AGNICO EAGLE MINES LTD

FORM 20-F

(Annual and Transition Report (foreign private issuer))

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Industry	Gold & Silver
Sector	Basic Materials
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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, 2010
OR
☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
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 _____
For the transition period from _____to _____

Commission file number: 1-13422

AGNICO-EAGLE MINES LIMITED

(Exact name of Registrant as Specified in its Charter)

Not Applicable
(Translation of Registrant's Name into English)

Ontario, Canada
(Jurisdiction of Incorporation or Organization)

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

R. Gregory Laing
145 King Street East, Suite 400
Toronto, Ontario, Canada M5C 2Y7
Telephone: 416-947-1212 Fax: 416-367-4681
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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:
None

Securities for which there is a reporting obligation 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.

168,720,355 Common Shares as of December 31, 2010

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 basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☒ International Financial Reporting Standards as issued by the International Accounting Standards Board ☐ Other ☐

If "Other" has been checked in response to the previous question, 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.

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PRELIMINARY NOTE

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

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

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

- the Company's outlook for 2011 and future periods;
- statements regarding future earnings, and the sensitivity of earnings to gold and other metal prices;
- anticipated levels or trends for prices of gold and byproduct metals mined by the Company or for exchange rates between currencies in which capital is raised, revenue is generated or expenses are incurred by the Company;
- estimates of future mineral production and sales;
- estimates of future costs, including mining costs, total cash costs per ounce, minesite costs per tonne and other expenses;
- estimates of future capital expenditure, exploration expenditure and other cash needs, and expectations as to the funding thereof;
- statements regarding the projected exploration, development and exploitation of certain ore deposits, including estimates of exploration, development and production and other capital costs and estimates of the timing of such exploration, development and production or decisions with respect thereto;
- estimates of mineral reserves, mineral resources and ore grades and statements regarding anticipated future exploration results;
- estimates of cash flow;
- estimates of mine life;
- anticipated timing of events with respect to the Company's minesites, mine construction projects and exploration projects;
- estimates of future costs and other liabilities for environmental remediation;
- statements regarding anticipated legislation and regulation regarding climate change and estimates of the impact on the Company; and
- other anticipated trends with respect to the Company's capital resources and results of operations.

Forward-looking statements are necessarily based upon a number of factors and assumptions that, while considered reasonable by Agnico-Eagle as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The factors and assumptions of Agnico-Eagle upon which the forward-looking statements in this Form 20-F are based, and which may prove to be incorrect, include, but are not limited to, the assumptions set out elsewhere in this Form 20-F as well as: that there are no significant disruptions affecting Agnico-Eagle's operations, whether due to labour disruptions, supply disruptions, damage to equipment, natural occurrences, political changes, title issues or otherwise; that permitting, development and expansion at each of Agnico-Eagle's mines

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and mine development projects proceed on a basis consistent with current expectations, and that Agnico-Eagle does not change its exploration or development plans relating to such projects; that the exchange rates between the Canadian dollar, Euro, Mexican peso and the U.S. dollar will be approximately consistent with current levels or as set out in this Form 20-F; that prices for gold, silver, zinc, copper and lead will be consistent with Agnico-Eagle's expectations; that prices for key mining and construction supplies, including labour costs, remain consistent with Agnico-Eagle's current expectations; that production meets expectations; that Agnico-Eagle's current estimates of mineral reserves, mineral resources, mineral grades and mineral recovery are accurate; that there are no material delays in the timing for completion of development projects; and that there are no material variations in the current tax and regulatory environment that affect Agnico-Eagle.

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

NOTE TO INVESTORS CONCERNING ESTIMATES OF MINERAL RESOURCES

The mineral reserve and mineral resource estimates contained in this Form 20-F have been prepared in accordance with the Canadian securities regulatory authorities' (the "CSA") National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101"). These standards are similar to those used by the United States Securities and Exchange Commission's ("SEC") Industry Guide No. 7, as interpreted by Staff at the SEC ("Guide 7"). However, the definitions in NI 43-101 differ in certain respects from those under Guide 7. Accordingly, mineral reserve information contained or incorporated by reference herein may not be comparable to similar information disclosed by U.S. companies. Under the requirements of the SEC, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. The SEC does not recognize measures of "mineral resource".

The metal grades reported in the mineral reserve and mineral resource estimates represent in-place grades and do not reflect losses in the recovery process, that is, the metallurgical losses associated with processing the extracted ore. The mineral reserve 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 Company does not include equivalent gold ounces for byproduct metals contained in mineral reserves in its calculation of contained ounces.

Cautionary Note to Investors Concerning Estimates of Measured and Indicated Mineral Resources

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

Cautionary Note to Investors Concerning Estimates of Inferred Mineral Resources

This document uses the term "inferred mineral resources". Investors are advised that while this term is recognized and required by Canadian regulations, the SEC does not recognize it. "Inferred mineral resources" have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that any part or all 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 any part or all of an inferred mineral resource exists, or is economically or legally mineable** .

NOTE TO INVESTORS CONCERNING CERTAIN MEASURES OF PERFORMANCE

This Form 20-F presents certain measures, including "total cash costs per ounce" and "minesite costs 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 are useful in allowing year over year comparisons. However, both of these non-US GAAP measures should be considered together with other data prepared in accordance with US GAAP, and these measures, taken by themselves, are not necessarily indicative of operating costs or cash flow measures prepared in accordance with US GAAP. This Form 20-F also contains information as to estimated future total cash costs per ounce and minesite costs per tonne for projects under development. These estimates are based upon the total cash costs per ounce and minesite costs per tonne that the Company expects to incur to mine gold at those projects and, consistent with the reconciliation provided, do not include production costs attributable to accretion expense and other asset retirement costs, which will vary over time as each project is developed and mined. It is therefore not practicable to reconcile these forward-looking non-US GAAP financial measures to the most comparable US GAAP measure.

