would have a Material Adverse Effect.

(i) Mining Leases . Without limiting Section 10.2(h), the Borrower and each Material Subsidiary shall keep the Mining Leases which relate to Recourse Assets to which it is a party in full force and effect at all times, including, without limiting the generality of the foregoing, paying all fees and other charges required to be paid under or in connection with such Mining Leases, and each of the Borrower and each Material Subsidiary shall defend its respective right, title and interest in, to and under such Mining Leases against any adverse or competing claim. Each of the Borrower and each Material Subsidiary shall renew, and take all steps necessary to renew such Mining Leases, on or before each renewal date of such Mining Leases. Each of the Borrower and each Material Subsidiary shall keep the other rights and concessions necessary for the operation of the Mines constituting Recourse Assets owned or held by it in full force and effect.

(j) Insurance .

(i) The Borrower and its Material Subsidiaries shall, at all times, maintain in force insurance policies against such perils and in such amounts as is customarily maintained by companies similarly geographically situated and conducting the same or similar businesses and in accordance with any Requirements of Law, and with such insurers as are rated "A" or higher by A.M. Best Company, or an equivalent rating by such other insurance rating agency selected by the Administrative Agent (except in the case of marine cargo insurance in which case the insurer hereof shall be rated BBBpi or higher by Standard & Poor's Ratings Group or an equivalent rating); all such insurance relating to Included Property shall name the Administrative Agent, the Trustee and, if required by the Administrative Agent, the Secured Parties, as additional insureds and/or first loss payees (as the Administrative Agent may determine) and shall provide that no cancellation or termination thereof shall, for any reason whatsoever, take effect unless the insurer has given the Administrative Agent not less than 30 days' prior written notice thereof and all insurance proceeds for property damage or loss or for business interruption shall be payable to the Administrative Agent and the Trustee for the benefit of the Secured Parties, and the Borrower shall provide such evidence as is satisfactory to the Administrative Agent, as and when requested by the Administrative Agent, confirming that such insurance policies are in full force and effect.

(ii) Unless otherwise specified in this Section 10.2(j)(ii), all proceeds of insurance maintained by the Restricted Parties relating to Included Property shall be paid to the Administrative Agent to be applied by it to reduce the principal amount of the Facility Indebtedness. Any insured claim, judgment, settlement or money compromise and any insured expenses associated with its defence or investigation payable by commercial general liability insurance shall be paid first to any Person entitled to payment of such unpaid insured claim, judgment, settlement or money compromise and entitled to payment of such unpaid insured expenses and thereafter to the Borrower. If no Default has occurred and is continuing, proceeds of insurance covering loss or damage to Included Property in an amount of less than US $10,000,000 per claim may be paid by the insurer directly to the Borrower or other affected Restricted Party to be applied by the Borrower or such Restricted Party to repair the damage or replace the loss; but nothing herein shall affect the rights of any Person holding a Permitted Lien in respect of such Included Property which has priority over the Security. If the Borrower or such other Restricted Party fails to commence such repair or replacement of such lost or damaged property within 6 months of such casualty, loss or damage, or having commenced such repair or replacement during such period, does not diligently pursue the same until such repair or replacement is completed, or if the Borrower, for itself or on behalf of such other Restricted Party, otherwise elects by notice to the Administrative Agent, not to effect such repairs or replacement, such insurance proceeds shall be applied by it to reduce the principal amount of the Facility Indebtedness. Subject to the rights of any holder of a Permitted Lien

that has priority over the Security, proceeds of insurance covering loss of or damage to Included Property in an amount of US $10,000,000 or more but less than US $20,000,000 per claim shall be paid to the Administrative Agent and shall be disbursed by the Administrative Agent to the Borrower or the affected Restricted Party on conditions appropriate to a construction credit, to fund the repair or replacement of the Included Property in respect of which the insurance proceeds are payable, provided that:

(A) no Default has occurred and is continuing; and

(B) the Majority Lenders are satisfied, acting reasonably, that the proceeds of such insurance together with other resources available to the Borrower or such other Restricted Party (the use of which would not contravene this Agreement) are sufficient to repair or replace the Included Property in respect of which the insurance proceeds are payable within a reasonable period of time, and in any event not later than the Maturity Date then in effect, such that the affected Included Property is returned to as good or better condition than it was in before the event occurred that caused the insurance proceeds to be paid.

If either of clause (A) or (B) above is not satisfied, such insurance proceeds shall be applied to reduce the principal amount of the Facility Indebtedness. All insurance proceeds held by the Administrative Agent shall, unless and until the same are applied to payment of the principal amount of the Facility Indebtedness or released to the Borrower, be held as part of the Security.

(k) Inspection of Properties . At all reasonable times and on reasonable notice, the Restricted Parties shall allow the Administrative Agent and its representatives and, if the Independent Engineer is conducting a review of a Monthly Operating Report, the Mine Plan or the Operating Budget pursuant to Article 9, the Independent Engineer or its representatives, to visit and inspect (without any invasive or intrusive testing) all or any of the properties relating to the Included Property and to discuss the operations, affairs, finances and accounts of the Restricted Parties with any of the Restricted Parties' senior employees or senior officers all at the cost of the Borrower. One time during each calendar quarter and on reasonable notice, the Restricted Parties shall allow the Lenders and their respective representatives to visit and inspect (without any invasive or intrusive testing) all or any of the properties relating to the Included Property and to discuss the operations, affairs, finances and accounts of the Restricted Parties with any of the Restricted Parties' senior employees or senior officers all at the cost of the Borrower. If a Default has occurred and is continuing, at all reasonable times and on reasonable notice, the Borrower and each Material Subsidiary shall allow the Administrative Agent and its representatives and the Independent Engineer and its representatives, to visit and inspect any or all of the properties of the Borrower and its Material Subsidiaries and to discuss the operations, affairs, finances and accounts of the Borrower and its Material Subsidiaries with any of the Borrower's

and such Material Subsidiaries' senior employees or senior officers all at the cost of the Borrower.

(l) Compliance with Development Plan . The Borrower shall, and shall cause its applicable Material Subsidiaries to, carry on business at, and operate and manage, the Mines constituting Included Property in a manner consistent with the Development Plan, as updated from time to time in accordance with this Agreement, and, where applicable, proceed diligently with the development and maintenance of the Mines constituting Included Property in accordance with the Development Plan as so updated from time to time.

(m) Use of Proceeds . The Borrower shall apply all Advances for the purposes herein set out.

(n) Included Property . If the Borrower provides a written request to the Administrative Agent requesting that any Mine held or acquired pursuant to Section 10.3(b)(vii) or (ix) be Included Property, the Administrative Agent shall deliver a copy of such request to the Lenders. If the Majority Lenders, following receipt of such request and consultation with its independent consultants (including the Independent Engineer), agree that such Mine is eligible to be Included Property, the Administrative Agent shall provide notice of such determination to the Borrower. The Borrower shall then execute and deliver, or cause to be executed and delivered by each wholly-owned Subsidiary which wholly owns, controls and operates such Mine and each other wholly-owned Subsidiary, if any, which indirectly, through such first-mentioned Subsidiary, wholly owns, controls and operates such Mine, all guarantees, security agreements, hypothecations, assignments, transfers, mortgages, pledges, charges or other applicable security documents as the Administrative Agent may request, in form and substance satisfactory to the Administrative Agent, acting reasonably, to grant the Administrative Agent (or if required by any Requirements of Law, a trustee or other similar Person) on behalf of the Secured Parties valid and effective first-priority Liens, subject only to Permitted Liens, on such Mine, in the case of Persons which wholly own, control and operate Mines, and on all of its present and after-acquired property, in the case of Persons (other than the Borrower) which own Capital Stock of other Persons which directly or indirectly wholly own, control and operate such Mine, in each case to secure the Senior Secured Indebtedness, together with such additional documentation, insurance certificates and opinions which the Administrative Agent requests in support thereof (including, without limitation, all documentation and opinions that would have been required to have been delivered under Sections 6.1 and 7.5 if the Included Property had been Included Property at any relevant time specified therein), in form and substance satisfactory to the Administrative Agent, acting reasonably. An insurance advisor shall also, at the election of the Majority Lenders, conduct a review of the insurance policies of the Borrower or its Subsidiaries relating to the proposed Included Property, which review must be satisfactory to the Majority Lenders, in their sole discretion. Where applicable, the Borrower shall also execute and deliver, or cause to be executed and delivered by

each wholly-owned Subsidiary which indirectly wholly owns, controls and operates such Mine, a pledge agreement, in form and substance satisfactory to the Administrative Agent, pledging to the Administrative Agent on behalf of the Secured Parties all present and after-acquired Capital Stock and Indebtedness held by each such pledgor in any Subsidiary held by it as security for the Senior Secured Indebtedness. Upon all of the applicable foregoing requirements and (without duplication) the other requirements specified in the definition of Included Property being met to the satisfaction of the Majority Lenders, in their sole discretion, the Administrative Agent shall provide written notice to the Borrower that such Mine constitutes Included Property, and upon the delivery of such notice to the Borrower such Mine shall constitute Included Property. Notwithstanding that the Lapa Mine is, on and after the date hereof, Included Property, the Borrower shall deliver all items relating to the Lapa Mine which are listed in the "post-closing matters" section of the closing agenda attached as Annex 7 (excluding items for which the closing agenda specifies that it is the responsibility of Lenders' Counsel to prepare) within 45 days after the Restatement Date.

(o) Control of Mines . The Borrower shall maintain active operating, management and financial control of the LaRonde Mine, the Goldex Mine and the Lapa Mine, shall use commercially reasonable efforts to protect its interest in and to the LaRonde Mine, the Goldex Mine and the Lapa Mine, and shall take no steps to dispose of its rights in and to the LaRonde Mine (or any part thereof), the Goldex Mine (or any part thereof) or the Lapa Mine (or any part thereof). The Borrower shall cause Agnico-Eagle AB to maintain active operating, management and financial control of the Kittila Mine, shall cause Agnico-Eagle AB to use commercially reasonable efforts to protect its interest in and to the Kittila Mine, and shall cause Agnico-Eagle AB to take no steps to dispose of its rights in and to the Kittila Mine (or any part thereof). Each of the Borrower and each Material Subsidiary which acquires any other Mine which is a Recourse Asset shall maintain active operating, management and financial control of such Mine, shall use commercially reasonable efforts to protect its interest in and to such Mine and shall take no steps to dispose of its rights in and to such Mine or any part thereof.

(p) Instruments of Adhesion . The Borrower shall execute and deliver to the Administrative Agent the "Specific Acknowledgement Regarding Security" contained in each Instrument of Adhesion within 15 Business Days of being requested to do so by the Administrative Agent; provided that, failure to so execute and deliver the "Specific Acknowledgement Regarding Security" contained in each such Instrument of Adhesion shall not affect the validity of such Instrument of Adhesion, and the Borrower shall, upon the execution and delivery of the Instrument of Adhesion by the applicable Permitted Hedge Counterparty, be deemed to have made the statements contained in the "Specific Acknowledgement Regarding Security".

(q) [Intentionally Deleted.]

(r) Plan Compliance . The Borrower shall make, and cause each Material Subsidiary to make, to the extent required by any Requirements of Law, full payment when due of all amounts which, under the provisions of any Plan, the Borrower or any Material Subsidiary, is required to pay as contributions to such Plan, except where the failure to make such payments would not have a Material Adverse Effect.

(s) Covenants of Subsidiaries . The Borrower shall cause the Subsidiaries of the Borrower to comply with all covenants and agreements of or relating to such Subsidiaries herein and in the Financing Documents.

(t) Expenditures . The Borrower shall ensure that any Capital Expenditures or Exploration Expenditures relating to any Included Property are made in a manner which is consistent with the Development Plan and in accordance with good mining practice.

(u) Mining Claims . Without limiting Sections 10.2(h) and 10.2(i), the Borrower and each Material Subsidiary shall (i) keep all Mining Claims in full force and effect at all times and (ii) without limiting the generality of the foregoing, comply with the provisions of all laws and regulations creating and/or applicable to the Mining Claims except where such non-compliance would not have a Material Adverse Effect. Without limiting Sections 10.2(h) and 10.2(i), the Borrower and each Material Subsidiary shall also do all such actions and works required to be performed on a regular basis or from time to time for the Mining Claims to stay in full force and effect, without the Borrower or the Material Subsidiary holding the rights, title and interest in, to and under such Mining Claims losing the benefit of any such rights, title and interest, and each of the Borrower and each Material Subsidiary shall defend its respective rights, titles and interest in, to and under such Mining Claims against any adverse or competing claims. Each of the Borrower and each Material Subsidiary shall renew, and take all steps necessary to renew such Mining Claims, on or before each renewal date of such Mining Claims.

(v) Post-Restatement Date Requirements . In addition to the obligations of the Borrower set out in the last sentence of Section 10.2(n), the Borrower shall deliver or complete, as applicable, all other items which are listed in the "post-closing matters" section of the closing agenda attached as Annex 7 (excluding items for which the closing agenda specifies that it is the responsibility of Lenders' Counsel to prepare) within 45 days after the Restatement Date.

10.3 Negative Covenants . During the term of this Agreement (excepting therefrom those terms which are stated to survive the termination of this Agreement):

(a) Negative Pledge . Neither the Borrower, nor any Material Subsidiary, shall create or assume, have outstanding or suffer to permit, any Lien on any of its present or after-acquired undertaking, property or assets (excluding the present and after-acquired issued and outstanding shares of each Scandinavian Subsidiary) except for Permitted Liens. Neither the Borrower, nor any Material Subsidiary, shall

create or assume, have outstanding or suffer to permit, any Lien on any of the present or after-acquired issued and outstanding shares of any Scandinavian Subsidiary, except the Lien granted by the Borrower to the Administrative Agent in the shares of Agnico-Eagle Sweden AB. Neither the Borrower, nor any Material Subsidiary, shall create or assume, have outstanding or suffer to permit, any royalties, including royalty agreements and rights or claims to royalties or royalty agreements, on any of its present or after-acquired undertaking, property or assets except for those listed on Schedule 8.1(dd) and those permitted by subparagraph (m) of the definition of Permitted Liens.

(b) Investments . The Borrower shall not make, whether in one transaction or in a series of transactions, or hold any Investments in any Person or permit any of its Subsidiaries to make, whether in one transaction or in a series of transactions, any Investments in any Person, or hold any Investments in any Person, other than:

(i) loans, advances or capital contributions the material details of which have been set forth in the financial statements referred to in Section 8.1(i);

(ii) without duplicating Section 10.3(b)(i), any Subsidiary may make loans or advances to any Restricted Party on an unsecured basis; provided that, if the Subsidiary making such loan or advance is not a Restricted Party, that Subsidiary must subordinate and postpone such indebtedness owed to it to the Senior Secured Indebtedness;

(iii) without duplicating Section 10.3(b)(i), the Borrower may make loans or advances to, or capital contributions in, any Subsidiary, and any Subsidiary may make loans or advances to, or capital contributions in, any other Subsidiary, if, at the time of such loan, advance or capital contribution, the Investment Conditions shall have been satisfied and such loan or capital contribution to, or in, any such Subsidiary is used by such Subsidiary (I) for the purposes set out in, and in accordance with, Section 10.3(b)(vii) or (ix) or (II) for operating, exploration, reclamation or capital expenditures of such Subsidiary; provided that, in the case of any loans or advances made by the Borrower to any Scandinavian Subsidiary, the Borrower has assigned such indebtedness to the Administrative Agent;

(iv) investments in Cash Equivalents;

(v) investments in readily marketable securities of companies which trade on any senior nationally-recognized securities exchange in any Permitted Jurisdiction;

(vi) [Intentionally Deleted.]

(vii) Investments by way of purchase of securities of any Person which is not an Affiliate of the Borrower or any Subsidiary of the Borrower, where the consideration paid therefor is (a) Capital Stock of the Borrower (if the acquiring Person is the Borrower) or Capital Stock of an acquiring

Subsidiary (if the acquiring Person is a Subsidiary) or (b) cash; provided that:

(A) if any Indebtedness is assumed as a result of such Investment it must comply with Section 10.3(c);

(B) if proceeds of any Advance are used to make such Investment or used to refinance other funding of any such Investment, any such Investment is not hostile;

(C) the Investment Conditions shall have been satisfied; and

(D) where the Investment requires the payment by the Borrower of cash consideration in excess of US $50,000,000, in reasonably sufficient time prior to the completion of the transaction pursuant to which the Investment is to be made, the Borrower has delivered a certificate to the Administrative Agent in the form of Exhibit F, providing information on the proposed Investment, in detail reasonably satisfactory to the Administrative Agent, and evidencing compliance with the requirements set out in subparagraphs (A) to (C) above;

(viii) [Intentionally Deleted.]

(ix) Investments by way of the purchase or other acquisition (in one transaction or a series of transactions) of all or substantially all of the property and assets or business of another Person (which is not an Affiliate of the Borrower or any Subsidiary of the Borrower) or assets constituting a business unit, line of business or division of such Person (which is not an Affiliate of the Borrower or any Subsidiary of the Borrower) where the consideration is paid by way of (a) Capital Stock of the Borrower (if the acquiring Person is the Borrower) or Capital Stock of an acquiring Subsidiary (if the acquiring Person is a Subsidiary) or (b) cash; provided that:

(A) if any Indebtedness is assumed as a result of such Investment it must comply with Section 10.3(c);

(B) the Investment Conditions shall have been satisfied; and

(C) where the Investment requires the payment by the Borrower of cash consideration in excess of US $50,000,000, in reasonably sufficient time prior to the completion of the transaction pursuant to which the Investment is to be made, the Borrower has delivered a certificate to the Administrative Agent in the form of Exhibit G, providing information on the proposed Investment, in detail reasonably satisfactory to the Administrative Agent, and

evidencing compliance with the requirements set out in subparagraphs (A) and (B) above; and

(x) to the extent permitted by all applicable Requirements of Law, loans or advances to employees of the Borrower and its Subsidiaries not to exceed US $10,000,000 in the aggregate at any time outstanding.