PART I

ITEM 1 IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

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

ITEM 2 OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3 KEY INFORMATION

Selected Financial Data

The following selected financial data for each of the years in the five-year period ended December 31, 2010 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,				
	2010	**2009**	**2008**	**2007**	**2006**
	(in thousands of U.S. dollars, US GAAP basis, other than share and per share information)				
Income Statement Data					
Revenues from mining operations	1,422,521	613,762	368,938	432,205	464,632
Production costs	677,472	306,318	186,862	166,104	143,753
Exploration and corporate development	54,958	36,279	34,704	25,507	30,414
Equity loss in junior exploration company	–	–	–	–	663
Amortization	192,486	72,461	36,133	27,757	25,255
General and administrative	94,327	63,687	47,187	38,167	25,884
Write-down of available-for-sale securities	–	–	74,812	–	–
Loss (Gain) on derivative financial instruments	(7,612)	–	–	5,829	15,148
Provincial capital tax	(6,075)	5,014	5,332	3,202	3,758
Interest	49,493	8,448	2,952	3,294	2,902
Interest and sundry income	(10,254)	(16,172)	(11,721)	(25,142)	(21,797)
Gain on acquisition of Comaplex, net of transaction costs	(57,526)	–	–	–	–
Gain on sale of available-for-sale-securities	(19,487)	(10,142)	(25,626)	(4,088)	(24,118)
Foreign exchange (gain) loss	19,536	39,831	(77,688)	32,297	2,127
Income before income and mining taxes	435,203	108,038	95,991	159,278	260,643
Income and mining taxes (recoveries)	103,087	21,500	22,824	19,933	99,306

Net income	332,116	86,538	73,167	139,345	161,337
Net income per share – basic	2.05	0.55	0.51	1.05	1.40
Net income per share – diluted	2.00	0.55	0.50	1.04	1.35
Weighted average number of shares outstanding – basic	162,342,686	155,942,151	144,740,658	132,768,049	115,461,046
Weighted average number of shares outstanding – diluted	165,842,259	158,620,888	145,888,728	133,957,869	119,110,295
Dividends declared per common share	0.64	0.18	0.18	0.18	0.12

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Balance Sheet Data (at end of period)

Mining properties (net)	4,564,563	3,581,798	2,997,500	2,123,397	859,859
Total assets	5,500,351	4,247,357	3,378,824	2,735,498	1,521,488
Long-term debt	650,000	715,000	200,000	–	–
Reclamation provision and other liabilities	145,536	96,255	71,770	57,941	27,457
Net assets	3,665,450	2,751,761	2,517,756	2,058,934	1,252,405
Common shares	3,078,217	2,378,759	2,299,747	1,931,667	1,230,654
Shareholders' equity	3,665,450	2,751,761	2,517,756	2,058,934	1,252,405
Total common shares outstanding	168,720,355	156,625,174	154,808,918	142,403,379	121,025,635

Currency Exchange Rates

All dollar amounts in this Form 20-F are in U.S. dollars, except where otherwise indicated. The following tables set out, in Canadian dollars, the exchange rates for the U.S. dollar, based on the noon buying rate as reported by the Bank of Canada (the "Noon Buying Rate"). On March 18, 2011, the Noon Buying Rate was US$1.00 equals C$0.98.

	Year Ended December 31,				
	2010	**2009**	**2008**	**2007**	**2006**
High	1.0778	1.3000	1.2969	1.1853	1.1726
Low	0.9946	1.0292	0.9719	0.9170	1.0990
End of Period	0.9946	1.0466	1.2246	0.9881	1.1653
Average	1.0299	1.1420	1.0660	1.0748	1.1341

	2011			**2010**			
	March (to March 18)	**February**	**January**	**December**	**November**	**October**	**September**
High	0.9918	0.9955	1.0022	1.0178	1.0264	1.0320	1.0520
Low	0.9686	0.9739	0.9862	0.9946	1.0013	1.0030	1.0222
End of Period	0.9844	0.9739	1.0022	0.9946	1.0264	1.0188	1.0298
Average	0.9770	0.9876	0.9939	1.0077	1.0128	1.0178	1.0331

On December 31, 2010 and March 18, 2011, US$1.00 equalled €0.75 and €0.71, respectively, as reported by the European Central Bank.