The completion of any Investment pursuant to Section 10.3(b) which does not require the delivery to the Administrative Agent to evidence compliance with the respective conditions to such Investment set out herein shall be deemed to be a representation and warranty by the Borrower to the Administrative Agent and the Lenders that all such applicable conditions have been satisfied.

(c) Limitation on Indebtedness . Neither the Borrower nor any Material Subsidiary shall create, incur, assume or suffer to exist any Indebtedness, except:

(i) the Senior Secured Indebtedness;

(ii) Indebtedness under Financing Leases in an aggregate principal amount not exceeding US $20,000,000 at any one time outstanding;

(iii) Indebtedness secured by Permitted Liens (other than Financing Leases and other than Permitted Liens described in subparagraph (l) of the definition of "Permitted Liens" in an amount greater than US $10,000,000);

(iv) [Intentionally Deleted.]

(v) any Guarantee Obligation by the Borrower or any Material Subsidiary of the Borrower entered into in the ordinary course of its business provided that the aggregate liability, contingent or otherwise, of the Borrower and its Material Subsidiaries under all outstanding Guarantee Obligations, together with all amounts paid after the Closing Date under Guarantee Obligations, does not at any time exceed US $15,000,000;

(vi) any other Indebtedness of the types referred to in subsections (a), (b), (d) or (e) of the definition of Indebtedness, so long as no Default has occurred and is continuing, the creation, incurrence, assumption or existence of such Indebtedness would not result in a Material Adverse Change or breach, conflict with or violate any Requirements of Law, or result in the Borrower breaching any covenant set out in Section 10.1 on a pro forma basis; provided that:

(A) the terms and conditions of such Indebtedness shall be no more onerous to the debtor(s) thereunder than any terms and conditions hereunder (with the exception of pricing and fees);

(B) if secured by a Lien on property which is not Included Property where the committed Indebtedness secured is greater than US

$10,000,000, such Indebtedness shall be subject to an intercreditor agreement in form and substance satisfactory to the Lenders, addressing, among other issues, mutual acknowledgement by the holders of such Indebtedness and the Administrative Agent of priority claims of assets, agreement by the holders of such Indebtedness and the Administrative Agent to provide notice of covenant breach by the Borrower or its Affiliates, mutual stand-still by the holders of such Indebtedness and the Administrative Agent of enforcement rights in the event of default and agreement by the holders of such Indebtedness and the Administrative Agent to vote as separate classes in bankruptcy or insolvency proceedings;

(C) such Indebtedness shall not be secured by any Lien on any Included Property;

(D) such Indebtedness shall be used for the development of a Recourse Asset acquired by the Borrower or any Material Subsidiary after the Restatement Date or, if a Recourse Asset has been acquired by the Borrower or any Material Subsidiary before the Restatement Date, such Recourse Asset was not in commercial production on the Restatement Date;

(E) the terms of which Indebtedness do not require repayment of any principal prior to the Maturity Date then in effect; and

(F) in reasonably sufficient time prior to the completion of the transaction pursuant to which the creation, incurrence, or assumption of such Indebtedness is to be made, where the committed amount of such Indebtedness exceeds US $10,000,000, the Borrower shall have delivered a certificate to the Administrative Agent in the form of Exhibit H, providing information on the proposed Indebtedness, in detail reasonably satisfactory to the Administrative Agent, and evidencing compliance with the applicable requirements set forth in this Section 10.3(c)(vi);

(such Indebtedness, if all requirements set out in this Section 10.3(c)(vi) have been complied with, is referred to herein as " **Other Senior Indebtedness** ");

(vii) any other Indebtedness of the types referred to in subsections (a), (b) or (e) of the definition of Indebtedness, so long as no Default has occurred and is continuing, the creation, incurrence, assumption or existence of such Indebtedness would not result in a Material Adverse Change or breach, conflict with or violate any Requirements of Law, or result in the

Borrower breaching any covenant set out in Section 10.1 on a pro forma basis; provided that:

(A) the terms and conditions of such Indebtedness shall be no more onerous to the debtor(s) thereunder than any terms and conditions under the Convertible Debentures or the Trust Indenture (with the exception of pricing and fees);

(B) neither the Borrower nor any Material Subsidiary shall grant any Lien in its property to secure such Indebtedness;

(C) the terms of such Indebtedness do not require the repayment of principal thereof prior to twelve (12) months after the then current Maturity Date of this Credit Facility; and

(D) in reasonably sufficient time prior to the completion of the transaction pursuant to which the creation, incurrence, or assumption of such Indebtedness is to be made, where the committed amount of such Indebtedness exceeds US $10,000,000, the Borrower shall have delivered a certificate to the Administrative Agent in the form of Exhibit I, providing information on the proposed Indebtedness, in detail reasonably satisfactory to the Administrative Agent, and evidencing compliance with the applicable requirements set forth in this Section 10.3(c)(vii);

(such Indebtedness, if all requirements set out in this Section 10.3(c)(vii) have been complied with, is referred to herein as " **Subordinated Indebtedness** ");

(viii) Restricted Parties may incur, assume or suffer to exist Indebtedness owing to Subsidiaries to the extent permitted by, and on the terms and conditions set out in, Section 10.3(b)(ii);

(ix) any Indebtedness of the Borrower or any Material Subsidiary of the Borrower other than the types referred to in subsections (d) and (e) of the definition of Indebtedness which is incurred in the ordinary course of its business, provided that the aggregate liability, contingent or otherwise, of the Borrower and its Material Subsidiaries under all such Indebtedness does not at any time exceed US $75,000,000 and such Indebtedness is unsecured; provided that, upon the creation, incurrence, or assumption of such Indebtedness, no Default has occurred and is continuing, the creation, incurrence, assumption or existence of such Indebtedness would not result in a Material Adverse Change or breach, conflict with or violate any Requirements of Law, or result in the Borrower breaching any covenant set out in Section 10.1 on a pro forma basis; and

(x) Material Subsidiaries may incur, assume or suffer to exist Indebtedness owing to the Borrower, or to other Subsidiaries, to the extent permitted by, and on the terms and conditions set out in, Section 10.3(b)(iii).

Except as provided by Section 10.3(b)(iii), but notwithstanding any other provision hereof, no Subsidiary (excluding Material Subsidiaries) shall create, incur, assume or suffer to exist any Indebtedness if the outstanding Indebtedness of all Subsidiaries (excluding Material Subsidiaries), in the aggregate, would exceed US $20,000,000.

Notwithstanding any other provision hereof, neither the Borrower nor any Subsidiary shall create, incur, assume or suffer to exist any Indebtedness which has recourse to any Scandinavian Subsidiary or any assets held by any Scandinavian Subsidiary if such outstanding Indebtedness, in the aggregate, would exceed US $10,000,000. For greater certainty, for the purposes of the immediately preceding sentence only, "recourse" shall not include any rights conferred on a Person as a result of the ownership of shares of any Scandinavian Subsidiary.

(d) Restricted Payments . Neither the Borrower nor any Material Subsidiary shall make, pay or declare any distributions or dividends (other than distributions or payments of additional shares of the Borrower or any Material Subsidiary or rights or warrants to acquire additional shares of the Borrower or any Material Subsidiary) on any shares of its Capital Stock, or redeem or purchase or otherwise acquire any of its shares of its Capital Stock, reduce or repay capital, make any payments or prepayments of principal on, any unsecured Indebtedness under Section 10.3(c)(ix), make any payments or prepayments of, or redeem, principal on any Subordinated Indebtedness prior to the Maturity Date then in effect, or in each case, set aside any funds for any such purpose, (collectively, " **Restricted Payments** "), if at such time a Default has occurred and is continuing or if, upon the making of such Restricted Payment, a Default or Material Adverse Effect would occur; provided that, to the extent permitted hereunder, the aggregate amount of Restricted Payments in any fiscal year of the Borrower shall not exceed US $40,000,000 (excluding therefrom Restricted Payments made by a Restricted Party to another Restricted Party and any payments or prepayments on any unsecured Indebtedness under Section 10.3(c)(ix) in an amount up to US $75,000,000). The redemption of any Subordinated Indebtedness, if in accordance with its terms, shall not be included in such monetary cap if the consideration paid therefor to the holder thereof on the exercise of such respective redemption right by the Borrower is common shares of the Borrower. The Borrower shall not make any voluntary prepayments of principal of the Other Senior Indebtedness prior to the Maturity Date then in effect if at such time a Default has occurred and is continuing or if, upon the making such payment, a Default or Material Adverse Effect would occur.

(e) Sale of Assets . No Restricted Party shall (whether in one transaction or in a series of transactions) sell, transfer, lease, assign or otherwise dispose of (or commit to same) all or any of its assets whether now owned or hereafter acquired except:

(i) as permitted under Section 10.3(f);

(ii) for the sale of redundant, obsolete, damaged or worn out assets provided that they are replaced to the extent the same are used at the time of disposition in the operation of the Mines or the other Mining Properties owned or controlled by the Borrower or such Subsidiary, or for the sale of Product or product derived from such Mines or other Mining Properties in the ordinary course of its business; or

(iii) if doing so will not directly or indirectly result in a Default or restrict or impair the Restricted Parties' ability, on a consolidated basis, to perform their obligations under any Financing Documents and the aggregate book or market value (whichever shall be higher) of all such additional assets sold, transferred, assigned or disposed of under this clause (iii) in any calendar year does not exceed US $10,000,000.

(f) Fundamental Changes . Neither the Borrower nor any Material Subsidiary shall (whether in one transaction or in a series of transactions) amalgamate, merge or consolidate with any Person, or become a party to any transaction whereby all or substantially all of its property or assets becomes the property or assets of any other Person, except if no Default has occurred and is continuing or would result therefrom, if no Material Adverse Effect has occurred or would result therefrom and if such transaction does not breach any Requirements of Law:

(i) any Subsidiary may amalgamate with the Borrower, and any Subsidiary which is a Restricted Party may amalgamate or merge with, or acquire all or substantially all of the property and assets of, any other Subsidiary;

(ii) the Borrower may amalgamate with, or acquire all or substantially all of the property and assets of, any Subsidiary;

(iii) any Subsidiary which is not a Restricted Party may amalgamate or merge with any other Subsidiary which is not a Restricted Party, or acquire all or substantially all of the property and assets of, any other Subsidiary which is not a Restricted Party; and

(iv) the Borrower or any Subsidiary which is a Restricted Party may merge, amalgamate or consolidate with any Person in order to effect an Investment permitted under Section 10.3(b)(vi), (vii), (viii) or (ix);

provided that in the case of a merger, amalgamation or consolidation permitted by Sections 10.3(f)(i), (ii) and (iv):

(A) the surviving or resulting Person is a Restricted Party;

(B) the Administrative Agent has a first priority Lien on all property which constitutes Included Property of such surviving or resulting Person, subject only to Permitted Liens;

(C) if any holder of Other Senior Indebtedness has a Lien on the property of such surviving or resulting Person that holder shall have provided an acknowledgement to the Administrative Agent, in form satisfactory to the Administrative Agent, acting reasonably, that such holder has no interest in any Included Property of such surviving or resulting Person; and

(D) the surviving or resulting Person shall have executed and delivered to the Administrative Agent an assumption agreement, whereby such Person acknowledges that it is bound by all obligations of the applicable predecessor Persons, in a form acceptable to the Administrative Agent, acting reasonably.

(g) Nature of Business . Neither the Borrower, nor any Material Subsidiary, shall permit any material change to be made in the nature of its business or the business of any Material Subsidiary as carried on at the date hereof (or, if applicable, at the time a Person becomes a Material Subsidiary), which business shall at all times be mining or mining related activities.

(h) Restriction on Hedge Agreements .

(i) The Borrower shall not enter into or maintain any Hedge Agreements with Persons other than Hedge Counterparties and shall only enter into Permitted Hedge Agreements in the ordinary course of the Borrower's business and not for the purposes of speculation. No Subsidiary shall enter into any Metal Hedge Agreement, Exchange Rate Hedge Agreement or Interest Rate Hedge Agreement, except that a Subsidiary which is not a Restricted Party may enter into Metal Hedge Agreements, Exchange Rate Hedge Agreements or Interest Rate Hedge Agreements if doing so is required as a condition of creating or incurring Indebtedness which is permitted hereunder, is for the purpose of financing the acquisition or development of property as permitted hereunder and is not for speculative purposes; and, if any such Metal Hedge Agreements, Exchange Rate Hedge Agreements or Interest Rate Hedge Agreements are guaranteed by any Restricted Party, any negative net mark-to-market position thereunder shall be included in Indebtedness for purposes of calculating all applicable covenants in Section 10.1.

(ii) The Borrower shall not on or after the Restatement Date enter into or maintain any Hedge Agreement with any Permitted Hedge Counterparty that does not contain the provisions described in Annex 5 hereof; provided that, the Borrower shall be permitted to maintain Hedge Agreements with any Person which was a "Permitted Hedge Counterparty" under the

Original Credit Agreement if such Person became a Permitted Hedge Counterparty under the Existing Credit Agreement. The Borrower shall not, with respect to all Hedge Agreements that comply with the provisions of Annex 6 of the Original Credit Agreement or Annex 5 hereof, as applicable, amend, modify or agree to any waiver of any of the terms described therein.

(iii) The Borrower shall not grant to, or permit any Hedge Counterparty to have, any security (including margin deposited with or held by or for the benefit of a Hedge Counterparty), except, in the case of each Permitted Hedge Counterparty, as it forms part of the Security held by the Administrative Agent or the Trustee for the benefit of all Secured Parties. For greater security, the Borrower shall not permit any Unsecured Hedge Counterparty to hold or have the benefit of any security (including margin deposited with or held by or for the benefit of an Unsecured Hedge Counterparty) or otherwise. Neither shall the Borrower enter into any Hedge Agreement which, by its terms, could result in any requirement for the Borrower to grant any Hedge Counterparty any security, except as expressly permitted in the first sentence of this clause (iii).

(iv) The Borrower shall not permit the any material representations, warranties or covenants, or any termination events (including additional termination events), in any Metal Hedge Agreement entered into with an Unsecured Hedge Counterparty to be more onerous to the Borrower than the material representations, warranties and covenants, and termination events (including additional termination events), in any Hedge Agreement entered into with any Permitted Hedge Counterparty.

(v) The Borrower shall not enter into (I) any leveraged option transactions or other Hedge Agreements that could require the delivery of any amount over the notional amount of the subject matter of the Hedge Agreement (whether metal, currency, interest rates or otherwise) or (II) any “knock-down” option or put or any other Hedge Agreement in which the obligation to deliver (by physical delivery or cash settlement) or the pricing of the subject matter of the Hedge Agreement (whether metal, currency, interest rates or otherwise) is subject to any contingency.

(vi) The Borrower shall at no time permit the maximum quantity of Gold, Copper, Silver or Zinc or other metal which the Borrower is obligated (contingently or otherwise) to deliver (or that could be called for delivery or cash settlement) for any future 12-month period under all Metal Hedge Agreements to which the Borrower is a party under any circumstances, conditions or outcomes, whether or not then existing (including, for greater certainty (A) all quantities of metal subject to spot, spot deferred, fixed forwards and floating lease rate forward contracts, (B) the total face value of any quantity of metal sold under call options, and (C) any other arrangements that have the economic effect of a sale or a sold call option

or other similar derivative transactions) to exceed 75% of the Borrower's projected production of that Metal for such 12-month period. The Borrower shall at no time permit the maximum quantity of Gold, Copper, Silver or Zinc or other metal which any Subsidiary is obligated (contingently or otherwise) to deliver (or that could be called for delivery or cash settlement) for any future 12-month period under all Metal Hedge Agreements to which such Subsidiary is a party under any circumstances, conditions or outcomes, whether or not then existing (including, for greater certainty (A) all quantities of metal subject to spot, spot deferred, fixed forwards and floating lease rate forward contracts, (B) the total face value of any quantity of metal sold under call options, and (C) any other arrangements that have the economic effect of a sale or a sold call option or other similar derivative transactions) to exceed 75% of such Subsidiary's projected production of that Metal for such 12-month period.

(i) Corporate Documents, etc . No Restricted Party shall change its name, restrict its corporate (or other) powers or move its registered or executive office without giving the Administrative Agent five days prior written notice of such change.

(j) Fiscal Year . The Borrower shall not change its fiscal year-end to end on a day other than December 31 of each year without the prior written consent of the Majority Lenders, such consent not to be unreasonably withheld.

(k) Conflicting Agreements . Neither the Borrower nor any other Restricted Party shall enter into, become subject to or be bound by any Contractual Obligation which in any case or in the aggregate when combined with other Contractual Obligations in Material Contracts or otherwise, materially restricts or impairs the ability of the Borrower or any such Restricted Party to perform its obligations under, or conflicts with any material provision of, any of the Financing Documents to which it is a party, or constitutes, or the performance of which will constitute, a Default.

(l) Transactions with Affiliates . Neither the Borrower nor any Material Subsidiary shall enter into or conduct any transaction, including, without limitation, any purchase, sale, lease or exchange of property or the rendering of any service, with any Affiliate of the Borrower or such Material Subsidiary unless any such transaction is upon fair and reasonable terms no less favourable to the Borrower or such Material Subsidiary than it would obtain in a comparable arm's length transaction with a Person not an Affiliate, and is otherwise not restricted or prohibited, and is permitted, under this Agreement. Notwithstanding the foregoing, the Borrower and any Material Subsidiary may enter into and complete any transaction with any Subsidiary of the Borrower or Material Subsidiary and any such Subsidiary may enter into or complete any transaction with any other Subsidiary of the Borrower or Material Subsidiary as permitted under this Agreement; in each case, so long as, with respect to any such

transaction (i) no Default has occurred and is continuing or would result therefrom (without duplicating subsection (iv) below); (ii) immediately after giving effect to any such transaction no Material Adverse Effect would be reasonably expected to occur (without duplicating subsection (iv) below); (iii) such transaction does not breach, conflict with or violate any Requirements of Law; and (iv) immediately after giving effect to such transaction, the Borrower shall be in compliance with all covenants set forth in Section 10.1 on a pro forma basis. The completion of any such transaction shall be deemed to be a representation and warranty by the Borrower to the Administrative Agent and the Lenders that all such conditions have been satisfied.

(m) Plan Compliance . The Borrower shall not:

(i) permit to exist, or allow a Material Subsidiary of the Borrower to permit to exist, any accumulated funding deficiency, whether or not waived, with respect to any Plan in an amount which would cause a Material Adverse Effect;

(ii) contribute to or assume an obligation to contribute to, or permit a Material Subsidiary of the Borrower to contribute to or assume an obligation to contribute to, any "multi-employer pension plan" as such term is defined in the *Pension Benefits Act* (Ontario) or *Supplemental Pension Plan Act* (Quebec);

(iii) acquire, or permit a Subsidiary of the Borrower to acquire, an interest in any Person if such Person sponsors, maintains or contributes to, or at any time in the six-year period preceding such acquisition has sponsored, maintained, or contributed to any "multi-employer pension plan" as such term is defined in the *Pension Benefits Act* (Ontario) or *Supplemental Pension Plan Act* (Quebec); provided that, the Borrower or a Material Subsidiary of the Borrower may acquire an interest in any such Person if (A) such Person is acquired as a Permitted Acquisition and (B) neither the Borrower nor any of its other Material Subsidiaries has any legal liability to perform such Person's obligations or assume such Person's liabilities;

(iv) permit, or allow a Material Subsidiary of the Borrower to permit, the actuarial present value of the benefit liabilities (computed on an accumulated benefit obligation basis in accordance with GAAP) under all Plans in the aggregate to exceed the current value of the assets of all Plans in the aggregate that are allocable to such benefit liabilities, in each case only to the extent such liabilities and assets relate to benefits to be paid to employees of the Borrower or its Subsidiaries, by an amount that would cause a Material Adverse Effect.

(n) Sale or Discount of Receivables . No Restricted Party shall discount or sell (with or without recourse) any of its notes receivable or accounts receivable.

(o) Margin Calls . No Restricted Party shall purchase or carry any margin securities.

(p) New Subsidiaries . No Scandinavian Subsidiary shall create any new Subsidiary unless it is wholly-owned by such Scandinavian Subsidiary.

ARTICLE 11
EVENTS OF DEFAULT

11.1 Events of Default . Each of the following events shall constitute an event of default (" **Event of Default** "):

(a) the Borrower fails to pay any principal amount of any Advance when due and payable;

(b) the Borrower fails to pay any interest, fees or other amounts payable in respect of the Facility Indebtedness (including fees payable to the Administrative Agent in its capacity as agent hereunder) within 3 Business Days of such amount becoming due and payable;

(c) any representation or warranty made by the Borrower or deemed to have been made by the Borrower pursuant to Section 6.2 (e), or any representation or warranty made by an officer of any Restricted Party in any Document or in any certificate, agreement, instrument or written statement delivered by any Restricted Party or by an officer of any Restricted Party pursuant thereto was, at the time the same was made, incorrect in any material respect;

(d) any Restricted Party fails to perform or observe or shall be in breach of any term, covenant or agreement contained in this Agreement or any other Financing Document on its part to be performed or observed (other than as provided in subsections (a), (b) or (c) above and subsection (e) below, and other than in respect of events otherwise specifically provided for elsewhere in this Section 11.1), and such failure or breach remains unremedied for 20 Business Days after written notice thereof has been given by the Administrative Agent to the Borrower;

(e) the Borrower fails to perform or observe or shall be in breach of any term, covenant or agreement contained in Sections 9.1 (g), (h) and (i) or in Section 10.1 of this Agreement;

(f) any Restricted Party shall be in default on any date in any payment of principal or interest on any Indebtedness (whether in connection with the same or similar events or occurrences or more than one event or occurrence), including any Indebtedness or payment due under any Hedge Agreement, or in the payment when due under any Guarantee Obligation, in an aggregate cumulative amount (when combined, if applicable, with the amount of any other Indebtedness subject to acceleration under Sections 11.1(r) and (s)) greater than US $20,000,000, or default in the observance or performance of any other agreement or condition relating to any such Indebtedness or Guarantee Obligation (or contained in any instrument or agreement evidencing, securing or relating thereto), or any other event shall occur or condition exist, the effect of which is to cause, or permit the

holder or holders of such Indebtedness or the beneficiary or beneficiaries of such Guarantee Obligation to cause, such Indebtedness to become in any manner due prior to its stated maturity or such Guarantee Obligation to become payable;

(g) any Restricted Party commits an act of bankruptcy or becomes bankrupt or insolvent, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due generally, or makes an assignment for the benefit of creditors or files a petition in bankruptcy; or petitions or applies to any tribunal for, or consents to, the appointment of any receiver, receiver-manager, trustee or similar officer for it or for all or any substantial part of its property; or admits the material allegations of a petition or application filed with respect to it in any proceeding commenced in respect of it under any Requirements of Law relating to bankruptcy, insolvency, reorganization, arrangement, proposal, readjustment of debt, dissolution, winding-up or liquidation; or takes any corporate action for the purpose of effecting any of the foregoing;

(h) there shall occur registration of any prior notice of exercise of hypothecary right affecting the Collateral in favour of any creditor (other than under the Security Documents) which shall continue uncancelled for a period of 20 consecutive days from its respective publication or registration;

(i) any bankruptcy, insolvency, reorganization, arrangement, proposal, readjustment of debt, dissolution, winding-up or liquidation proceeding, or any similar proceeding or process, relating to a Restricted Party under any existing or future legislation or otherwise of any jurisdiction, domestic or foreign, respecting such matters shall be instituted (by petition, application or otherwise) by or against a Restricted Party which, if brought against such Restricted Party, results in an order for relief or appointment or adjudication with respect to any such matter; provided that, if any such order for relief or appointment or adjudication is made with respect to any such matter and any such proceeding or process commenced or order for relief granted is contested diligently and in good faith by such Restricted Party and any relief or remedies upon or against such Restricted Party's property have been stayed, such proceeding, process or order remains undismissed or not vacated for a period of 45 consecutive days from the date of commencement of the same;

(j) except as otherwise permitted under Section 10.3(f), any Restricted Party ceases or threatens to cease to carry on its business or a resolution is passed authorizing or approving such action; or a petition is filed or an order is made or resolution passed for the winding-up, liquidation or dissolution of such Restricted Party or if, without the consent of the Administrative Agent, a resolution is passed authorizing the sale, transfer or assignment of all or substantially all of the assets of a Restricted Party;

(k) there shall be commenced against any Restricted Party one or more proceedings or other actions seeking issuance of a warrant of attachment, execution, distraint or similar process against its assets in an aggregate amount of US $5,000,000 or

more which, if contested diligently and in good faith by such Restricted Party, remains undismissed or unstayed for a period of 45 consecutive days; or any Restricted Party shall take any action in furtherance of, or indicate its consent to, approval of, or acquiescence in, any such act or proceeding;

(l) one or more judgments or decrees is entered against any Restricted Party involving in the aggregate a liability of US $5,000,000 or more and (i) such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within 45 consecutive days of entry thereof or (ii) such Restricted Party 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;

(m) this Agreement or any Security Document, or any material provision thereof, shall at any time after its execution and delivery, for any reason, be determined to be (or is contested by any Restricted Party to be or to have ceased to be) or ceases to be a legal, valid and binding obligation of any Restricted Party, enforceable against it in accordance with its terms (subject only to applicable bankruptcy, insolvency, moratorium or similar laws affecting the rights of creditors generally and to any equitable remedies available in the discretion of a court) or if the Security Documents fail, for any reason, to provide the Administrative Agent (or the Trustee) for and on behalf of the Secured Parties with a first priority Lien, subject only to Permitted Liens, in and to the Collateral (excluding Collateral which is disposed of in accordance with the terms of this Agreement), unless such invalidity or failure can be cured and such invalidity or failure is cured within 30 days of notice thereof being given by the Administrative Agent to the Borrower of the occurrence of such invalidity or failure, unless such invalidity or failure occurred as a result of a contest initiated, acquiesced in or consented to by a Restricted Party or otherwise could reasonably be expected to have a Material Adverse Effect;

(n) any Included Property or any material Recourse Asset, or any material part thereof, is expropriated;

(o) there occurs any “Event of Default”, “Termination Event” or “Additional Termination Event” (as defined in the relevant Hedge Agreement) under any Hedge Agreement which has continued for 3 consecutive Business Days and the same has not been waived;

(p) any Borrower or Subsidiary (i) abandons, or permits to be abandoned, any Recourse Asset or (ii) suspends or materially reduces, or permits the suspension or material reduction, of operations at any Included Property or any material Recourse Asset for 14 consecutive Business Days;

(q) [Intentionally Deleted.]

(r) the Borrower or any Subsidiary fails to observe or perform any covenant or agreement contained in any instrument evidencing Subordinated Indebtedness or Indebtedness under Section 10.3(c)(ix) within any applicable grace period provided for therein, if the effect of such failure or other event is to accelerate, or to permit the holders of such Subordinated Indebtedness or Indebtedness under Section 10.3(c)(ix) or any other Person to accelerate, the maturity thereof, where the aggregate cumulative amount of such Indebtedness where the creditor thereof has direct recourse (as primary or secondary obligor, whether contingent or otherwise) to a Restricted Party or its property (when combined, if applicable, with the amount of any other Indebtedness subject to acceleration under Sections 11.1(f) and (s)) is greater than US $20,000,000; or, without the written consent of the Majority Lenders, any material provision of any instrument evidencing Subordinated Indebtedness or Indebtedness under Section 10.3(c)(ix) is amended, varied or rescinded so that such Subordinated Indebtedness fails to comply with the requirements set out in Section 10.3(c)(vii), in the case of Subordinated Indebtedness, or so that such other Indebtedness fails to comply with the requirements set out in Section 10.3(c)(ix);

(s) the Borrower or any Subsidiary fails to observe or perform any covenant or agreement contained in any instrument evidencing Other Senior Indebtedness within any applicable grace period provided for therein, if the effect of such failure or other event is to accelerate, or to permit the holders of such Other Senior Indebtedness or any other Person to accelerate, the maturity thereof, where the aggregate cumulative amount of such Indebtedness where the creditor thereof has direct recourse (as primary or secondary obligor, whether contingent or otherwise) to a Restricted Party or its property (when combined, if applicable, with the amount of any other Indebtedness subject to acceleration under Sections 11.1(f) and (r)) is greater than US $20,000,000; or, without the written consent of the Majority Lenders, any material provision of any instrument evidencing Other Senior Indebtedness is amended, varied or rescinded so that such Other Senior Indebtedness fails to comply with the requirements set out in Section 10.3(c)(vi);

(t) there occurs any Change of Control of the Borrower;

(u) if, at any time after the Restatement Date, (A) subject to the proviso set out in Section 10.3(h)(ii), a Person (other than the Borrower) which is not a Hedge Counterparty is a party to a Hedge Agreement with the Borrower, or (B) an Unsecured Hedge Counterparty is a party to a Hedge Agreement with the Borrower which is not a Metal Hedge Agreement; and, in either case, such Person continues to be a party to such a Hedge Agreement for 3 “Local Business Days” (as defined in the relevant Hedge Agreement); and

(v) (a) the Borrower ceases to own all of the issued and outstanding Capital Stock of any Subsidiary which owns or controls an Included Property, or (b) the Borrower ceases to own all of the issued and outstanding Capital Stock of any Subsidiary which owns the Capital Stock of another Subsidiary which owns or controls an Included Property, or (c) any Subsidiary which owns the issued and outstanding

Capital Stock of another Subsidiary which owns an Included Property or which owns the issued and outstanding Capital Stock of another Subsidiary which owns or controls an Included Property ceases to own all such issued and outstanding Capital Stock; provided that, until such time as Agnico-Eagle Sweden AB has completed the compulsory acquisition procedure under Swedish law in respect of the 2.7% of the shares of Riddarhyttan Resources AB that it does not own on the date hereof, the holding by Agnico-Eagle Sweden AB of 97.3% of the shares of Riddarhyttan Resources AB shall not constitute an Event of Default, but the holding by Agnico-Eagle Sweden AB of less than 97.3% of the shares of Riddarhyttan Resources AB shall constitute an Event of Default.

11.2 Remedies . If an Event of Default occurs and is continuing, the Administrative Agent may, and at the request of the Majority Lenders, the Administrative Agent shall, for and on behalf of the Secured Parties, take any one or more of the following actions:

(a) declare the Commitments terminated, whereupon the same shall immediately terminate and the Lenders shall be under no obligation to make any further Advances;

(b) by notice to the Borrower, declare the whole of the unpaid principal amount of all Facility Indebtedness to be immediately due and payable, whereupon the same shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower;

(c) realize on and/or enforce the Security; or

(d) take any other action, exercise any other right, pursue any other remedy or proceed by action, suit, remedy or other proceeding to enforce the rights and/or remedies of the Administrative Agent and the Secured Parties whether arising or accruing under the Financing Documents, by law, in equity or otherwise.

Notwithstanding the foregoing, upon the occurrence of an Event of Default specified in Section 11.1(g), (h) or (i), the Commitments shall automatically and immediately terminate and the outstanding Advances, all accrued interest thereon and all other amounts payable hereunder, shall immediately become due and payable.

11.3 Cash Collateral . Immediately upon any amounts becoming due and payable under Section 11.2, the Borrower shall, without necessity of further act or evidence, be and become thereby unconditionally obligated to deposit forthwith with the Administrative Agent for the Secured Parties' benefit Cash Collateral equal to the full undrawn principal amount at maturity of all L/Cs and Bankers' Acceptances then outstanding for its account and the Borrower hereby unconditionally promises and agrees to deposit with the Administrative Agent immediately upon such demand Cash Collateral in the amount so demanded. The Borrower authorizes the Lenders, or any of them, to debit its accounts with the amount required to pay such L/Cs 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 the Administrative

Agent pursuant to such a demand in respect of Bankers' Acceptances and L/Cs shall, subject to Section 11.6, be applied against, and shall reduce, pro rata among the Lenders, to the extent of the amounts paid to the Administrative Agent in respect of Bankers' Acceptances and L/Cs, respectively, the obligations of the Borrower to pay amounts then or thereafter payable under Bankers' Acceptances and L/Cs, respectively, at the times amounts become payable thereunder.

11.4 Rights Cumulative . The rights and remedies of the Administrative Agent and the Secured Parties hereunder shall be in addition to, and not in substitution for, any other rights or remedies available to them, at law, in equity or otherwise. No remedy for the enforcement of the rights of the Administrative Agent and the Secured Parties shall be exclusive of any other rights or remedies provided hereunder, under any other Document, by law, in equity or otherwise or dependent upon any other such right or remedy and any one or more of such rights or remedies may from time to time be exercised independently or in combination. No failure to exercise, and no delay in exercising, on the part of the Administrative Agent or Secured Party, any right or remedy shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise thereof or the exercise of any other right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law or otherwise.

11.5 Proofs of Claim, Etc . In addition to their rights under Section 11.2, the Administrative Agent or the Secured Parties may file such proofs of claim and other papers and documents as may be necessary or desirable to have the claims of the Administrative Agent or the Secured Parties lodged in any bankruptcy, winding-up or other judicial proceeding relating to the Borrower.

11.6 Priority of Payments . Upon any acceleration pursuant to Section 11.2 of the Facility Indebtedness, all payments made by the Borrower and all amounts, if any, obtained by the Administrative Agent or Secured Parties on the enforcement of any Security shall be applied as follows:

(a) firstly, to pay all amounts owing to the Administrative Agent in its capacity as Administrative Agent and to the Trustee and all other expenses incurred by the Administrative Agent and the Trustee on behalf of the Secured Parties and payable by the Borrower hereunder, under the Agency Fee Letter and under the other Documents, together with all amounts owing to BNS in respect of L/C fronting fees payable by the Borrower hereunder;

(b) secondly, to pay, on a *pro rata* basis in accordance with the amounts owing to the Secured Parties, all Senior Secured Indebtedness; and

(c) thirdly, to pay the balance, if any, to the Borrower or as otherwise required by all applicable Requirements of Law;

and the Borrower shall have no right to require any inconsistent appropriation.

ARTICLE 12
THE ADMINISTRATIVE AGENT AND THE SECURED PARTIES

12.1 **Provisions Reference .** Reference is made to Section 4 of the Provisions regarding "Right of Setoff", Section 5 of the Provisions regarding "Sharing of Payments by Lenders" and Section 7 of the Provisions regarding "Agency" matters.

12.2 **Specific Provisions Relating to Hedge Counterparties .**

(a) Notwithstanding anything contained herein to the contrary, upon the occurrence of any "Event of Default", "Termination Event" or "Additional Termination Event" (as defined in any relevant Hedge Agreement) under any Permitted Hedge Agreement to which a Hedge Counterparty is a party, such Hedge Counterparty may, to the extent permitted under such Permitted Hedge Agreement, and in addition to any other rights hereunder, take any one or more of the following actions:

(i) "close out" any or all transactions entered into by the Borrower under any Permitted Hedge Agreement with the Hedge Counterparty;

(ii) set off all indebtedness or obligations owing by the Hedge Counterparty to the Borrower under Permitted Hedge Agreements with the Borrower against all indebtedness or obligations owing by the Borrower to the Hedge Counterparty under Permitted Hedge Agreements with such Hedge Counterparty; provided that, for purposes of this clause (ii), any Lender and Affiliate of such Lender which are each a Permitted Hedge Counterparty may consolidate their indebtedness and obligations owing to the Borrower under their Permitted Hedge Agreements with the Borrower and set off all such consolidated indebtedness and obligations against all indebtedness and obligations owing by the Borrower to such Permitted Hedge Counterparties under Permitted Hedge Agreements with such Permitted Hedge Counterparties;

(iii) sue or bring action against the Borrower for any such indebtedness owing under Permitted Hedge Agreements.