Risk Factors

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 the sale of precious metals (gold and silver), zinc and copper. Gold prices fluctuate widely and are affected by numerous factors beyond the Company's control, including central bank purchases and sales, producer hedging and de-hedging activities, expectations of inflation, the relative exchange rate of the U.S. dollar with other major currencies, interest rates, global and regional demand, political and economic conditions, production costs in major gold-producing regions, speculative positions taken by investors or traders in gold and changes in supply, including worldwide production levels. The aggregate effect of these factors is impossible to predict with accuracy. In addition, the price of gold has on occasion been subject to very rapid short-term changes because of speculative activities. Fluctuations in gold prices may materially adversely affect the Company's financial performance or results of operations. If the market price of gold falls below the Company's total cash costs per ounce of production at one or more of its projects at that time and remains so for any sustained period, the Company may experience losses and/or may curtail or suspend some or all of its exploration, development and mining activities at such projects or at other projects. Also, the Company's decisions to proceed with the operations at its current mines were based on a market price of gold between $400 and $450 per ounce. If the market price of gold falls below this level, the mines may be rendered uneconomic and production may be suspended. In addition, the Company's evaluation of the Meliadine property acquisition was based on an assumption of a market price of gold of $950 per ounce. If the market price of gold falls below this level, future activity at the Meliadine property may be rendered uneconomic and activities suspended. Also, the prices received from the sale of the Company's byproduct metals produced at its LaRonde Mine (zinc, silver, lead and copper) and its Pinos Altos Mine (silver) affect the Company's ability to meet its targets for total cash costs per ounce of gold produced. Byproduct metal prices fluctuate widely and are affected by numerous factors beyond the Company's control. 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. 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 out, for the periods indicated, the high, low and average afternoon fixing prices for gold on the London Bullion Market (the "London P.M. Fix").

	2011 (to March 18)	2010	2009	2008	2007	2006
High price ($ per ounce)	1,438	1,421	1,212	1,011	841	725
Low price ($ per ounce)	1,319	1,058	810	712	608	525
Average price ($ per ounce)	1,378	1,125	972	872	695	604

On March 18, 2011, the London P.M. Fix was $1,420 per ounce of gold.

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

Based on 2011 production estimates, the approximate sensitivities of the Company's after-tax income to a 10% change in certain metal prices from 2010 market average prices are as follows:

	Income per share
Gold	$ 0.55
Silver	$ 0.06
Zinc	$ 0.06
Copper	$ 0.01

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

The Company is largely dependent upon its mining and milling operations in the Abitibi region of Quebec and at its Meadowbank Mine in Nunavut, and any adverse condition affecting those operations may have a material adverse effect on the Company.

The Company's operations at the LaRonde, Goldex and Lapa Mines in the Abitibi region accounted for approximately 40% of the Company's gold production in 2010 and are expected to account for the same percentage in 2011. The Meadowbank Mine accounted for approximately 27% of the Company's gold production in 2010, although it did not achieve commercial production until March 2010, and is expected to account for approximately 31% of the Company's gold production in 2011. The mines in the Abitibi region and in Nunavut will continue to account for a significant portion of the Company's gold production. Any adverse condition affecting mining or milling conditions in the Abitibi region or in Nunavut could be expected to have a material adverse effect on the Company's financial performance and results of operations. The Company also anticipates using revenue generated by its operations at these mines to finance a substantial portion of the capital expenditures required for expansion at the Kittila, Pinos Altos and Meadowbank Mines and for exploration and development at its mine projects, including the Meliadine project. In addition, one of the Company's major development programs is the extension of the LaRonde Mine below Level 245, referred to as the LaRonde Mine extension. This program involves the construction of infrastructure at depth and extraction of ore from new zones, and may present new challenges for the Company. Gold production at the LaRonde Mine above Level 245 has started to decline.

The Kittila Mine and the Pinos Altos Mine commenced commercial production in 2009 and commercial production at the Creston Mascota deposit at Pinos Altos is expected to be achieved in the first quarter of 2011. However, unless the Company otherwise acquires significant gold-producing assets in other regions, the Company will continue to be dependent on its operations in the Abitibi region and in Nunavut for the majority of its gold production. Further, there can be no assurance that the Company's current exploration and development programs at the LaRonde, Goldex or Meadowbank Mines will result in any new economically viable mining operations or yield new mineral reserves to replace and expand current mineral reserves.

The Company may experience difficulties operating its Meadowbank Mine and developing the Meliadine project as a result of their remote location.

The Company's Meadowbank Mine is located in the Kivalliq District of Nunavut in northern Canada, approximately 70 kilometres north of Baker Lake. The closest major city is Winnipeg, Manitoba, approximately 1,500 kilometres to the south. Though the Company constructed a 110-kilometre all-weather road from Baker Lake, which provides summer shipping access via Hudson Bay to the Meadowbank Mine, the Company's operations will be constrained by the remoteness of the mine, particularly as the port of Baker Lake is only accessible approximately 2.5 months per year. Most of the materials that the Company requires for the operation of the Meadowbank Mine must be transported through the port of Baker Lake during this shipping season, which may be further truncated due to weather conditions. If the Company is not able to acquire and transport necessary supplies during this time, this may result in a slowdown or stoppage of operations at the Meadowbank Mine. Furthermore, if major equipment fails, items necessary to replace or repair such equipment may have to be shipped through Baker Lake during this window. Failure to have available the necessary materials required for operations or to repair or replace malfunctioning equipment at the Meadowbank Mine may require the slowdown or stoppage of operations.

The Company's Meliadine project, 290 kilometres southeast of the Meadowbank Mine, is also located in the Kivalliq District of Nunavut, approximately 25 kilometres northwest of the hamlet of Rankin Inlet on the west coast of Hudson Bay. Access to the property is by helicopter from Rankin Inlet year-round and by tracked vehicles overland on a winter road from approximately late December to mid-May. An all-weather access road between the project and Rankin Inlet is at the permitting stage. The Company's operations at the Meliadine project may be constrained by its remoteness and lack of access if the winter road season is shortened by permit delays or unusually warm weather, or if permitting and construction of the all-weather road is delayed. Most of the materials that the Company requires to operate the advanced exploration program, and may require if it determines to build a mine in the future, must be transported through the port of Rankin Inlet during its six-week shipping season. If the Company cannot identify and procure suitable equipment and materials within a timeframe that permits transporting them to the project within this shipping season, this could result in delays and/or cost increases in the exploration program and, if the Company determines to build a mine, any construction or development on the property.