(b) (i) Notwithstanding any other provision hereof, no Permitted Hedge Counterparty shall have any claim to any Hedge Indebtedness except for the Aggregate Net Hedge Indebtedness owed to such Permitted Hedge Counterparty; provided that, for purposes of calculating the Aggregate Net Hedge Indebtedness of a Lender and an Affiliate of such Lender which are each a Permitted Hedge Counterparty their indebtedness and obligations owing to the Borrower under their Permitted Hedge Agreements with the Borrower shall be consolidated, and such consolidated indebtedness and obligations owing by such Permitted Hedge Counterparties to the Borrower shall be netted against the indebtedness and obligations owing by the Borrower to such Permitted Hedge Counterparties under their Permitted Hedge Agreements with the Borrower. (ii) No Permitted Hedge

Counterparty shall set off or net any amount of Aggregate Net Hedge Indebtedness owing by such Hedge Counterparty against Facility Indebtedness or other indebtedness payable to it by the Borrower, unless such Permitted Hedge Counterparty shares such amount with the other Secured Parties in accordance with Section 5 of the Provisions. Except as set out in Section 12.2(a)(ii), no Unsecured Hedge Counterparty shall set off or net any amount of Hedge Indebtedness owing by such Unsecured Hedge Counterparty against any Indebtedness or other indebtedness payable to it by the Borrower.

(c) The Aggregate Net Hedge Indebtedness owed to each Permitted Hedge Counterparty shall at all times be secured by the Security unless a Permitted Hedge Counterparty has otherwise agreed in writing to forego the benefit of such Security. No Hedge Indebtedness owed to any Hedge Counterparty may be secured by margin deposited with or held by or for the benefit of a Hedge Counterparty or by any other security (except, in the case of each Permitted Hedge Counterparty, as it forms part of the Security held by the Administrative Agent or the Trustee for the benefit of all Secured Parties).

(d) Notwithstanding that the Security secures the Aggregate Net Hedge Indebtedness owing to each Permitted Hedge Counterparty, all decisions concerning the Security and its enforcement or realization (so long as any Facility Indebtedness has not been indefeasibly paid in full and all Commitments have not been terminated) shall be made by the Administrative Agent or by the required Lenders as specified in this Agreement. No Hedge Counterparty shall have any right to vote on, or otherwise influence, any matters involving the realization of the Security or the enforcement thereof, or any matter under or relating to this Agreement or any other Financing Document, as long as any Facility Indebtedness is outstanding and all Commitments have not been terminated.

(e) Upon the Facility Indebtedness being indefeasibly paid in full and all Commitments being terminated, (i) the Lenders shall release their interests in the Security and (ii) the Security shall continue to be held by the Administrative Agent for the benefit of the Final Permitted Hedge Counterparties and shall continue to secure any Aggregate Net Hedge Indebtedness owed from time to time to the Final Permitted Hedge Counterparties. Without limiting any other provisions of this Agreement which survive termination of all Commitments all provisions of this Agreement required to make this Section 12.2(e) operational, shall for purposes of the Security survive, *mutatis mutandis* , the indefeasible payment of the Facility Indebtedness and termination of all Commitments. All references in such provisions to “Majority Lenders”, “Super Majority Lenders”, “Unanimous Lenders” and such other terms used by reference to the Lenders and the Secured Parties shall, unless otherwise provided in writing by all Final Permitted Hedge Counterparties, be deemed to mean all Final Permitted Hedge Counterparties. For greater certainty, and notwithstanding any other provision hereof, at no time following repayment of the Facility Indebtedness in full and the termination of all Commitments, shall the Security (excluding the Bank Act Security) be discharged or amended, or shall any Person be granted the benefit of

the Security except for the Final Permitted Hedge Counterparties, in each case unless each Final Permitted Hedge Counterparties, as well as the Borrower, has given its prior written consent. In addition, the defined terms which are incorporated in the Security Documents by reference shall continue to have the same meanings notwithstanding the indefeasible payment of all Facility Indebtedness and termination of all Commitments, except for any necessary changes resulting from the indefeasible payment of all Facility Indebtedness and termination of all Commitments, *mutatis mutandis* .

(f) The provisions of this Section 12 are solely for the benefit of the Secured Parties and neither the Borrower nor any Subsidiary shall have rights as a third party beneficiary of such provisions.

ARTICLE 13
MISCELLANEOUS

13.1 Amendments, Waivers, Etc . Neither this Agreement nor any other Document, nor any terms hereof or thereof, may be amended, supplemented or modified except in accordance with the provisions of this Section. Unless otherwise specified in this Agreement, the Majority Lenders may, or, with the written consent of the Majority Lenders, the Administrative Agent shall, from time to time, (X) enter into with the Borrower, written amendments, supplements or modifications hereto and to the other Financing Documents for the purpose of amending, adding, remaining or replacing any provisions to this Agreement or to the other Financing Documents or changing in any manner the rights or obligations of the Lenders or the Borrower hereunder or thereunder or (Y) waive, at the Borrower's request, on such terms and conditions as the Majority Lenders or the Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Documents or any Default and its consequences; provided, however, that, subject to Section 5.2, no such waiver and no such amendment, supplement or modification shall:

(a) reduce the amount or extend the scheduled date of maturity of any Advance or any other obligation or of any scheduled installment thereof; or reduce the stated rate of any interest or fees payable hereunder; or extend the scheduled date of any payment thereof or modify any provision that provides for the sharing by the Lenders of any payment or prepayment of indebtedness to provide for a non-ratable sharing thereof; or increase the amount or extend the expiration date of any Commitments; or change the currency in which any Advance is payable; or amend, modify or waive any provision of this Section 13.1; or reduce the required percentages of Majority Lenders, Super Majority Lenders or Unanimous Lenders as specified in this Agreement; in each case, without the prior written consent of the Unanimous Lenders;

(b) release the Borrower from its obligations under the Financing Documents or any of the Collateral, without the written consent of the Unanimous Lenders; provided that the Administrative Agent shall release (without consent from the Lenders) any Collateral sold, transferred or otherwise disposed of which is permitted by Section 10.3(e);

(c) amend, modify or waive any provision of Section 7 of the Provisions or any other provision dealing with the rights and duties of the Administrative Agent without the written consent of the Administrative Agent;

(d) amend, modify or waive any provision dealing with the rights and duties of the Issuing Bank without the written consent of the Issuing Bank; or

(e) amend, modify or waive any provision of Sections 11.6 or 12.2 hereof or Section 5 of the Provisions without the written consent of the Administrative Agent and the Unanimous Lenders.

Any waiver and any amendment, supplement or modification pursuant to this Section 13.1 shall apply to each Lender and shall be binding upon the Borrower, the Lenders, the Secured Parties and the Administrative Agent and all future holders of the Advances. In the case of any waiver, the Borrower, the Lenders, the Secured Parties, the Administrative Agent shall be restored to their former position and rights hereunder and under the other Financing Documents, and any Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default, or impair any right consequent thereon. Notwithstanding anything contained in this Section 13.1 to the contrary, the foregoing provisions do not apply to Hedge Agreements, nor to any amendment, supplement, modification or waiver of any of the terms thereof.

13.2 Amendments (Subsidiaries), Etc . Notwithstanding Section 13.1, no Document to which a Subsidiary is a party, nor any terms thereof, may be amended, supplemented or modified except in accordance with the provisions of this Section. Unless otherwise specified in this Agreement, the Majority Lenders may, or, with the written consent of the Majority Lenders, the Administrative Agent shall, from time to time, enter into with any Subsidiary, written amendments, supplements or modifications of the Documents to which any such Subsidiary is a party for the purpose of adding any provisions to the Documents or changing in any manner the rights or obligations of the Lenders or any Subsidiary thereunder; provided, however, that, subject to Section 5.2, no such amendment, supplement or modification shall reduce the amount or extend the scheduled date of maturity of any obligation; or extend the scheduled date of any payment thereof or modify any provision that provides for the sharing by the Lenders of any payment or prepayment of indebtedness to provide for a non-ratable sharing thereof, in each case, without the prior written consent of the Unanimous Lenders. Any amendment, supplement or modification pursuant to this Section 13.2 shall apply to each Lender and shall be binding upon the Borrower, the applicable Subsidiary, the Lenders, the Secured Parties and the Administrative Agent and all future holders of the Advances. Notwithstanding anything contained in this Section 13.2 to the contrary, the foregoing provisions do not apply to Hedge Agreements, nor to any amendment, supplement, modification or waiver of any of the terms thereof.

13.3 Lenders' Obligations Several . The obligations of the Lenders hereunder, including those relating to the making of any Advances, are several and not joint with respect to the other Lenders.

13.4 **Reproduction of Documents, etc .** This Agreement, all other Documents and all documents relating hereto and thereto may be reproduced by the Lenders or by the Administrative Agent by any photographic, photostatic, microfilm, micro-card, miniature photographic or other similar process and the Lenders or the Administrative Agent may destroy any original documents so reproduced. The Borrower agrees that any such reproduction shall be as admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by the Administrative Agent or the Lenders in the regular course of business) and that any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

13.5 **No Merger on Judgment .** The taking of any judgment shall not operate as a merger of any Facility Indebtedness or other liability of the Borrower to the Administrative Agent or the Secured Parties or any part thereof or in any way suspend payment or affect or prejudice the rights, remedies and powers, legal or equitable, which the Administrative Agent or the Secured Parties may have in connection with such Indebtedness or other liability.

13.6 **Independent Engineer and Other Advisers .**

(a) 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 Administrative Agent and the Lenders for such purposes as the Administrative Agent or the Lenders may determine including the following: (i) conduct a technical and environmental review of the Mines constituting Included Property, (ii) on an annual basis, review and, if appropriate, recommend the then current Development Plan (including Reserves for use in the Mine Plan) in accordance with Article 9, as applicable, (iii) carry out such other duties as may be set forth in this Agreement or as may be required by the Administrative Agent or the Lenders from time to time.

(b) The Administrative Agent and the Lenders may consult and retain any other independent consultants determined by them to be appropriate to: (i) advise them on whether property which is proposed by the Borrower as Included Property is eligible to be Included Property in accordance with Section 10.2(n) and (ii) carry out such other duties as may be set forth in this Agreement.

(c) The Majority Lenders may at any time and from time to time replace the Independent Engineer or such other consultants. The Administrative Agent shall provide the Borrower with reasonable notice of such replacement Independent Engineer or other consultants following such replacement being made. All rights and remedies of any such replacement Independent Engineer or other consultants under this Agreement shall be the same as the rights and remedies of such replaced Independent Engineer or other consultants.

13.7 **Survival of Representations, Warranties and Covenants .** All agreements, representations, warranties, covenants and indemnities made by or on behalf of the Borrower herein or in any other Document or any certificate or document delivered pursuant hereto, shall be considered to have been relied on by the Administrative Agent and the Lenders and shall

survive the execution and delivery of this Agreement, the execution and delivery of each other Document, and the making of each Advance, notwithstanding any investigation made at any time by or on behalf of the Administrative Agent or Lender.

13.8 **Further Assurances .** The Borrower shall execute and deliver or cause to be done, executed and delivered, all such further acts, documents and things as the Administrative Agent and the Lenders may reasonably request for the purpose of giving effect to this Agreement and the other Documents or for the purpose of establishing compliance with the representations, warranties, covenants and conditions of same.

13.9 **Severability .** 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 or affecting the validity or enforceability of such provision in any other jurisdiction.

13.10 **Conflicts .** In the event of any conflict or inconsistency between the provisions of this Agreement and any other Financing Documents, the provisions of this Agreement shall prevail.

13.11 **Time of Essence .** Time shall, in all respects, be of the essence hereof.

13.12 **English Language .** The Financing Documents have been negotiated in English and will be or have been executed in the English language. Les soussignés ont expressément demandé que ce document soit rédigé en langue anglaise. All paper writings given or delivered pursuant to this Agreement and the other Financing Documents shall, if requested by the Administrative Agent, be in the English language or, if not, shall be accompanied by a certified English translation thereof. The English language version of any document shall, absent manifest error, control the meaning and interpretation of the matters set forth therein.

13.13 **Judgment Currency .** If for the purpose of obtaining judgment in any court it is necessary to convert an amount due under any Document from the currency in which it is due (the " **Original Currency** ") into another currency (the " **Second Currency** "), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the Administrative Agent could purchase, in the Toronto foreign exchange market, the Original Currency with the Second Currency two Business Days preceding that on which judgment is given. The Borrower agrees that its obligation in respect of any Original Currency due hereunder shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following the date the Administrative Agent receives payment of any sum so adjudged to be due hereunder in the Second Currency, the Administrative Agent may, in accordance with normal banking procedures, purchase, in the Toronto foreign exchange market the Original Currency with the amount of the Second Currency so paid. If the amount of the Original Currency so purchased or that could have been so purchased is less than the amount originally due in the Original Currency, the Borrower agrees as a separate obligation and notwithstanding any such payment or judgment to indemnify the Administrative Agent and Lenders against such loss. The term "rate of exchange" means the spot rate at which the Administrative Agent in accordance with normal practices is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

13.14 **Exculpation Provisions .** Each of the parties hereto specifically agrees that it has read this Agreement and the other Documents and agrees that it is charged with notice and knowledge of the terms of this Agreement and the other Documents; that it is fully informed and has full notice and knowledge of the terms, conditions and effects of this Agreement; that it has been represented by legal counsel of its choice throughout the negotiations preceding its execution of this Agreement and the other Documents; and has received the advice of its legal counsel in entering into this Agreement and the other Documents; and that it recognizes that certain of the terms of this Agreement and the other Documents result in one party assuming liability inherent in some aspects of the transaction and relieving other parties of responsibility for such liability. Each party hereto agrees and covenants that it will not contest the validity or enforceability of any exculpatory provision of this Agreement and the other Documents on the basis that the party had no notice or knowledge of such provision or that the provision is not "conspicuous."

13.15 **Permitted Liens .** The designation of a Lien as a Permitted Lien is not, and shall not be deemed to be, an acknowledgment by the Administrative Agent or the Lenders to any Person that the Lien shall have priority over the Security.

13.16 **Provisions Reference .** Reference is made to Section 8 of the Provisions regarding "Notices; Effectiveness; Electronic Communications", Section 9 of the Provisions regarding "Expenses; Indemnity; Damage Waivers", Section 10 of the Provisions regarding "Successors and Assigns", Section 11 of the Provisions regarding "Governing Law; Jurisdictions; etc.", Section 12 of the Provisions regarding "Waiver of Jury Trials", Section 13 of the Provisions regarding "Counterparts; Integration; Effectiveness; Electronic Execution" and Section 14 of the Provisions regarding "Confidentiality".

13.17 **Indemnification .** The Borrower shall indemnify and hold harmless the Administrative Agent and each Secured Party and each of their Affiliates and their officers, directors, employees, agents and advisers (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) 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 and the other Financing Documents; or

(b) 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 Restricted Party, its directors, shareholders or creditors or by an Indemnified Party or by 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 such claim, damage, loss, liability or expense results from such Indemnified Party's gross negligence or wilful misconduct. The Borrower 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 Administrative Agent, also agrees not to assert any claim against any Restricted Party, 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 Financing 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 13.17 shall survive the termination of the Commitments and the repayment of all other amounts outstanding hereunder and under the other Financing Documents.

13.18 Environmental Indemnity . The Borrower shall exonerate, indemnify, pay and protect, defend and hold each Indemnified Party harmless from and against, and reimburse said Persons for, any claims (including, without limitation, third party claims, whether for personal injury or real (or immoveable) 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 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 Requirements of Environmental Law, or any failure or breach in respect thereof, that is or allegedly is applicable to any Restricted Party, its respective properties, operations or actions to the extent the same arose out of the relationships and arrangements created and contemplated hereby, provided that any such proceeding for which indemnification is sought is not brought by an Indemnified Party. The agreements in this Section 13.18 shall survive the termination of the Commitments and the repayment of all other amounts outstanding hereunder and under the other Financing Documents.

[Execution Pages Follow]

IN WITNESS WHEREOF each of the undersigned has caused this Agreement to be executed by its respective duly authorized officer (s).

THE BORROWER

AGNICO-EAGLE MINES LIMITED

Address :

145 King Street East, Suite 500
Toronto, Ontario
M5C 2Y7

Attention: David Garofalo

Telecopier: (416) 367-4681

By: *"David Garofalo" (signed)*
Name: David Garofalo
Title: Vice-President, Finance and Chief Financial Officer

IN WITNESS WHEREOF each of the undersigned has caused this Agreement to be executed by its respective duly authorized officer (s).

CO-ARRANGER AND ADMINISTRATIVE AGENT

THE BANK OF NOVA SCOTIA, as Co-Arranger, Administrative Agent and Technical Agent

Address :

40 King Street West
Scotia Plaza, 62 nd Floor
Toronto, Ontario
M5W 2X6

Attention: Robert Hosie

Telecopier: (416) 866-3329

By: *"Alastair Borthwick" (signed)*
Name: Alastair Borthwick
Title: Director

By: *"Alicia Osegueda" (signed)*
Name: Alicia Osegueda
Title: Associate Director

IN WITNESS WHEREOF each of the undersigned has caused this Agreement to be executed by its respective duly authorized officer (s).

CO-ARRANGER AND SYNDICATION AGENT

SOCIÉTÉ GÉNÉRALE (CANADA), as Co-Arranger and Syndication Agent

By: *"David Baldoni" (signed)*
Name: David Baldoni
Title: Managing Director

By: *"Paul Primavesi" (signed)*
Name: Paul Primavesi
Title: Vice President

Address :

1501 McGill College Avenue
Suite 1800
Montreal, Quebec
H3A 3M8

Attention: Mariette Jean

Telecopier: (514) 841-6250

with a copy to

1221 Avenue of the Americas
New York, New York
U.S.A. 10020

Attention: Chris Henstock

Telecopier: (212) 278-5675

IN WITNESS WHEREOF each of the undersigned has caused this Agreement to be executed by its respective duly authorized officer (s).

CO-ARRANGER AND CO-DOCUMENTATION AGENT

N M ROTHSCHILD & SONS LIMITED, as Co-Arranger and Co-Documentation Agent

Address :

New Court
St. Swithin's Lane
London, England
EC4P 4DU

Attention: Andrew Johnson / Paul Innocent

Telecopier: +44 20 7280 5403

By: *"Nicholas Wood" (signed)*
Name: Nicholas Wood
Title: Director

By: *"George Pyper" (signed)*
Name: George Pyper
Title: Assistant Director

IN WITNESS WHEREOF each of the undersigned has caused this Agreement to be executed by its respective duly authorized officer (s).

CO-DOCUMENTATION AGENT

THE TORONTO-DOMINION BANK,
as Co-Documentation Agent

By: *"Rohan Appadurai" (signed)*
Name: Rohan Appadurai
Title: Managing Director

Address :

66 Wellington Street West
TD Tower, 8 th Floor
Toronto, Ontario
M5K 1A2

Attention: Rohan Appadurai

Telecopier: (416) 944-5164

IN WITNESS WHEREOF each of the undersigned has caused this Agreement to be executed by its respective duly authorized officer (s).

LENDER

THE BANK OF NOVA SCOTIA

Address :

40 King Street West
Scotia Plaza, 62 nd Floor
Toronto, Ontario
M5W 2X6

Attention: Ray Clarke

Telecopier: (416) 866-2010

By: *"Ray Clarke" (signed)*
Name: Ray Clarke
Title: Director

By: *"Derek Tovich" (signed)*
Name: Derek Tovich
Title: Associate Director

IN WITNESS WHEREOF each of the undersigned has caused this Agreement to be executed by its respective duly authorized officer (s).

LENDER

SOCIÉTÉ GÉNÉRALE (CANADA)

By: *"David Baldoni" (signed)*
Name: David Baldoni
Title: Managing Director

By: *"Paul Primavesi" (signed)*
Name: Paul Primavesi
Title: Vice President

Address :

1501 McGill College Avenue
Suite 1800
Montreal, Quebec
H3A 3M8

Attention: Mariette Jean

Telecopier: (514) 841-6250

with a copy to

1221 Avenue of the Americas
New York, New York
U.S.A. 10020

Attention: Chris Henstock

Telecopier: (212) 278-5675

IN WITNESS WHEREOF each of the undersigned has caused this Agreement to be executed by its respective duly authorized officer (s).

LENDER

N M ROTHSCHILD & SONS LIMITED

Address :

New Court
St. Swithin's Lane
London, England
EC4P 4DU

Attention: Andrew Johnson / Paul Innocent

Telecopier: +44 20 7280 5403

By: *"Nicholas Wood" (signed)*
Name: Nicholas Wood
Title: Director

By: *"George Pyper" (signed)*
Name: George Pyper
Title: Assistant Director

IN WITNESS WHEREOF each of the undersigned has caused this Agreement to be executed by its respective duly authorized officer (s).

LENDER

NATIONAL BANK OF CANADA

Address :

1155 Metcalfe Street
5 th Floor
Montreal, Quebec
H3B 4S9

Attention: Andre Marenger

Telecopier: (514) 390-7860

By: *"Andre Marenger" (signed)*
Name: Andre Marenger
Title: Director

By: *"Rejean Guevremont" (signed)*
Name: Rejean Guevremont
Title: Managing Director

IN WITNESS WHEREOF each of the undersigned has caused this Agreement to be executed by its respective duly authorized officer (s).

LENDER

THE TORONTO-DOMINION BANK

By: *"Rohan Appadurai" (signed)*
Name: Rohan Appadurai
Title: Managing Director

Address :

66 Wellington Street West
TD Tower, 8 th Floor
Toronto, Ontario
M5K 1A2

Attention: Rohan Appadurai

Telecopier: (416) 944-5164

ANNEX 1

TO AMENDED AND RESTATED CREDIT AGREEMENT

The attached model credit agreement provisions, which have been revised under the direction of the Canadian Bankers' Association Secondary Loan Market Specialist Group from provisions prepared by The Loan Syndications and Trading Association, Inc., form part of this Agreement, subject to the following variations:

1. Section 1 is amended by deleting the definitions of "Agreement", "Applicable Law", "Applicable Percentage" and "Loan", and replacing them, respectively, as follows:

" Agreement " means this third amended and restated credit agreement, together with all Schedules, Annexes and Exhibits hereto, each as amended, restated, replaced or otherwise modified from time to time.

" Applicable Law " means Requirements of Law, as defined in the Agreement.

" Applicable Percentage " means with respect to any Lender, the percentage of the total Commitments, at any time, represented by such Lender's Commitment, at such time. If the Commitments have terminated or expired, the Applicable Percentage with respect to any Lender shall be the percentage of the total outstanding Loans (including participations in respect of Letters of Credit and the Overdraft Facility) represented by such Lender's outstanding Loans (including participations in respect of Letters of Credit and the Overdraft Facility).

" Loan " means an availment of the Credit Facility by the Borrower by way of Prime Rate Advances, Base Rate Advances, Bankers' Acceptances (including BA Equivalent Advances), LIBOR Advances or Letters of Credit, including overdrafts under the Overdraft Facility, deemed Advances and conversions, renewals and rollovers of existing Advances, and any reference relating to the amount of Advances shall mean the sum of all outstanding Prime Rate Advances, Base Rate Advances and LIBOR Advances, plus the face amount of all outstanding Bankers' Acceptances and Letters of Credit.

2. Section 1 is also amended by adding the following:

"bankers' acceptance" means Bankers' Acceptance, as defined in the Agreement.

3. The definition of "Excluded Taxes" in Section 1 is amended by deleting it in its entirety and replacing it with the following:

" Excluded Taxes " means, with respect to the Administrative Agent, any Lender, the Issuing Bank or any other recipient of any payment to be made by or on account of any obligation of an Obligor hereunder, (a) taxes imposed on or measured by its 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 any jurisdiction in which the Lender is located, (c) in the case of a

Foreign Lender (other than (i) an assignee pursuant to a request by the Borrower under Section 3.3(b), (ii) an assignee pursuant to an Assignment and Assumption made when an Event of Default has occurred and 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 and (d) any interest, additional tax or penalties applicable to items (a), (b) or (c) above. For greater certainty, for purposes of item (c) above, a withholding tax constitutes 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.

4. Section 3.1(a) is amended by adding at the end of it:

"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 carries 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 3.1(c) of the Provisions, which certificate shall be conclusive absent manifest error).

5. Section 3.1(c) is deleted in its entirety and replaced with the following:

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 paragraph (a) or (b) of this Section, including reasonable detail of the basis of calculation of the amount or amounts, and delivered to the Borrower shall constitute prima facie evidence of such amount of amounts. The Borrower shall pay such Lender the amount shown as due on any such certificate within 30 days after receipt thereof.

6. Section 3.2(c) is deleted in its entirety and replaced with the following:

Indemnification by the Borrower . The Borrower shall indemnify the Administrative Agent and each Lender, within 30 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 Administrative 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 Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be prima facie evidence of such amount or payment.

7. Section 3 is amended by adding the following as Section 3.2(g):

"(g) Non-Application for Non-Residents . Notwithstanding anything to the contrary contained herein, any Lender, Administrative Agent or Participant under a Loan Document which is a non-resident Person under the *Income Tax Act* (Canada) as at the time that a payment is made to such Lender, Administrative Agent or Participant under a Loan Document shall not have the benefit of this Section 3.2 with respect to any withholding Tax obligations exigible under the *Income Tax Act* (Canada) arising as a result of such Lender, Administrative Agent or Participant under a Loan Document being, at such time, a Person that is a non-resident of Canada under the *Income Tax Act* (Canada). If any such withholding Tax obligation arises in respect of any payments made by the Borrower to any Lender, Administrative Agent or Participant under a Loan Document, the Borrower shall pay the full amount deducted or withheld to the relevant taxation authority or other authority in accordance with Requirements of Law and, promptly thereafter, send to such Lender, Administrative Agent or Participant, for its account, a certified copy of an original receipt showing payment thereof."

8. Section 3.3(b) is amended by adding after "hereunder" in the 5 th line thereof, "or any Lender does not consent to a request for extension pursuant to Section 5.2 of the Agreement and the Borrower requests that such Lender assign its Commitments," by replacing "assignee" in the 9 th line thereof with "Eligible Assignee", and by adding the following after clause (iv):

"(v) no Default has occurred and is continuing;

(vi) each such replacement Lender shall be reasonably satisfactory to the Majority Lenders and the Administrative Agent;

(vii) no replacement of a Lender shall result in the prepayment of any Loans held by any Lender being replaced immediately prior to such replacement;

(viii) such assignment shall be at no cost to the remaining Lenders and the Administrative Agent, and subject to Section 3.3(b) (vii) above, the Borrower; and

(ix) the assigning Lender or any of its Affiliates which is a Permitted Hedge Counterparty assigns, at price determined in a reasonable manner from market quotations in accordance with customary market practices, all Hedge Agreements it or they hold with the Borrower to the Eligible Assignee or to another Lender or Permitted Hedge Counterparty."

7. Section 3.4 is amended by adding, "other than as a result of any breach of the *Criminal Code* (Canada) or the *Interest Act* (Canada)" after "any particular rate" in the 7 th line thereof.

8. Section 4 is deleted in its entirety and replaced as follows:

"Right of Set-off.

If an Event of Default has occurred and is continuing, each Secured Party is hereby authorized, subject to Section 12.2(b)(i) of the Agreement, at any time and from time to

time to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Secured Party for the credit or the account of any Obligor against any and all of the obligations of the Borrower now or hereafter existing under this Agreement or any other Loan Document to such Lender, irrespective of whether or not such Secured Party has made any demand under this Agreement or any other Loan Document and although such obligations of the Obligor may be contingent or unmatured or are owed to a branch or office of such Secured Party different from the branch or office holding such deposit or obligated on such indebtedness. The rights of each Secured Party under this Section are in addition to other rights and remedies (including other rights of set-off, consolidation of accounts and bankers' lien) that the Secured Parties may have. Each Secured Party agrees to promptly notify the Borrower and the Administrative Agent after any such set-off and application, but the failure to give such notice shall not affect the validity of such set-off and application. If any such Secured Party exercises any rights under this Section 4, it shall share the benefit received in accordance with Section 5 as if the benefit had been received by the Lender of which it is an Affiliate. This Section shall not be deemed to create any obligation on the part of any Secured Party to take any action which if taken would result in such Secured Party obtaining any payment or recovery in excess of its share."

9. Section 5 is amended by:

(a) adding to the beginning of such Section, "If no Event of Default has occurred and is continuing," and by deleting clause (a) in its entirety and replacing it with the following:

"(a) promptly notify the Administrative Agent of such fact,"

(b) adding the following to the end of Section 5:

"If an Event of Default has occurred and is continuing, all Secured Parties and the Administrative Agent shall share in all proceeds or other recoveries from the Borrower or under the Security (including amounts received on any exercise of any right of set-off in respect of any Aggregate Net Hedge Indebtedness owing by a Permitted Hedge Counterparty to the Borrower, any other right of counterclaim, set-off, banker's lien or similar right and amounts recovered on the realization of the Security) such that, subject to Section 11.6 of the Agreement, (i) the Secured Parties shall share such amounts *pro rata* based on their respective *pro rata* share of the Senior Secured Indebtedness. For the purposes hereof, a Permitted Hedge Counterparty's *pro rata* share, at any time, of the Aggregate Net Hedge Indebtedness, shall be equal to the *pro rata* portion that such Permitted Hedge Counterparty's Aggregate Net Hedge Indebtedness at such time is to the Aggregate Net Hedge Indebtedness of each Permitted Hedge Counterparty at such time.

If, while an Event of Default has occurred and is continuing, any Secured Party obtains any payment or other recovery whether by set-off in respect of any Aggregate Net Hedge Indebtedness owing by the Secured Party to the Borrower, any other right of set-off, counterclaim, banker's lien or otherwise, and whether voluntary, involuntary or

otherwise, in respect of the Senior Secured Indebtedness in excess of its entitlement to payments and other recoveries obtained from time to time by all Secured Parties on account of Senior Secured Indebtedness, such first Secured Party shall promptly notify the Administrative Agent of such fact and purchase from the other Secured Parties a participation in the Aggregate Net Hedge Indebtedness and, if applicable, Facility Indebtedness, so as to cause such purchasing Secured Party to share the excess payment or other recovery rateably with each of them or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Secured Parties rateably in accordance with the aggregate amount of principal and accrued interest on the respective Loans and other amounts owing to them; provided, however, that, if all or any portion of the excess payment or other recovery is thereafter recovered from such purchasing Secured Party by the Borrower, the purchase shall be rescinded and the purchase price paid by the purchasing Secured Party to the other Secured Parties shall be returned to the purchasing Secured Party to the extent of such recovery but without interest. This Section shall not be deemed to create any obligation on the part of any Secured Party to take any action which if taken would result in such Secured Party obtaining any payment or recovery in excess of its share."

10. Section 7.1 is amended by adding to the end of it the following:

"Each Permitted Hedge Counterparty irrevocably confirms the appointment under the Original Credit Agreement of the Administrative Agent as its agent and fondé de pouvoir , and irrevocably confirms that such appointment continues under this Agreement, for the purpose of holding and realizing on the Security in accordance with and subject to the terms hereof, and authorizes it on behalf of such Permitted Hedge Counterparty to take such action and to exercise such rights, powers and discretions as are expressly granted to it under this Agreement and the other Documents and on the terms hereof or thereof together with such other rights, powers and discretions as are reasonably incidental thereto. To the extent necessary, each Secured Party irrevocably confirms the appointment under the Original Credit Agreement of the Administrative Agent as its agent, and irrevocably confirms that such appointment continues under this Agreement, to hold in the name of the Administrative Agent, for the benefit of the Secured Parties, any of the bonds issued and outstanding from time to time under the Hypothec, and authorizes the Administrative Agent to continue the appointment of the Trustee as the person holding the power of attorney for the bondholders under the Hypothec for all purposes of Article 2692 of the *Civil Code of Quebec* . In addition, without limiting the foregoing, each Secured Party grants to the Administrative Agent a power of attorney, for the purposes of laws applicable to the Security from time to time, to sign documents comprising the Security from time to time (as the party accepting the grant of the Security), and also grants to the Administrative Agent the right to delegate its authority as attorney to any other Person, whether or not an officer or employee of the Administrative Agent."

11. Section 7.2 is amended by deleting the first sentence thereof and replacing it with the following:

"The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender or Permitted Hedge Counterparty as any other Lender or Permitted Hedge Counterparty and may exercise the same as though it were not the Administrative Agent and the term "Lender", "Lenders" or "Permitted Hedge Counterparty" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity."

12. Section 7.7 is amended by:

(a) replacing "Required Lenders" with "Super Majority Lenders" wherever used; and

(b) by adding the following as Section 7.7(4):

"(4) For greater certainty, this Section 7.7 shall survive, *mutatis mutandis* , the indefeasible payment of the Facility Indebtedness and termination of all Commitments."

13. Section 7.9 is amended by replacing the word "Lender", wherever used with "Secured Party" and the word "Lenders" wherever used with "Secured Parties", with corresponding grammatical changes resulting therefrom.

14. The following shall be added to the end of Section 7:

"7.11 Fees of Administrative Agent and Arrangers The Administrative Agent and the Arrangers shall be entitled to receive such consideration for acting as Administrative Agent and Arrangers hereunder as they may agree upon with the Borrower. The Borrower shall pay all such fees directly to the Administrative Agent pursuant to the Arranger Fee Letter and the Agency Fee Letter.

7.12 Majority Lenders Except as otherwise provided herein or therein, where the terms of this Agreement or the other Documents refer to any action to be taken hereunder or thereunder by the Lenders (other than all of the Lenders) or to any such action that requires the consent of the Lenders (other than all of the Lenders) the action may be taken or consent given by any one or more Lenders which constitute the Majority Lenders. Any such approval, requirement, instruction or other expression shall be binding on all Secured Parties. Any approval, requirement, instruction or other expression of the Majority Lenders may be expressed either in writing or by a resolution passed at a meeting of Lenders."

15. Section 9(a) shall be amended by:

(a) deleting "and its Affiliates" from the 2 nd line thereof; and

(b) adding the following to the end of it:

"For greater certainty, and without limiting the foregoing, the Borrower shall also pay or reimburse the Administrative Agent, the Arrangers and the Lenders for all reasonable out-of-pocket costs and expenses of any local agents, the Trustee, the Independent

Engineer, and any other consultants, agents or advisers of the Administrative Agent or Arrangers. The Borrower shall pay or reimburse the Administrative Agent and the Lenders for all such amounts whether or not any of the transactions contemplated hereby are consummated. The agreements in this Section 9(a) shall survive the termination of the Commitments and the repayment of all other amounts outstanding hereunder and under the other Financing Documents. Finally, the "fees, charges and disbursements of counsel" referred to in clause (iii) of this Section 9(a) shall mean the fees, charges and disbursements of one set of counsel for the Administrative 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, and the reasonable fees, charges and disbursements of all such counsel shall be covered by clause (iii) of Section 9(a)."

16. Sections 9(b) and 9(d) are deleted.

17. Section 10(a) is amended by deleting clause (iii) thereof.

18. Section 10(b)(i) is amended by deleting, "in the case of any assignment in respect of a revolving facility, or $1,000,000, in the case of any assignment in respect of a term facility", and by adding "US" before "$5,000,000".