The remoteness of the Meadowbank Mine and Meliadine project also necessitates the use of fly-in/fly-out camps for the accommodation of site employees and contractors, which may have an impact on the Company's ability to attract and retain qualified mining, exploration and construction personnel. If the Company is unable to attract and retain sufficient personnel or sub-contractors on a timely basis, the Company's operations at the Meadowbank Mine and future development plans at the Meliadine project may be adversely affected.

The Company's newly opened mines, mine construction projects and expansion 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's production forecasts assume that production will commence at the Creston Mascota deposit and LaRonde Mine extension in the second quarter and fourth quarter of 2011, respectively, and that the Meadowbank Mine, Kittila Mine and the Pinos Altos Mine will achieve full production rates during 2011. The Company's ability to achieve full production rates at these mines is subject to a number of risks and uncertainties. Production from these mines in 2011 may be lower than anticipated if there are delays in achieving the full production rate, and it is possible that the anticipated full production rate cannot be achieved. Delays in commissioning the Meadowbank Mine and issues with the mill at the Pinos Altos Mine and the Kittila autoclave in 2010 resulted in anticipated 2010 gold production being reduced by an aggregate of approximately 69,593 ounces.

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 new infrastructure for hauling ore and materials to the surface, including a winze (or internal shaft) and a series of ramps linking mining deposits to the Penna Shaft that services current operations at the LaRonde Mine. The depth of the operations could pose significant challenges to the Company such as 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 Kittila, Pinos Altos and Meadowbank Mines require the construction of significant new underground mining operations. The construction of 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. Moreover, the construction activities at the LaRonde Mine extension are taking place concurrently with normal mining operations at LaRonde, which may result in conflicts with, or possible delays to, existing mining operations.

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

The Company's gold production may fall below estimated levels as a result of mining accidents such as cave-ins, rock falls, rock bursts, pit wall failures, fires or flooding or as a result of other operational problems such as a failure of a production hoist, autoclave, filter press or semi-autogenous grinding ("SAG") mill. In addition, production may be reduced if, during the course of mining or processing, unfavourable weather conditions, ground conditions or seismic activity are encountered, ore grades are lower than expected, the physical or metallurgical characteristics of the ore are less amenable than expected to mining or treatment, dilution increases, electrical power is interrupted or heap leach processing results in containment discharge. In six of the last eight years, as a result of such adverse conditions, the Company has failed to meet production forecasts due to: a rock fall, production drilling challenges and lower than planned mill recoveries in 2003; higher than expected dilution in 2004; increased stress levels in a sill pillar requiring the temporary closure of production sublevels in 2005; and delays in the commissioning of the Goldex production hoist and the Kittila autoclave in 2008. In 2009, gold production was 492,972 ounces, down from the Company's initial estimate of 590,000 ounces, primarily as a result of delays in the commencement of production at the Kittila Mine due to issues with the autoclave, at the Pinos Altos Mine resulting from problems in commissioning the dry tailings filter presses and at the Lapa Mine resulting from dilution issues. In 2010, gold production of 987,607 ounces was below the initial anticipated range of 1 million to 1.1 million ounces primarily as a result of lower throughput at the Meadowbank Mine mill due to a bottleneck in the crushing circuit and because there were autoclave issues at Kittila in the first half of the year. Occurrences of this nature and other accidents, adverse conditions or operational problems in future years may result in the Company's failure to achieve current or future production estimates.

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 the exchange rate between the U.S. dollar and the Canadian dollar, Euro or Mexican peso, smelting and refining charges, production royalties, the price of gold and byproduct metals and the cost of inputs used in mining operations. At the LaRonde Mine, the Company's total cash costs per ounce of production are primarily affected by the prices and production levels of byproduct zinc, silver and copper, the revenue from which is offset against the cost of gold production. Total cash costs per ounce from the Company's operations at the Pinos Altos Mine are affected by the exchange rate between the U.S. dollar and the Mexican peso and the price and production level of byproduct silver, the revenue from which is offset against the cost of gold production. Total cash costs per ounce from the Company's operations at its mines in Canada and the Kittila Mine are affected by changes in the exchange rates between the U.S. dollar and the Canadian dollar and the Euro, respectively. Total cash costs per ounce at all of the Company's mines are also affected by the costs of inputs used in mining operations, including labour (including contractors), steel, chemical reagents and energy. 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 indicator of such performance and useful in allowing year over year comparisons. The data also reflects 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 their closest US GAAP measure and "Note to Investors Concerning Certain Measures of Performance" for a discussion of these non-US GAAP measures.

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

The Company's operations include a mine in Finland and a mine in northern Mexico. These operations are subject to various levels of political, economic and other risks and uncertainties that are different from those encountered at the Company's Canadian properties. These risks and uncertainties vary from country to country and may include: extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; risks of war or civil unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licences, permits and contracts; illegal mining; corruption; restrictions on foreign exchange and repatriation; hostage taking; and changing political conditions and

currency controls. In addition, the Company must comply with multiple and potentially conflicting regulations in Canada, the United States, Europe and Mexico, including export requirements, taxes, tariffs, import duties and other trade barriers, as well as health, safety and environmental requirements.

Changes, if any, in mining or investment policies or shifts in political attitude in Finland or Mexico may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to matters including restrictions on production, price controls, export controls, currency remittance, income and other taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights 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 limited operating experience outside of Canada. Finland and Mexico have significantly different laws and regulations than Canada and there exist cultural and language differences between these countries and Canada. Also, the Company faces challenges inherent in efficiently managing an increased number of employees over large geographical distances, including the challenges of staffing and managing operations in several international locations and implementing appropriate systems, policies, benefits and compliance programs. These challenges may divert management's attention to the detriment of the Company's operations in Canada. There can be no assurance that difficulties associated with the Company's foreign operations can be successfully managed.

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

The figures for mineral reserves and mineral resources published by the Company are estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery of gold will be realized. The ore grade actually recovered by the Company may differ from the estimated grades of the mineral reserves and mineral resources. The estimates of mineral reserves and mineral resources have been determined based on assumed metal prices, foreign exchange rates and operating costs. For example, the Company has estimated proven and probable mineral reserves on all of its properties based on, among other things, a $1,024 per ounce gold price. Monthly average gold prices have been above $1,024 per ounce since October 2009; however, prior to that time, monthly average gold prices have been below $1,024 per ounce. Prolonged declines in the market price of gold (or applicable byproduct metal prices) may render mineral reserves containing relatively lower grades of mineralization uneconomical to recover and could materially reduce the Company's mineral 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 applicable byproduct metal 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 orebodies 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 or at deposits that have not yet been exploited 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 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 unsecured revolving bank credit facility and its $600 million of guaranteed senior unsecured notes referred to under the heading "Item 4 Information on the Company – History and Development of the Company" to incur additional unsecured indebtedness, provided that it maintains certain financial ratios and meets financial condition covenants and, in the case of the bank credit facility, that it complies with certain covenants, including that no default under the bank credit facility has occurred and is continuing, or would occur as a result of the incurrence or assumption of such indebtedness, the terms of such indebtedness are no more onerous to the Company than those under the bank credit facility and such indebtedness does not require principal payments until at least 12 months following the then existing maturity date of the bank credit facility. There can be no assurance that the Company would be successful in overcoming these or any other problems encountered in connection with such acquisitions.

Fluctuations in foreign currency exchange rates in relation to the U.S. 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 U.S. dollar/Canadian dollar exchange rate. All of the Company's revenues are earned in U.S. dollars but the majority of its operating costs at the LaRonde Mine, the Goldex Mine, the Lapa Mine and the Meadowbank Mine, as well as the Meliadine project, are incurred in Canadian dollars. The U.S. dollar/Canadian dollar exchange rate has fluctuated significantly over the last several years. From January 1, 2006 to January 1, 2011, the Noon Buying Rate fluctuated from a high of C$1.3000 per $1.00 to a low of C$0.9170 per $1.00. Historical fluctuations in the U.S. dollar/Canadian dollar exchange rate are not necessarily indicative of future exchange rate fluctuations. Based on the Company's anticipated 2011 after-tax operating results, a 10% change in the U.S. dollar/Canadian dollar exchange rate from the 2010 market average exchange rate would affect net income by approximately $0.34 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; however, there can be no assurance that these strategies will be effective. See "Item 5 Operating and Financial Review and Prospects – Outlook – Gold Production Growth" for a description of the assumptions underlying the sensitivity and the strategies used to mitigate the effects of risks. In addition, the majority of the Company's operating costs at the Kittila Mine are incurred in Euros and a portion of operating costs at the Pinos Altos Mine are incurred in Mexican pesos. Each of these currencies has fluctuated significantly against the U.S. 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.

If the Company fails to comply with restrictive covenants in its debt instruments, the Company's ability to borrow under its unsecured revolving bank credit facility could be limited and the Company may then default under other debt agreements, which could harm the Company's business.

The Company's unsecured revolving $1.2 billion bank credit facility limits, among other things, the Company's ability to permit the creation of certain liens, make investments in a business or carry on business unrelated to mining, dispose of the Company's material assets or, in certain circumstances, pay dividends. In addition, the Company's $600 million guaranteed senior unsecured notes limit, among other things, the Company's ability to permit the creation of certain liens, carry on business unrelated to mining or dispose of the Company's material assets. The bank credit facility and the guaranteed senior unsecured notes also require 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 one of the bank credit facility or the notes. At March 18, 2011 there was approximately $32 million drawn under the bank credit facility, all of which was issued as letters of credit, and the Company anticipates that it will continue to draw on the bank credit facility to fund part of the capital expenditures required in connection with its current development projects. If an event of default under the bank credit facility or the notes occurs, the Company would be unable to draw down further on the bank credit facility and the lenders could elect to declare all principal amounts outstanding thereunder at such time, together with accrued interest, to be immediately due and it could cause an event of default under the notes. An event of default under either of the bank credit facility or the notes 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 exploration of mineral properties is highly speculative, involves substantial expenditures and is frequently unsuccessful.

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 mineral reserves, primarily through exploration and development as well as through strategic acquisitions. Exploration for minerals is highly speculative in nature, involves many risks and is frequently unsuccessful. Among the many uncertainties inherent in any gold exploration and development program are the location of economic orebodies, the development of appropriate metallurgical processes, the receipt of necessary governmental permits and the construction of mining and processing facilities. Substantial expenditures are required to pursue such exploration and development activities. Assuming discovery of an economic orebody, 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 or future exploration and development programs will result in any new economically viable mining operations or yield new mineral reserves to replace and expand current mineral reserves.

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

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. Many companies and individuals are engaged in the mining business, including large, established mining companies with substantial capabilities and long earnings records. The Company may be at a competitive disadvantage in acquiring mining properties as it must compete with these companies and individuals, some 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.