19. Section 10(b)(iii) shall be deleted in its entirety and replaced as follows:

"(iii) any assignment of a Commitment relating to a credit under which Letters of Credit may be issued must be approved by any Issuing Bank (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 Standard & Poor's Ratings Group or Baa2 by Moody's Investors Service, in which case, such approval to be in the Issuing Bank's sole discretion) unless the Person that is the proposed assignee is itself already a Lender with a Commitment under that credit;"

20. Section 10(b)(vi) shall be amended by adding the following to the end of it:

"Each assignee shall pay the Administrative Agent a processing and recordation fee of US $3,000."

21. Section 10 shall be amended by adding the following as Section 10(b)(vii):

"(vii) the assigning Lender or any Permitted Hedge Counterparty which is an Affiliate of such Lender shall assign, at price determined in a reasonable manner from market quotations in accordance with customary market practices, all Hedge Agreements it or they hold with the Borrower to the assignee Lender or to another Lender or Permitted Hedge Counterparty."

22. The following shall be added to the end of Section 10(b):

"The Borrower covenants to and shall execute and deliver to the Administrative Agent the "Specific Acknowledgement Regarding Security" contained in each Assignment and

Acceptance; provided that, if the Borrower does not so execute and deliver to the Administrative Agent such acknowledgement, the failure to so execute and deliver the "Specific Acknowledgement Regarding Security" shall not affect the validity of the Assignment and Acceptance, and the Borrower shall, upon the execution and delivery of each such Assignment and Acceptance by all other parties thereto, be deemed to have made the statements set out in the "Specific Acknowledgement Regarding Security" with respect to each such Assignment and Acceptance."

23. Section 10(e) shall be amended by adding, ", and has consented to the same," after the first reference to "Participant" in the 6 th line thereof.

24. Section 10(f) is amended by deleting the entire Section.

25. Section 11(a) is amended by adding the following to the end of it:

"The Province referred to above is the Province of Ontario."

26. Section 11(b) is amended by adding the following to the end of it:

"The Borrower hereby irrevocably and unconditionally submits for itself and its property in any legal action or proceeding relating to the Loan Documents or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive jurisdiction of the courts of the Province of Ontario and the Province of Quebec."

27. Section 11 is amended by adding the following as Section 11(d):

"(d) The Borrower hereby irrevocably and unconditionally (i) consents to the service of process in any of the aforementioned jurisdictions in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the Borrower at its address set out on the execution page hereof, such service to become effective 30 days after such mailing, and (ii) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction."

28. Section 13(a) is amended by deleting the second sentence in its entirety and replaced as follows:

This Agreement and the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent or the Arrangers constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

29. Section 14 shall be amended by changing the reference to "Lender" and "Lenders", wherever used, to "Secured Party" and "Secured Parties", respectively, with corresponding grammatical changes resulting therefrom.

30. Section 14(1) shall be amended by adding at the end:

"provided that, for purposes of any Information received by any Secured Parties pursuant to Section 9.1(f) of the Agreement, the exception stated in clause (f)(i) of this Section 14(1) shall not apply; provided further that, nothing herein shall relieve a Secured Party of its obligations under this Section 14(1) if such Secured Party has, pursuant to this Section 14(1), disclosed any Information to (a) any person referred to in clause (a) of Section 14(1) of the Provisions or (b) any assignee of or Participant in or prospective assignee of or Participant in any of such Secured Party's rights or obligations under this Agreement.

31. Section 14 shall be amended by adding the following as Section 14(4):

"(4) If the Administrative Agent or any Secured Party is compelled to disclose such confidential Information in a proceeding requesting such disclosure or otherwise pursuant to law or regulation, such Administrative Agent or Secured Party shall (a) only disclose such Information as it is compelled or otherwise legally required to disclose and (b) if applicable, use reasonable commercial efforts to seek to obtain assurance that such confidential treatment will be accorded such Information by the Governmental Authority to which it is disclosed; provided, however, that such Administrative Agent or Secured Party shall have no liability for the failure to obtain such treatment."

32. The following shall be added to the 16 th line of Section 1.2 of Annex 1 (the Standard Terms and Conditions for Assignment and Assumption) after "Credit Agreement, "assuming for this purpose that the Borrower has requested the same,".

33. The following provision shall be added to the end of the Assignment and Assumption:

"SPECIFIC ACKNOWLEDGEMENT OF THE BORROWER REGARDING SECURITY:

The Borrower does hereby acknowledge, declare, agree and confirm that the Assignee, through its designation, appointments, and authorizations of and in respect to the Administrative Agent under the Credit Agreement:

1. has all the benefits of and is hereby acknowledged for all purposes of the Security Documents as being entitled, together with the other Secured Parties, to the benefit of the Bond;

2. has all the benefits of and is hereby acknowledged for all purposes of the Security Documents as being a pledgee, together with other Secured Parties, under the Pledge Agreement to secure the indebtedness, liabilities and obligations of the Borrower under and pursuant to the Credit Agreement and under the Borrower's Secured Hedge Agreements (if applicable) with the Assignee; and

3. has all the benefits of and is hereby acknowledged for all purposes of the other Security Documents granted to or in favour of the Administrative Agent, as being, together with the other Secured Parties, a Secured Party thereunder;

as fully as though the Assignee were an original party thereto.

AGNICO-EAGLE MINES LIMITED

By: _____
Name:
Title:"

MODEL CREDIT AGREEMENT PROVISIONS

1. Definitions

" Administrative Questionnaire " means an Administrative Questionnaire in a form supplied by the Administrative Agent.

" 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.

" Agreement " means the credit agreement of which these Provisions form part.

" 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 judgement, order, writ, injunction, decision, ruling, decree or award; (c) any regulatory policy, practice, guideline or directive; or (d) any franchise, licence, qualification, authorization, consent, exemption, waiver, right, permit or other approval of any Governmental Authority, binding on or affecting the Person referred to in the context in which the term is used or binding on or affecting the property of such Person, in each case whether or not having the force of law.

" Applicable Percentage " means with respect to any Lender, the percentage of the total Commitments represented by such Lender's Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be the percentage of the total outstanding Loans and participations in respect of Letters of Credit represented by such Lender's outstanding Loans and participations in respect of Letters of Credit.

" Approved Fund " means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

" Assignment and Assumption " means an assignment and assumption entered into by a Lender and an Eligible Assignee and accepted by the Administrative Agent, in substantially the form of Exhibit A or any other form approved by the Administrative Agent.

" 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 or (c) the making or issuance of any Applicable Law by any Governmental Authority.

" 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. "Controlling" and "Controlled" have corresponding meanings.

" Default " means any event or condition that constitutes an Event of Default or that would constitute an Event of Default except for satisfaction of any condition subsequent required to

make the event or condition an Event of Default, including giving of any notice, passage of time, or both.

" Eligible Assignee " means any Person (other than a natural person, any Obligor or any Affiliate of an Obligor), in respect of which any consent that is required by Section 10(b) has been obtained.

" Excluded Taxes " means, with respect to the Administrative Agent, any Lender, the Issuing Bank or any other recipient of any payment to be made by or on account of any obligation of an Obligor hereunder, (a) taxes imposed on or measured by its net income, 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 any jurisdiction in which the Lender is located and (c) in the case of a Foreign Lender (other than (i) an assignee pursuant to a request by the Borrower under Section 3.3(b), (ii) an assignee pursuant to an Assignment and Assumption made when an Event of Default has occurred and 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 (A) is not imposed or assessed in respect of a Loan that was made on the premise that an exemption from such withholding tax would be available where the exemption is subsequently determined, or alleged by a taxing authority, not to be available and (B) is required by Applicable Law to be withheld or paid in respect of any amount payable hereunder or under any Loan Document to such Foreign Lender at the time such Foreign Lender becomes a party hereto (or designates a new lending office) or is attributable to such Foreign Lender's failure or inability (other than as a result of a Change in Law) to comply with Section 3.2(e), 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 from an Obligor with respect to such withholding tax pursuant to Section 3.2(a). 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.

" Foreign Lender " means any Lender that is not organized under the laws of the jurisdiction in which the Borrower is resident for tax purposes and that is not otherwise considered or deemed in respect of any amount payable to it hereunder or under any Loan Document to be resident for income tax or withholding tax purposes in the jurisdiction in which the Borrower is resident for tax purposes by application of the laws of that jurisdiction. For purposes of this definition Canada and each Province and Territory thereof shall be deemed to constitute a single jurisdiction and the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

" Fund " means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

" Governmental Authority " means the government of Canada or any other nation, or of any political subdivision thereof, whether 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.

" Indemnified Taxes " means Taxes other than Excluded Taxes.

" Issuing Bank " means the Person named elsewhere in this Agreement as the issuer of Letters of Credit on the basis that it is "fronting" for other Lenders and not on the basis that it is the attorney of other Lenders to sign Letters of Credit on their behalf, or any successor issuer of Letters of Credit. For greater certainty, where the context requires, references to "Lenders" in these Provisions include the Issuing Bank.

" Loan " means any extension of credit by a Lender under this Agreement, including by way of bankers' acceptance or LIBO Rate Loan, except for any Letter of Credit or participation in a Letter of Credit.

" Obligors " means, collectively, the Borrower and each of the guarantors of the Borrower's obligations that are identified elsewhere in this Agreement.

" 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.

" Participant " has the meaning assigned to such term in Section 10(d) .

" Person " means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

" Provisions " means these model credit agreement provisions.

" Related Parties " means, with respect to any Person, such Person's Affiliates and the directors, officers, employees, agents and advisors of such Person and of such Person's Affiliates.

" Taxes " means all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

2. Terms Generally

(1) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a)

any definition of or reference to any agreement, instrument or other document herein (including this Agreement) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented, restated or otherwise modified (subject to any restrictions on such amendments, supplements, restatements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and permitted assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) unless otherwise expressly stated, all references in these Provisions to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, these Provisions, but all such references elsewhere in this Agreement shall be construed to refer to this Agreement apart from these Provisions, (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time and (f) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(2) If there is any conflict or inconsistency between these Provisions and the other terms of this Agreement, the other terms of this Agreement shall govern to the extent necessary to resolve the conflict or inconsistency.

3. Yield Protection

3.1 Increased Costs .

(a) Increased Costs Generally . If any Change in Law shall:

(i) 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;

(ii) 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 Loan 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 3.2 and the imposition, or any change in the rate, of any Excluded Tax payable by such Lender; or

(iii) impose on any Lender or any applicable interbank market any other condition, cost or expense affecting this Agreement or Loans made by 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 or maintaining any Loan (or of maintaining its obligation to make any such Loan), or to increase the cost to such Lender or the Issuing Bank 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 Bank hereunder (whether of principal, interest or any other amount), then upon request of such Lender the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) 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 Loans 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.

(c) 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 paragraph (a) or (b) of this Section, including reasonable detail of the basis of calculation of the amount or amounts, and delivered to the Borrower shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) 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 nine 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 therefore, unless the Change in Law giving rise to such increased costs or reductions is retroactive, in which case the nine-month period referred to above shall be extended to include the period of retroactive effect thereof.

3.2 Taxes .

(a) Payments Subject to Taxes . If any Obligor, the Administrative Agent, or any Lender is required by Applicable Law to deduct or pay any Indemnified Taxes (including any Other Taxes) in respect of any payment by or on account of any obligation of an Obligor hereunder or under any other Loan Document, then (i) 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 Administrative 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, (ii) the Obligor shall make any such deductions required to be made by it under Applicable Law and (iii) the Obligor shall timely pay the full amount required to be deducted to the relevant Governmental Authority in accordance with Applicable Law.

(b) Payment of Other Taxes by the Borrower . Without limiting the provisions of paragraph (a) above, the Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with Applicable Law.

(c) Indemnification by the Borrower . The Borrower shall indemnify the Administrative Agent and each Lender, within 10 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 Administrative 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 Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) 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 Administrative 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 Administrative Agent.

(e) 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 Borrower is resident for tax purposes, or any treaty to which such jurisdiction is a party, with respect to payments hereunder or under any other Loan Document shall, at the request of the Borrower, deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by Applicable Law or reasonably requested by the Borrower or the Administrative 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 Administrative Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to withholding or information reporting requirements, and (b) any Lender that ceases to be, or to be deemed to be, resident in Canada for purposes of Part XIII of the Income Tax Act (Canada) or any successor provision thereto shall within five days thereof notify the Borrower and the Administrative Agent in writing.

(f) Treatment of Certain Refunds and Tax Reductions . If the Administrative 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 the Borrower 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 benefited from a reduction in Excluded Taxes otherwise payable by it, it shall pay to the Borrower or Obligor, as applicable, an amount equal to such refund or reduction (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower or 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 Administrative Agent or such Lender, as the case may be, and without interest (other than any net after-Tax interest paid by the relevant Governmental Authority with respect to such refund). The Borrower or Obligor as applicable, upon the request of the Administrative Agent or such Lender, agrees to repay the amount paid over to the Borrower or Obligor (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender if

the Administrative Agent or such Lender is required to repay such refund or reduction to such Governmental Authority. This paragraph shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Borrower or any other Person, to arrange its affairs in any particular manner or to claim any available refund or reduction.

3.3 Mitigation Obligations: Replacement of Lenders .

(a) Designation of a Different Lending Office . If any Lender requests compensation under Section 3.1, or requires the Borrower to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.2, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans 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 (i) would eliminate or reduce amounts payable pursuant to Section 3.1 or 3.2 , as the case may be, in the future and (ii) 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.

(b) Replacement of Lenders . If any Lender requests compensation under Section 3.1, 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 3.2, if any Lender's obligations are suspended pursuant to Section 3.4 or if any Lender defaults in its obligation to fund Loans hereunder, then the Borrower may, at its sole expense and effort, upon 10 days' notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 10), all of its interests, rights and obligations under this Agreement and the related Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

(i) the Borrower pays the Administrative Agent the assignment fee specified in Section 10(b)(vi);

(ii) the assigning Lender receives payment of an amount equal to the outstanding principal of its Loans 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);

(iii) in the case of any such assignment resulting from a claim for compensation under Section 3.1 or payments required to be made pursuant to Section 3.2, such assignment will result in a reduction in such compensation or payments thereafter; and

(iv) 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.

3.4 Illegality .

If any Lender determines that any Applicable 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 make or maintain any Loan (or to maintain its obligation to make any Loan), or to participate in, issue or maintain any Letter of Credit (or to maintain its obligation to participate in or to issue any Letter of Credit), or to determine or charge interest rates based upon any particular rate, then, on notice thereof by such Lender to the Borrower through the Administrative Agent, any obligation of such Lender with respect to the activity that is unlawful shall be suspended until such Lender notifies the Administrative 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 Administrative Agent), prepay or, if conversion would avoid the activity that is unlawful, convert any Loans, or take any necessary steps with respect to any Letter of Credit in order to avoid the activity that is unlawful. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted. Each Lender agrees to designate a different Lending Office 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.

3.5 Inability to Determine Rates Etc .

If the Required Lenders determine that for any reason a market for bankers' acceptances does not exist at any time or the Lenders cannot for other reasons, after reasonable efforts, readily sell bankers' acceptances or perform their other obligations under this Agreement with respect to bankers' acceptances, the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, the Borrower's right to request the acceptance of bankers' acceptances shall be and remain suspended until the Required Lenders determine and the Agent notifies the Borrower and each Lender that the condition causing such determination no longer exists. If the Required Lenders determine that for any reason adequate and reasonable means do not exist for determining the LIBO Rate for any requested Interest Period with respect to a proposed LIBO Rate Loan, or that the LIBO Rate for any requested Interest Period with respect to a proposed LIBO Rate Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan, the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, the obligation of the Lenders to make or maintain LIBO Rate Loans shall be suspended until the Administrative Agent (upon the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, the Borrower may revoke any pending request for a borrowing, conversion or continuation of LIBO Rate Loans or, failing that, will be deemed to have converted such request into a request for a borrowing of Base Rate Loans in the amount specified therein.

4. Right of Setoff.

If an Event of Default has occurred and is continuing, each of the Lenders and each of their respective Affiliates is hereby authorized at any time and from time to time to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender or any such Affiliate to or for the credit or the account of any Obligor against any and all of the obligations of the Borrower now or hereafter existing under this Agreement or any other Loan Document to such Lender, irrespective of whether or not such Lender has made any demand under this Agreement or any other Loan Document and although such obligations of the Obligor may be contingent or unmatured or are owed to a branch or office of such Lender different from the branch or office holding such deposit or obligated on such indebtedness. The rights of each the Lenders and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff, consolidation of accounts and bankers' lien) that the Lenders or their respective Affiliates may have. Each Lender agrees to promptly notify the Borrower and the Administrative Agent after any such setoff and application, but the failure to give such notice shall not affect the validity of such setoff and application. If any Affiliate of a Lender exercises any rights under this Section 4, it shall share the benefit received in accordance with Section 5 as if the benefit had been received by the Lender of which it is an Affiliate.

5. Sharing of Payments by Lenders.

If any Lender, by exercising any right of setoff or counterclaim or otherwise, obtains any payment or other reduction that might result in such Lender receiving payment or other reduction of a proportion of the aggregate amount of its Loans and accrued interest thereon or other obligations hereunder greater than its pro rata share thereof as provided herein, then the Lender receiving such payment or other reduction shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders rateably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them, provided that:

(i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest,

(ii) the provisions of this Section shall not be construed to apply to (x) any payment made by any Obligor pursuant to and in accordance with the express terms of this Agreement or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in disbursements under Letters of Credit to any assignee or participant, other than to any Obligor or any Affiliate of an Obligor (as to which the provisions of this Section shall apply); and

(iii) the provisions of this Section shall not be construed to apply to (w) 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, (x) any payment made in respect of an obligation that is secured by a Permitted Lien or that is otherwise entitled to priority over the Borrower's obligations under or in connection with the Loan Documents, (y) any reduction arising from an amount owing to an Obligor upon the termination of derivatives entered into between the Obligor and such Lender, or (z) any payment to which such Lender is entitled as a result of any form of credit protection obtained by such Lender.