The success of the Company is dependent on good relations with its employees and on its ability to attract and retain employees and key personnel.

Production at the Company's mines and mine projects is dependent on the efforts of the Company's employees and contractors. The Company competes with mining and other companies on a global basis to attract and retain employees at all levels with appropriate technical skills and operating experience necessary to operate its mines. Relationships between the Company and its employees may be affected by changes in the scheme of labour relations that may be introduced by relevant government authorities in the jurisdictions that the Company operates. Changes in applicable legislation or in the relationship between the Company and its employees or contractors may have a material adverse effect on the Company's business, results of operations and financial condition.

The Company is also dependent upon a number of key management personnel. The loss of the services of one or more of such key management personnel could have a material adverse effect on the Company. The Company's ability to manage its operating, development, exploration and financing activities will depend in large part on the efforts of these individuals.

The Company faces significant competition to attract and retain qualified personnel and there can be no assurance that the Company will be able to attract and retain such personnel.

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

The construction of mining facilities and commencement of mining operations at the LaRonde Mine extension and the development of the Meliadine project, the expansion of capacity at the Kittila Mine and the exploration and development of the Company's properties, including continuing exploration and development projects in Quebec, Nunavut, Finland, Mexico and Nevada, will require substantial capital expenditures. The Company estimates that capital expenditures will be approximately $313 million in 2011 and $175 million in 2012. As at March 18, 2011, the Company had approximately $1,168 million available to be borrowed under the bank credit facility. Based on current funding available to the Company and expected cash from operations, the Company believes it has sufficient funds available to fund its projected capital expenditures for all of its current properties. However, if cash from operations is lower than expected or capital costs at these projects exceed current estimates, or if the Company incurs major unanticipated expenses related to exploration, development or maintenance of its properties, or if advances from the bank credit facility are unavailable, the Company may be required to seek additional financing to maintain its capital expenditures at planned levels. In addition, the Company will have additional capital requirements to the extent that it decides to expand its present operations and

exploration activities; construct additional new mining and processing operations at any of its properties; or take advantage of opportunities for acquisitions, joint ventures or other business opportunities that may arise. 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, or securities convertible into equity securities, any additional financing may involve substantial dilution to existing shareholders. 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, which may have a material adverse effect on the Company's business, financial condition and results of operations.

The continuing weakness in the global credit and capital markets could have a material adverse impact on the Company's liquidity and capital resources.

The credit and capital markets experienced significant deterioration in 2008, including the failure of significant and established financial institutions in the United States and abroad, and continues to show weakness and volatility. These unprecedented disruptions in the credit and capital markets have negatively impacted the availability and terms of credit and capital. If uncertainties in these markets continue, or these markets deteriorate further, it could have a material adverse effect on the Company's liquidity, ability to raise capital and costs of capital. 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.

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

The business of gold mining is generally subject to risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected rock formations, changes in the regulatory environment, cave-ins, rock bursts, rock falls, pit wall failures and flooding and gold bullion losses. Such occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. The Company carries insurance to protect itself against certain risks of mining and processing in amounts that it considers to be adequate but which may not provide adequate coverage in certain unforeseen circumstances. The Company may also become subject to liability for pollution, cave-ins or other hazards against which it cannot insure or against which it has elected 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 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, exploration, 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.

Increased regulation of greenhouse gas emissions and climate change issues may adversely affect the Company's operations.

The Company operates in a number of jurisdictions in which regulatory requirements have been introduced or are being contemplated to monitor, report and/or reduce greenhouse gas emissions. Under the Copenhagen Accord, Canada has committed to reducing greenhouse gas emissions by 17%, relative to 2005 levels, by 2020, but this commitment is subject to future alignment with reduction targets and regulatory requirements in the United States. Canada is also considering new regulatory requirements to address greenhouse gas emissions. Similarly, the Province of Quebec is a

member of the Western Climate Initiative and has passed legislation enabling the establishment of a greenhouse gas emissions registry, greenhouse gas reduction targets and a cap-and-trade system to achieve Quebec's commitment to reduce greenhouse gas emissions by 20%, relative to 1990 levels, by 2020. The Company's operations in Quebec use primarily hydroelectric power and as a consequence are not large producers of greenhouse gases. The Meadowbank Mine produces 127,000 tonnes of carbon dioxide equivalent per year from its own production of electricity from diesel-power generation and it is expected that any mining operation at the Meliadine project would also produce some of its power from diesel-power generation. The Pinos Altos Mine purchases electricity that is largely fossil-fuel generated. As a result, it is the Company's second highest greenhouse gas producer (93,152 tonnes of carbon dioxide equivalent per year). None of the Company's other operations emit more than 30,000 tonnes of carbon dioxide equivalent per year. As a result, notwithstanding the ongoing uncertainty around the regulation of greenhouse gas emissions, new regulatory requirements in respect of greenhouse gasses and the additional costs required to comply are not expected to have a material effect on the Company's operations and financial condition.

Title to the Company's properties may be uncertain and subject to risks.

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral concessions may be disputed. Although the Company believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of its properties will not be challenged or impaired. Third parties may have valid claims on underlying portions of the Company's interests, including prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. In addition, although the Company believes that it has sufficient surface rights for its operations, the Company may be unable to operate its properties as permitted or to enforce its rights in respect of its properties.

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

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

The trading price for the Company's securities is volatile.

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

- changes in the market price of gold or other byproduct metals the Company sells;
- 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 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 large 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 markets on which the Company's securities trade. This volatility may adversely affect the prices of the Company's common shares and the securities convertible into or exchangeable for the Company's common shares regardless of the Company's operating performance.

The Company may not be able to comply with the requirements of Section 404 of the Sarbanes-Oxley Act.

Section 404 of the Sarbanes-Oxley Act of 2002 ("SOX") requires an annual assessment by management of the effectiveness of the Company's internal control over financial reporting. Section 404 of SOX also requires an annual attestation report by the Company's independent auditors addressing the effectiveness of the Company's internal control over financial reporting. The Company has completed its Section 404 assessment and received the auditors' attestation as of December 31, 2010.

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 conclude that it has effective internal control 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 and securities convertible or exchangeable for 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 maintaining adequate internal control 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. A majority of the Company's directors and officers as well as 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-U.S. residents, or to enforce U.S. judgments against the Company or these persons. The Company's Canadian counsel has advised the Company that a monetary judgment of a U.S. court predicated solely upon the civil liability provisions of U.S. federal securities laws would likely be enforceable in Canada if the U.S. court in which the judgment was obtained had a basis for jurisdiction in the matter that was recognized by a Canadian court for such purposes. The Company cannot provide assurance that this will be the case. It is less certain that an action could be brought in Canada in the first instance on the basis of liability predicated solely upon such laws.

ITEM 4 INFORMATION ON THE COMPANY

History and Development of the Company

The Company is an established Canadian-based international gold producer with mining operations in northwestern Quebec, northern Mexico, northern Finland and Nunavut and exploration activities in Canada, Europe, Latin America and the United States. The Company's operating history includes over three decades of continuous gold production primarily from underground operations. Since its formation on June 1, 1972, the Company has produced almost 6.5 million ounces of gold. For definitions of certain technical terms used in the following discussion, see "– Property, Plant and Equipment – Glossary of Selected Mining Terms".

The Company's strategy is to focus on the continued exploration, development and expansion of its properties, all of which are located in politically stable jurisdictions. The Company has spent approximately $2.2 billion on the development of five new mines over the last four years. Through this development program, the Company transformed itself from a regionally focused, single mine producer to a multi-mine international gold producer with six operating, 100% owned mines.

Since 1988, the LaRonde Mine, in the Abitibi region of Quebec, has been the Company's flagship operation, producing approximately 4.2 million ounces of gold as well as valuable byproducts. The Goldex Mine is 60 kilometres east of the LaRonde Mine, and the Lapa Mine, the Company's highest grade metals mine, is 11 kilometres east of the LaRonde Mine. The synergies between these sites contribute to the Company's status as a low-cost producer. The Kittila Mine, in Finland, achieved commercial production in May 2009, has a long reserve life and has significant production expansion potential. The Pinos Altos Mine, in Mexico, achieved commercial production in November 2009 and also has significant production expansion potential. The Company's sixth mine, Meadowbank, in Nunavut, achieved commercial production in March 2010 and is expected to produce the most gold (361,600 ounces) in 2011. In addition, the Company plans to pursue opportunities for growth in gold production and gold reserves through the prudent acquisition or development of exploration properties, development properties, producing properties and other mining businesses in the Americas and Europe.

The Company believes that its total cash costs per ounce remain below the industry average. In 2010, the Company produced 987,609 ounces of gold at total cash costs per ounce of $451 net of revenues from byproduct metals. For 2011, the Company expects to produce between 1.13 million and 1.23 million ounces of gold at a total cash costs per ounce of gold produced between $420 and $470 net of byproduct revenue. These expected higher total cash costs compared to 2010 reflect the higher proportion of production coming from the Meadowbank Mine, which is expected to have higher total cash costs per ounce compared to the Company's average; higher costs associated with the transition to underground mining operations at the Pinos Altos Mine and the Kittila Mine; and increased production from the Company's mines and mine projects that do not contain byproduct metals, revenue from which reduces total cash costs per ounce. In addition, the higher total cash costs per ounce also reflect the Canadian dollar strengthening against the U.S. dollar and continued escalations in labour, shipping and transportation costs. 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 operates through four segments: Canada, Europe, Latin America and Exploration.

The Canadian Segment is comprised of the Quebec Region and the Nunavut Region. The Quebec Region includes the LaRonde Mine, the LaRonde Mine extension project, the Goldex Mine and the Lapa Mine, each of which is held directly by the Company. In 2010, the Quebec Region accounted for 47% of the Company's gold production, comprised of 16% from the LaRonde Mine, 19% from the Goldex Mine and 12% from the Lapa Mine. In 2011, the Company anticipates that the Quebec Region will account for 40% of the Company's gold production, of which 13%, 16% and 11% of the Company's gold production will come from the LaRonde Mine, the Goldex Mine and the Lapa Mine, respectively.

The Nunavut Region is comprised of the Meadowbank Mine and the Meliadine project, which are both held directly by the Company. In 2010, the Meadowbank Mine accounted for 27% of the Company's gold production (after achieving commercial production in March 2010) and the Company anticipates that it will account for approximately 31% of the Company's 2011 gold production.

The Company's operations in the European Segment are conducted through its indirect subsidiary, Agnico-Eagle Finland Oy, which indirectly owns the Kittila Mine in Finland. In 2010, the Kittila Mine accounted for 13% of the Company's gold production and the Company anticipates that in 2011 the Kittila Mine will account for 13% of the Company's gold production.