The Obligors consent to the foregoing and agree, to the extent they may effectively do so under Applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against each Obligor rights of setoff and counterclaim and similar rights of Lenders with respect to such participation as fully as if such Lender were a direct creditor of each Obligor in the amount of such participation.

6. Administrative Agent's Clawback

(a) Funding by Lenders; Presumption by Administrative Agent . Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any advance of funds that such Lender will not make available to the Administrative Agent such Lender's share of such advance, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with the provisions of this Agreement concerning funding by Lenders and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable advance available to the Administrative Agent, then the applicable Lender shall pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at a rate determined by the Administrative Agent in accordance with prevailing banking industry practice on interbank compensation. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such advance. If the Lender does not do so forthwith, the Borrower shall pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon at the interest rate applicable to the advance in question. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that has failed to make such payment to the Administrative Agent.

(b) Payments by Borrower; Presumptions by Administrative Agent . Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of any Lender hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute the amount due to the Lenders. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at a rate determined by the Administrative Agent in accordance with prevailing banking industry practice on interbank compensation.

7. Agency.

7.1 Appointment and Authority . Each of the Lenders and the Issuing Bank hereby irrevocably appoints the Person identified elsewhere in this Agreement as the Administrative Agent to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders and the Issuing Bank, and no Obligor shall have rights as a third party beneficiary of any of such provisions.

7.2 Rights as a Lender . The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with any Obligor or any Affiliate thereof as if such Person were not the Administrative Agent and without any duty to account to the Lenders.

7.3 Exculpatory Provisions .

(1) The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Administrative Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for in the Loan Documents), but the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or Applicable Law; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the person serving as the Administrative Agent or any of its Affiliates in any capacity.

(2) The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as is necessary, or as the Administrative Agent believes in good faith is necessary,

under the provisions of the Loan Documents) or (ii) in the absence of its own gross negligence or wilful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing the Default is given to the Administrative Agent by the Borrower or a Lender.

(3) Except as otherwise expressly specified in this Agreement, the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition specified in this Agreement, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

7.4 Reliance by Administrative Agent . The Administrative 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 Administrative Agent also may 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 a Loan, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or the Issuing Bank, the Administrative Agent may presume that such condition is satisfactory to such Lender or the Issuing Bank unless the Administrative Agent shall have received notice to the contrary from such Lender or the Issuing Bank prior to the making of such Loan or the issuance of such Letter of Credit. The Administrative 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.

7.5 Indemnification of Administrative Agent . Each Lender agrees to indemnify the Administrative Agent and hold it harmless (to the extent not reimbursed by the Borrower), rateably according to its Applicable Percentage (and not jointly or jointly and severally) from and against any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel, which may be incurred by or asserted against the Administrative Agent in any way relating to or arising out of the Loan Documents or the transactions therein contemplated. However, no Lender shall be liable for any portion of such losses, claims, damages, liabilities and related expenses resulting from the Administrative Agent’s gross negligence or wilful misconduct.

7.6 Delegation of Duties . The Administrative 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 Administrative Agent from among the Lenders (including the Person serving as Administrative Agent) and their respective Affiliates. The

Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The provisions of this Article and other provisions of this Agreement for the benefit of the Administrative Agent shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

7.7 Replacement of Administrative Agent .

(1) The Administrative Agent may at any time give notice of its resignation to the Lenders, the Issuing Bank and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor, which shall be a Lender having a Commitment to a revolving credit if one or more is established in this Agreement and having an office in Toronto, Ontario or Montréal, Québec, or an Affiliate of any such Lender with an office in Toronto or Montréal. The Administrative Agent may also be removed at any time by the Required Lenders upon 30 days' notice to the Administrative Agent and the Borrower as long as the Required Lenders, in consultation with the Borrower, appoint and obtain the acceptance of a successor within such 30 days, which shall be a Lender having a Commitment to a revolving credit if one or more is established in this Agreement and having an office in Toronto or Montréal, or an Affiliate of any such Lender with an office in Toronto or Montréal.

(2) If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may on behalf of the Lenders, appoint a successor Administrative Agent meeting the qualifications specified in Section 7.7(1), provided that if the Administrative 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 (1) the retiring Administrative 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 by the Administrative Agent on behalf of the Lenders under any of the Loan Documents, the retiring Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (2) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time as the Required Lenders appoint a successor Administrative Agent as provided for above in the preceding paragraph.

(3) Upon a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the former Administrative Agent, and the former Administrative 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 Administrative 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 Administrative Agent, the provisions of this Section 7 and of Section 9 shall continue in effect for the benefit of such former Administrative 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 Administrative Agent was acting as Administrative Agent.

7.8 Non-Reliance on Administrative Agent and Other Lenders . Each Lender and the Issuing Bank acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and the Issuing Bank also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

7.9 Collective Action of the Lenders . Each of the Lenders hereby acknowledges that to the extent permitted by Applicable Law, any collateral security and the remedies provided under the Loan Documents to the Lenders are for the benefit of the Lenders collectively and acting together and not severally and further acknowledges that its rights hereunder and under any collateral security are to be exercised not severally, but by the Administrative Agent upon the decision of the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for in the Loan Documents). Accordingly, notwithstanding any of the provisions contained herein or in any collateral security, each of the Lenders hereby covenants and agrees that it shall not be entitled to take any action hereunder or thereunder including, without limitation, any declaration of default hereunder or thereunder but that any such action shall be taken only by the Administrative Agent with the prior written agreement of the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for in the Loan Documents). Each of the Lenders hereby further covenants and agrees that upon any such written agreement being given, it shall co-operate fully with the Administrative Agent to the extent requested by the Administrative Agent. Notwithstanding the foregoing, in the absence of instructions from the Lenders and where in the sole opinion of the Administrative Agent, acting reasonably and in good faith, the exigencies of the situation warrant such action, the Administrative Agent may without notice to or consent of the Lenders take such action on behalf of the Lenders as it deems appropriate or desirable in the interest of the Lenders.

7.10 No Other Duties. etc . Anything herein to the contrary notwithstanding, none of the Bookrunners, Arrangers or holders of similar titles, if any, specified in this Agreement shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent or a Lender hereunder.

8. Notices: Effectiveness; Electronic Communication

(a) Notices Generally . Except in the case of notices and other communications expressly permitted to be given by telephone (and except as-provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier to the addresses or telecopier numbers specified elsewhere in this Agreement or, if to a

Lender, to it at its address or telecopier number specified in the Register or, if to an Obligor other than the Borrower, in care of the Borrower.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given on a business day between 9:00 a.m. and 5:00 p.m. local time where the recipient is located, shall be deemed to have been given at 9:00 a.m. on the next business day for the recipient). Notices delivered through electronic communications to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Electronic Communications . Notices and other communications to the Lenders and the Issuing Bank hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender of Loans to be made or Letters of Credit to be issued if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail 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 e-mail 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 (ii) 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 (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) Change of Address. Etc . Any party hereto may change its address or telecopier number for notices and other communications hereunder by notice to the other parties hereto.

9. Expenses; Indemnity: Damage Waiver

(a) Costs and Expenses . The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by the Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all reasonable out-of-pocket expenses incurred by the Administrative Agent, any Lender or the

Issuing Bank, including the reasonable fees, charges and disbursements of counsel, in connection with the enforcement or protection of its rights in connection with this Agreement and the other Loan Documents, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) Indemnification by the Borrower . The Borrower shall indemnify the Administrative Agent (and any sub-agent thereof), each Lender and the Issuing Bank, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any third party or by any Obligor arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance or non-performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation or non-consummation of the transactions contemplated hereby or thereby, (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or Release of Hazardous Materials on or from any property owned or operated by any Obligor, or any Environmental Liability related in any way to any Obligor, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by an Obligor and regardless of whether any Indemnitee is a party thereto, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or wilful misconduct of such Indemnitee or (y) result from a claim brought by the Borrower or any other Obligor against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if the Obligor has obtained a final and nonappealable judgment in its favour on such claim as determined by a court of competent jurisdiction, nor shall it be available in respect of matters specifically addressed in Sections 3.1, 3.2 and 9(a).

(c) Reimbursement by Lenders . To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under paragraph (a) or (b) of this Section to be paid by it to the Administrative Agent (or any sub-agent thereof), the Issuing Bank or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), the Issuing Bank or such Related Party, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) or the Issuing Bank in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent) or Issuing Bank in connection with such capacity. The obligations of the Lenders under this paragraph (c) are subject to the other provisions of this Agreement concerning several liability of the Lenders.

(d) Waiver of Consequential Damages . Etc. To the fullest extent permitted by Applicable Law, the Obligors shall not assert, and hereby waive, any claim against any Indemnitee, on any theory of liability, for indirect, consequential, punitive, aggravated or exemplary damages (as opposed to direct damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby (or any breach thereof), the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(e) Payments . All amounts due under this Section shall be payable promptly after demand therefor. A certificate of the Administrative Agent or a Lender setting forth the amount or amounts owing to the Administrative Agent, Lender or a sub-agent or Related Party, as the case may be, as specified in this Section, including reasonable detail of the basis of calculation of the amount or amounts, and delivered to the Borrower shall be conclusive absent manifest error.

10. Successors and Assigns

(a) Successors and Assigns Generally . The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Obligor may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of paragraph (b) of this Section, (ii) by way of participation in accordance with the provisions of paragraph (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of paragraph (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). 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 paragraph (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders . Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that:

(i) except if an Event of Default has occurred and is continuing or in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or 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 Loans outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Loan of the assigning Lender subject to each such

assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date) shall not be less than $5,000,000, in the case of any assignment in respect of a revolving facility, or $1,000,000, in the case of any assignment in respect of a term facility, unless each of the Administrative Agent and, so long as no Default has occurred and is continuing, the Borrower otherwise consent to a lower amount (each such consent not to be unreasonably withheld or delayed);

(ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loan or the Commitment assigned, except that this clause (ii) shall not prohibit any Lender from assigning all or a portion of its rights and obligations among separate credits on a non-pro rata basis;

(iii) any assignment of a Commitment relating to a credit under which Letters of Credit may be issued must be approved by any Issuing Bank (such approval not to be unreasonably withheld or delayed) unless the Person that is the proposed assignee is itself already a Lender with a Commitment under that credit;

(iv) any assignment must be approved by the Administrative Agent (such approval not to be unreasonably withheld or delayed) unless:

(x) in the case of an assignment of a Commitment relating to a revolving credit, the proposed assignee is itself already a Lender with the same type of Commitment,

(y) no Event of Default has occurred and is continuing, and the assignment is of a Commitment relating to a non-revolving credit that is fully advanced, or

(z) the proposed assignee is a bank whose senior, unsecured, non-credit enhanced, long term debt is rated at least A3, A- or A low by at least two of Moody's Investor Services Inc., Standard & Poor's, a division of The McGraw-Hill Companies, Inc. and Dominion Bond Rating Service Limited, respectively;

(v) any assignment must be approved by the Borrower (such approval not to be unreasonably withheld or delayed) unless the proposed assignee is itself already a Lender with the same type of Commitment or a Default has occurred and is continuing; and

(vi) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in an amount specified elsewhere in this Agreement and the Eligible Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to paragraph (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement and the other Loan Documents, including any collateral security, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3 and 9, and shall continue to be liable for any breach of this Agreement by such Lender, 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 paragraph 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 paragraph (d) of this Section. 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 Loan to the Borrower.

(c) Register . The Administrative Agent shall maintain at one of its offices in Toronto, Ontario or Montréal, Québec a copy of each Assignment and Assumption 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 Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, absent manifest error, and the Borrower, the Administrative 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 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.

(d) Participations . Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative 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 Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative 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. 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 Loan to the Borrower.

Subject to paragraph (e) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Section 3 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 4 as though it were a Lender, provided such Participant agrees to be subject to Section 5 as though it were a Lender.

(e) Limitations upon Participant Rights . A Participant shall not be entitled to receive any greater payment under Section 3.1 and 3.2 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 3.2 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 Section 3.2(e) as though it were a Lender.

(f) Certain Pledges . Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, but no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

11. Governing Law: Jurisdiction: Etc.

(a) Governing Law . This Agreement shall be governed by, and construed in accordance with, the laws of the Province specified elsewhere in this Agreement and the laws of Canada applicable in that Province.

(b) Submission to Jurisdiction . Each Obligor irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the courts of the Province specified elsewhere in this Agreement, 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 Administrative 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 properties in the courts of any jurisdiction.

(c) 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 paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

12. 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.

13. Counterparts: Integration: Effectiveness: Electronic Execution

(a) Counterparts : Integration: Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in the conditions precedent Section(s) of this Agreement, this Agreement shall become effective when it has been executed by the Administrative Agent and when the Administrative Agent has received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or by sending a scanned copy by electronic mail shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) Electronic Execution of Assignments . The words “execution,” “signed,” “signature,” and words of like import in any Assignment and Assumption 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.

14. Treatment of Certain Information: Confidentiality

(1) Each of the Administrative 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 to have jurisdiction over it (including any self-regulatory authority), (c) to the extent required by Applicable Laws or regulations 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 swap, derivative, credit-linked note or similar transaction relating to the Borrower and its 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 Administrative Agent or any Lender on a non-confidential basis from a source other than an Obligor.

(2) For purposes of this Section, "Information" means all information received in connection with this Agreement from any Obligor 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 Administrative 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 Administrative 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.

(3) In addition, and notwithstanding anything herein to the contrary, the Administrative Agent may provide the information described on Exhibit B 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.

EXHIBIT A

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between [Insert name of Assignor] (the "Assignor") and [Insert name of Assignee] (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including without limitation any letters of credit, guarantees, and swingline loans included in such facilities) and (ii) to the extent permitted to be assigned under Applicable Law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan-transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as, the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor:

2. Assignee:
[and is an Affiliate/Approved Fund of [identify Lender](1)]

3. Borrower(s):

4. Administrative Agent: , as the administrative agent under the Credit Agreement

(1) Select as applicable.

5. Credit Agreement: [The [amount] Credit Agreement dated as of among [name of Borrower(s)], the Lenders parties thereto, [name of Administrative Agent], as Administrative Agent, and the other agents parties thereto]

6. Assigned Interest:

Facility Assigned(2)	Aggregate Amount of Commitment/Loans for all Lenders(3)	Amount of Commitment/Loans Assigned(3)	Percentage Assigned of Commitment/Loans(4)	CUSIP Number
	$	$	%	
	$	$	%	
	$	$	%	

[7. Trade Date:](5)

(2) Fill in the appropriate terminology for the types of facilities under the Credit Agreement that are being assigned under this Assignment (e.g. “Revolving Credit Commitment,” “Term Loan Commitment,” etc.)

(3) Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

(4) Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

(5) To be completed if the Assignor and the Assignee intend that the minimum assignment amount is to be determined as of the Trade Date.

Effective Date: , 20 [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR
[NAME OF ASSIGNOR]

By: _____
Title:

ASSIGNEE
[NAME OF ASSIGNEE]

By: _____
Title:

[Consented to and](6) Accepted:

[NAME OF ADMINISTRATIVE AGENT], as
Administrative Agent

By _____
Title:

[Consented to:](7)

[NAME OF RELEVANT PARTY]

By _____
Title:

(6) To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.

(7) To be added only if the consent of the Borrower and/or other parties (e.g. Swingline Lender, L/C Issuer) is required by the terms of the Credit Agreement.

[ ](1)

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor . The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document(2), (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee . The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all requirements of an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is a Foreign Lender(3), attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in

(1) Describe Credit Agreement at option of Administrative Agent.

(2) The term “Loan Document” should be conformed to the term used in the Credit Agreement.

(3) The concept of “Foreign Lender” should be conformed to the section in the Credit Agreement governing withholding taxes and gross-up.

taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments . From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee whether such amounts have accrued prior to, on or after the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

3. General Provisions . This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and permitted assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy or by sending a scanned copy by electronic mail shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law governing the Credit Agreement.

LOAN MARKET DATA TEMPLATE

Recommended Data Fields – At Close

The items highlighted in bold are those that Loan Pricing Corporation (LPC) deem essential. The remaining items are those that LPC has seen become more prominent over time as transparency has increased in the U.S. Loan Market.

Company Level	Deal Specific	Facility Specific
Issuer Name	**Currency/Amount**	**Currency/Amount**
Location	**Date**	**Type**
SIC (Cdn)	**Purpose**	**Purpose**
Identification Number(s)	**Sponsor**	**Tenor**
Revenue	**Financial Covenants**	Term Out Option
		Expiration Date
	Target Company	**Facility Signing Date**
* **Measurement of Risk**	**Assignment Language**	**Pricing**
S&P Sr. Debt	Law Firms	**Base Rate(s)/Spread(s)/BA/LIBOR**
S&P Issuer	MAC Clause	**Initial Pricing Level**
Moody's Sr. Debt	Springing lien	**Pricing Grid (tied to, levels)**
Moody's Issuer	Cash Dominion	**Grid Effective Date**
Fitch Sr.Debt	Mandatory Prepays	**Fees**
Fitch Issuer	Restrct'd Payments (Neg Covs)	**Participation Fee (tiered also)**
S&P Implied		
(internal assessment)	Other Restrictions	**Commitment Fee**
DBRS		
Other Ratings		**Annual Fee**
*Industry Classification		**Utilization Fee**
Moody's Industry		**LC Fee(s)**
S&P Industry		**BA Fee**
Parent		Prepayment Fee
Financial Ratios		Other Fees to Market
		Security
		Secured/Unsecured
		Collateral and Seniority of Claim
		Collateral Value
		Guarantors
		Lenders Names/Titles
		Lender Commitment ($)
		Commited/Uncommited
		Distribution method
		Amortization Schedule
		Borrowing Base/Advance Rates
		New Money Amount
		Country of Syndication
		Facility Rating (Loss given default)
		S&P Bank Loan
		Moody's Bank Loan
		Fitch Bank Loan
		DBRS
		Other Ratings

* These items would be considered useful to capture from an analytical perspective

Exhibit 4.02

EXECUTION COPY

CONSENT AND AMENDMENT NO. 1 TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

This Consent and Amendment No. 1 to Third Amended and Restated Credit Agreement (the " **Agreement** ") is made as of the 1 st day of November, 2006 between Agnico-Eagle Mines Limited (the " **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 the banks and other financial institutions party hereto, as lenders.

RECITALS:

A. Reference is made to the third amended and restated credit agreement dated as of October 17, 2006 (the " **Credit Agreement** ") 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 (the " **Lenders** "), as lenders.

B. The Borrower proposes to enter into and complete the reorganization described on Annex 1 hereto (the " **Reorganization** ").

C. The Borrower has requested that the Lenders consent to the Reorganization.

D. The Lenders will consent to the Reorganization on the terms and conditions set forth below.

E. The parties wish to amend the Credit Agreement in the manner set forth below.

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned hereby agree as follows:

1. DEFINITIONS.

All capitalized terms used herein which are not defined herein shall have the respective meanings given to them in the Credit Agreement.

2. CONSENT.

Subject to Section 4 below, the Lenders consent, effective from and after the date hereof, to the Reorganization.

3. AMENDMENTS.

Subject to Section 4 below, the Credit Agreement is amended, effective from and after the date hereof, by:

(a) adding the following definitions (in appropriate alphabetical order) to Section 1.1:

" Additional Intercompany Scandinavian Creditor " means each direct or indirect Subsidiary of the Borrower (excluding 1715495 Ontario Inc., Agnico-Eagle (Delaware) L.L.C., Agnico-Eagle (Delaware) II L.L.C. and Agnico-Eagle (Delaware) III L.L.C.) which is owed any Additional Intercompany Scandinavian Debt.

" Additional Intercompany Scandinavian Debt " means the sum (without regard to set-off) of (a) the total indebtedness owing by Agnico-Eagle Sweden AB to each other direct or indirect Subsidiary of the Borrower, (b) the total indebtedness owing by Riddarhyttan Resources AB to each other direct or indirect Subsidiary of the Borrower, (c) the total indebtedness owing by Agnico-Eagle AB to each other direct or indirect Subsidiary of the Borrower and (d) the total indebtedness owing by each other Scandinavian Subsidiary to each other direct or indirect Subsidiary of the Borrower.

(b) deleting the definition of Riddarhyttan Resources AB in Section 1.1 in its entirety and replacing it with the following:

" Riddarhyttan Resources AB " shall mean Riddarhyttan Resources AB (publ) or, as applicable, Riddarhyttan Resources AB, a Swedish corporation, and its successors.

(c) deleting Section 10.3(b)(iii) in its entirety and replacing it with the following:

without duplicating Section 10.3(b)(i), the Borrower may make loans or advances to, or capital contributions in, any Subsidiary, and any Subsidiary may make loans or advances to, or capital contributions in, any other Subsidiary, if, at the time of such loan, advance or capital contribution, the Investment Conditions shall have been satisfied and such loan or capital contribution to, or in, any such Subsidiary is used by such Subsidiary (I) for the purposes set out in, and in accordance with, Section 10.3(b)(vii) or (ix) or (II) for operating, exploration, reclamation or capital expenditures of a Subsidiary or to repay loans or advances or return such capital contributions previously made by the Borrower or a Subsidiary for such purposes; provided that, in the case of any loans or advances made by the Borrower or any Subsidiary to any Scandinavian Subsidiary, the Borrower or such other Subsidiary has assigned such indebtedness to the Administrative Agent;

(d) deleting the last paragraph of Section 10.3(c) in its entirety and replacing it with the following:

Notwithstanding any other provision hereof, neither the Borrower nor any Subsidiary (including, for greater certainty, any Scandinavian Subsidiary) shall create, incur, assume or suffer to exist any Indebtedness owed to any Person other than any Subsidiary or the Borrower which has recourse to any Scandinavian Subsidiary or any assets held by any Scandinavian Subsidiary if such outstanding Indebtedness, in the aggregate, would exceed US $10,000,000. For greater certainty, for the purposes of the immediately preceding sentence only, "recourse" shall not include any rights conferred on a Person as a result of the ownership of shares of any Scandinavian Subsidiary.

(e) deleting Section 11.1(v) in its entirety and replacing it with the following:

(a) the Borrower ceases to own, directly or indirectly, all of the issued and outstanding Capital Stock of any Subsidiary which owns or controls an Included Property, or (b) the Borrower ceases to own all of the issued and outstanding Capital Stock of any Subsidiary which owns the Capital Stock of another Subsidiary which owns or controls an Included Property, or (c) any Subsidiary which owns the issued and outstanding Capital Stock of another Subsidiary which owns an Included Property or which owns the issued and outstanding Capital Stock of another Subsidiary which owns or controls an Included Property ceases to own all such issued and outstanding Capital Stock; provided that, until such time as Agnico-Eagle Sweden AB has completed the compulsory acquisition procedure under Swedish law in respect of the 2.7% of the shares of Riddarhyttan Resources AB that it does not own on the date hereof, the holding by Agnico-Eagle Sweden AB of 97.3% of the shares of Riddarhyttan Resources AB shall not constitute an Event of Default, but the holding by Agnico-Eagle Sweden AB of less than 97.3% of the shares of Riddarhyttan Resources AB shall constitute an Event of Default.

(f) adding the following after Section 9.1(n), as new Section 9.1(o):

forthwith and in any event within 5 Business Days after each time that the Additional Intercompany Scandinavian Debt exceeds US $10,000,000, the Borrower shall notify the Administrative Agent of such event or occurrence; and

Old Section 9.1(o) shall become Section 9.1(p). The last word, “and” in Section 9.1(n), shall be deleted.

(g) adding the following after Section 10.2(v) as Section 10.2(w):

Security for Additional Intercompany Scandinavian Debt . At any time that the Additional Intercompany Scandinavian Debt exceeds US $10,000,000, the Borrower shall cause to be delivered to the Administrative Agent by each Additional Intercompany Scandinavian Creditor a guarantee of the Senior Secured Indebtedness and an assignment to the Administrative Agent of such indebtedness, each in form and substance satisfactory to the Lenders, with the security interest granted thereby being a first priority security interest subject only to Permitted Liens, together with any other documents or opinions required by the Lenders in support thereof.

(h) deleting the definition of “Obligors” in the Provisions and replacing it with the following:

“ Obligors ” means, collectively, the Borrower and each of the guarantors of the Borrower’s obligations.

Subject to Section 4 below, the Credit Agreement is amended, effective from and after the date of the completion of the Reorganization, by deleting Schedule 8.1(t) (Subsidiaries and Capital Stock) and replacing it with updated Schedule 8.1(t) hereto.

4. CONDITIONS TO EFFECTIVENESS.

This Agreement shall not become effective until the following conditions are satisfied:

(a) Due Diligence . The Lenders shall have conducted due diligence satisfactory to them on the Reorganization.

(b) Closing Documents . The Borrower shall have delivered, or caused to be delivered, the documents, and taken, or caused to be taken, the actions, contemplated by the "Closing Matters" section of the closing checklist attached hereto as Annex 2, all in form and substance satisfactory to the Lenders, acting reasonably.

Execution and delivery by a Lender of a counterpart of this Agreement shall be deemed confirmation by such Lender that the conditions referred to in Sections 4(a) and (b) above have been fulfilled to the satisfaction of such Lender. Upon completion of the conditions referred to in Sections 4(a) and (b) above to the satisfaction of the Lenders, the Administrative Agent will so notify the Borrower in writing.

5. POST-CLOSING COVENANT.

The Borrower agrees to deliver, or cause to be delivered, the documents, and take, or cause to be taken, the actions, contemplated by the "Post-Closing Matters" section of the closing checklist attached hereto as Annex 2 within the following time periods:

No.	Document	Time Period
1.	Search report of DWPV-NY	Within 45 days of the Administrative Agent notifying the Borrower of the completion of the conditions referred to in Sections 4(a) and (b) above to the satisfaction of the Lenders.
2.	Pledge Amendment to Securities Pledge Agreement by Newco Ontario pledging the shares of AE Sweden	Upon Newco Ontario acquiring any shares of AE Sweden.
3.	Interim Share Certificate evidencing the shares of AE Sweden held by Newco Ontario duly endorsed in blank	Upon Newco Ontario acquiring any shares of AE Sweden.
4.	Notice of Pledge Agreement and Acknowledgement by AE Sweden	Upon Newco Ontario acquiring any shares of AE Sweden.
5.	Shareholders' Register of AE Sweden	Upon Newco Ontario acquiring any shares of AE Sweden.

No.	Document	Time Period
6.	Officer's Certificate for Newco Ontario confirming no change to articles and by-laws of Newco Ontario, and attaching: (a) Authorizing resolutions (b) Incumbency particulars	Upon Newco Ontario acquiring any shares of AE Sweden.
7.	Certificate of Status for Newco Ontario	Upon Newco Ontario acquiring any shares of AE Sweden.
8.	Opinion of DWPV	Upon Newco Ontario acquiring any shares of AE Sweden.
9.	Share Certificate evidencing the shares of AE Sweden held by Newco Ontario duly endorsed in blank	Within 60 days of Newco Ontario acquiring any shares of AE Sweden.

6. REPRESENTATIONS AND WARRANTIES.

In order to induce the Lenders to enter into this Agreement, the Borrower represents and warrants as follows:

(a) each representation and warranty of each Restricted Party contained in the Financing Documents is true and correct on the date hereof (where such representation or warranty is qualified by "Material Adverse Effect" or any other "materiality" concept), and in all other cases true and correct in all material respects on the date hereof, as though such representation and warranty had been made on and as of the date hereof (unless such representation and warranty is expressly limited to an earlier date or is no longer true and correct solely as a result of transactions not prohibited by the Financing Documents);

(b) no Material Adverse Change has occurred since the effective date of the last financial statements of the Borrower delivered to the Administrative Agent pursuant to Section 9.1(b) or (c) of the Credit Agreement; and

(c) no Default has occurred and is continuing.

Each representation and warranty made in this Agreement shall survive the execution and delivery of this Agreement.

7. CONFIRMATION.

Except to the extent specifically provided herein, nothing herein waives, amends or otherwise alters the Credit Agreement, the Documents or the rights and remedies of the Administrative Agent and the Lenders thereunder or under applicable law, all of which rights and remedies remain in full force and effect. The amendments referred to herein apply only to the specific subject matter hereof, and nothing herein shall constitute an amendment or waiver

of, consent to, or shall in any manner affect any of the rights and remedies of the Administrative Agent and the Lenders with respect to, any other matter.

8. MISCELLANEOUS.

(a) The Credit Agreement and the Documents shall be read and construed throughout so as to incorporate the provisions of this Agreement.

(b) This Agreement may be signed in counterparts and transmitted by facsimile, each of which shall be considered an original and all of such counterparts taken together shall constitute one and the same agreement.

(c) This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in the Province of Ontario.

(d) The parties hereto shall from time to time do all such further acts and things and execute and deliver all such documents as are required in order to effect the full intent of and fully perform and carry out the terms of this Agreement.

(e) This Agreement shall be binding upon the parties hereto and their respective successors and permitted assigns, and shall enure to the benefit of the parties hereto and their respective successors and permitted assign.

[execution pages follow]

IN WITNESS WHEREOF each of the undersigned has caused this Consent and Amendment No. 1 to Third Amended and Restated Credit Agreement to be executed by its duly authorized officer(s) as of the date first written above.

AGNICO-EAGLE MINES LIMITED

By: (signed) *R. Gregory Laing*
Name: R. Gregory Laing
Title: General Counsel, Senior Vice President, Legal and Corporate Secretary

IN WITNESS WHEREOF each of the undersigned has caused this Consent and Amendment No. 1 to Third Amended and Restated Credit Agreement to be executed by its duly authorized officer(s) as of the date first written above.

THE BANK OF NOVA SCOTIA, as Co-Arranger, Administrative Agent and Technical Agent

By: (signed) *Alistair Borthwick*
Name: Alistair Borthwick
Title: Director

By: (signed) *Alicia Osegueda*
Name: Alicia Osegueda
Title: Associate Director

IN WITNESS WHEREOF each of the undersigned has caused this Consent and Amendment No. 1 to Third Amended and Restated Credit Agreement to be executed by its duly authorized officer(s) as of the date first written above.

SOCIÉTÉ GÉNÉRALE (CANADA), as Co-Arranger and Syndication Agent

By: (signed) *David Baldoni*
Name: David Baldoni
Title: Managing Director

By: (signed) *Paul Primavesi*
Name: Paul Primavesi
Title: Vice President

IN WITNESS WHEREOF each of the undersigned has caused this Consent and Amendment No. 1 to Third Amended and Restated Credit Agreement to be executed by its duly authorized officer(s) as of the date first written above.

N M ROTHSCHILD & SONS LIMITED,
as Co-Arranger and Co-Documentation Agent

By: (signed) *Nicholas Wood*
Name: Nicholas Wood
Title: Director

By: (signed) *Alan Park*
Name: Alan Park
Title: Director

IN WITNESS WHEREOF each of the undersigned has caused this Consent and Amendment No. 1 to Third Amended and Restated Credit Agreement to be executed by its duly authorized officer(s) as of the date first written above.

THE TORONTO-DOMINION BANK
as Co-Documentation agent

By: (signed) *Rohan Appadurai*
Name: Rohan Appadurai
Title: Managing Director

IN WITNESS WHEREOF each of the undersigned has caused this Consent and Amendment No. 1 to Third Amended and Restated Credit Agreement to be executed by its duly authorized officer(s) as of the date first written above.

THE BANK OF NOVA SCOTIA

By: (signed) *Ray Clarke*
Name: Ray Clarke
Title: Director

By: (signed) *Derek Taylor*
Name: Derek Taylor
Title: Associate Director

IN WITNESS WHEREOF each of the undersigned has caused this Consent and Amendment No. 1 to Third Amended and Restated Credit Agreement to be executed by its duly authorized officer(s) as of the date first written above.

SOCIÉTÉ GÉNÉRALE (CANADA)

By: (signed) *David Baldoni*
Name: David Baldoni
Title: Managing Director

By: (signed) *Paul Primavesi*
Name: Paul Primavesi
Title: Vice President

IN WITNESS WHEREOF each of the undersigned has caused this Consent and Amendment No. 1 to Third Amended and Restated Credit Agreement to be executed by its duly authorized officer(s) as of the date first written above.

N M ROTHSCHILD & SONS LIMITED

By: (signed) *Alan Park*
Name: Alan Park
Title: Director

By: (signed) *Nicholas Wood*
Name: Nicholas Wood
Title: Director

IN WITNESS WHEREOF each of the undersigned has caused this Consent and Amendment No. 1 to Third Amended and Restated Credit Agreement to be executed by its duly authorized officer(s) as of the date first written above.

NATIONAL BANK OF CANADA

By: (signed) *Andre Marenger*
Name: Andre Marenger
Title: Director

By: (signed) Rejean Guevremont
Name: Rejean Guevremont
Title: Managing Director

IN WITNESS WHEREOF each of the undersigned has caused this Consent and Amendment No. 1 to Third Amended and Restated Credit Agreement to be executed by its duly authorized officer(s) as of the date first written above.

THE TORONTO-DOMINION BANK

By: (signed) *Rohan Appadurai*
Name: Rohan Appadurai
Title: Managing Director

Exhibit 8.01

Subsidiaries

Name	Jurisdiction of Incorporation	Other names under which entity operates
1715495 Ontario Inc.	Ontario	None
Agnico-Eagle Sweden AB	Sweden	None
Riddarhyttan Resources AB	Sweden	None
Agnico-Eagle AB	Sweden	None
Oijarvi Resources Oy	Finland	None
989093 Ontario Limited	Ontario	None
Agnico Eagle Mexico, S.A. de C.V.	Mexico	None
1641315 Ontario Inc.	Ontario	None
Servicios Agnico Eagle Mexico, S.A. de C.V.	Mexico	None
Servicios Pinos Altos, S.A. de C.V.	Mexico	None
Agnico-Eagle (Delaware) LLC	Delaware	None
Agnico-Eagle (Delaware) II LLC	Delaware	None
Agnico-Eagle (Delaware) III LLC	Delaware	None
Agnico-Eagle (USA) Limited	Colorado	None
Riddarhyttan Resources Oy	Finland	None
Agnico-Eagle Acquisition Corporation	British Columbia	None

Exhibit 12.01

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,

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 23, 2007

Exhibit 12.02

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,

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 23, 2007

Exhibit 13.01

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, 2006 (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 23, 2007

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.

Exhibit 13.02

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, 2006 (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 23, 2007

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.

Exhibit 15.01

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Form S-8 (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 S-3 (File No. 333-120043) pertaining to the Agnico-Eagle Mines Limited Dividend Reinvestment and Share Purchase Plan, the Registration Statement on Form F-10, as amended (File No. 333- 138921) and the Registration Statement on Form F-10 (as may be amended or supplemented) (File No. 333- 141229) of our report dated March 19, 200 7 , with respect to the consolidated financial statements of Agnico-Eagle Mines Limited as of December 31, 2006, and our report dated March 19, 2007, with respect to Agnico-Eagle Mines Limited management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting of Agnico-Eagle Mines Limited, which reports appear in the December 31, 2006 Annual Report on Form 20-F of Agnico-Eagle Mines Limited.

/s/ ERNST & YOUNG LLP
Chartered Accountants

Toronto, Canada
March 23, 2007