The Company's operations in the Latin American Region are conducted through its subsidiary, Agnico Eagle Mexico S.A. de C.V., which owns the Pinos Altos Mine, including the Creston Mascota deposit. In 2010, the Pinos Altos Mine accounted for 13% of the Company's gold production and the Company anticipates that in 2011 the Pinos Altos Mine will account for 16% of the Company's gold production.

The Exploration Segment includes the Company's grassroots exploration operations in the United States, the European exploration office, the Canadian exploration offices, the Meliadine project and the Latin American exploration office. In addition, the Company has an international exploration office in Reno, Nevada.

Agnico-Eagle's expertise in acquiring and developing mines is shown through the successful launch of six operating mines. The following table sets out the date of acquisition, the date of commencement of construction and the date of achieving commercial production for the Company's mines and mine projects.

	Date of Acquisition	Date of Commencement of Construction	Date of achieving Commercial Production
LaRonde	1992(1)	1985	1988
Goldex	December 1993(1)	July 2005	August 2008
Kittila	November 2005	June 2006	May 2009
Lapa	June 2003(1)	June 2006	May 2009
Pinos Altos	March 2006	August 2007	November 2009
Meadowbank	April 2007	Pre-April 2007	March 2010
Meliadine project	July 2010	2015(2)	2015 (2)

Notes:

(1) Date when 100% ownership was acquired.

(2) Anticipated.

The Company's exploration program focuses primarily on the identification of new mineral reserves and resources and new development opportunities in proven gold producing regions. Current exploration activities are concentrated in Canada, Europe, Latin America and the United States. Several projects were evaluated during the year in other countries where the Company believes the potential for gold occurrences is excellent and which the Company believes to be politically stable and supportive of the mining industry. The Company currently manages 78 properties in Canada, 11 properties in Nevada and Idaho in the United States, three groups of properties in Finland, three projects in Mexico and one project in Argentina. Exploration activities are managed from offices in Val d'Or, Quebec; Reno, Nevada; Chihuahua, Mexico; Kittila, Finland; and Vancouver, British Columbia.

In addition, the Company continuously evaluates opportunities to make strategic acquisitions. Four of the Company's new mines or projects came from relatively recent acquisitions.

In the second quarter of 2004, the Company acquired an approximate 14% ownership interest in Riddarhyttan Resources AB ("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 common shares and paid and committed an aggregate of $5.1 million cash as consideration to Riddarhyttan shareholders in connection with the Riddarhyttan Offer. The Company, through wholly-owned subsidiaries, currently holds 100% of Riddarhyttan. The Kittila Mine, located approximately 900 kilometres north of Helsinki near the town of Kittila in Finnish Lapland, is currently 100% owned by Agnico-Eagle Finland Oy, which is owned by Riddarhyttan through its wholly-owned subsidiary, Agnico-Eagle AB.

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 property in northern Mexico. The Pinos Altos property is comprised of approximately 11,000 hectares in the Sierra Madre gold belt, approximately 225 kilometres west of the city of Chihuahua in the state of Chihuahua in northern Mexico. In February 2006, the Company exercised its option and acquired the Pinos Altos property on March 15, 2006. Under the terms of the exploration and option agreement, the purchase price of $66.8 million was comprised of $32.5 million in cash and 2,063,635 common shares of the Company.

In February 2007, the Company made an exchange offer for all of the outstanding shares of Cumberland Resources Ltd. ("Cumberland") not already owned by the Company. At the time, Cumberland was a pre-production development stage company listed on the Toronto Stock Exchange (the "TSX") and American Stock Exchange whose primary asset was the Meadowbank property. In May 2007, the Company acquired approximately 92% of the issued and outstanding shares of Cumberland that it did

not previously own and, in July 2007, the Company completed the acquisition of all Cumberland shares by way of a compulsory acquisition. The Company issued 13,768,510 of its common shares and paid $9.6 million in cash as consideration to Cumberland shareholders in connection with its acquisition of Cumberland.

In April 2010, the Company entered into an agreement in principle with Comaplex Minerals Corp. ("Comaplex") whereby the Company would acquire all of the outstanding shares of Comaplex that it did not already own. At the time, Comaplex owned a 100% interest in the advanced stage Meliadine gold property, which is located approximately 300 kilometres southeast of the Company's Meadowbank Mine. In May 2010, the Company executed the definitive agreements with Comaplex and, in July 2010 by plan of arrangement, the Company acquired 100% of the Meliadine gold property through the acquisition of Comaplex, which was renamed Meliadine Holdings Inc. ("Meliadine"). Pursuant to the arrangement, Comaplex transferred to Geomark Exploration Ltd. all assets and related liabilities other than those relating to the Meliadine project. In connection with the arrangement, the Company issued 10,210,848 of its common shares as consideration to Comaplex shareholders. On January 1, 2011, the Company amalgamated with Meliadine.

In 2010, the Company's capital expenditures were $512 million. The 2010 capital expenditures included $97 million at the LaRonde Mine (which included approximately $62 million of expenditures relating to the LaRonde Mine extension), $24 million at the Goldex Mine, $72 million at the Kittila Mine, $33 million at the Lapa Mine, $104 million at the Pinos Altos Mine (which included approximately $43 million related to the Creston Mascota deposit), $174 million at the Meadowbank Mine and $8 million at the Meliadine project and other minor projects. In addition, the Company spent $50 million on mine-site exploration and $55 million on exploration activities at the Company's grassroots exploration properties, including corporate development expenses.

Budgeted 2011 capital expenditures of $313 million include $96 million at the LaRonde Mine (including $55 million on the LaRonde Mine extension), $26 million at the Goldex Mine, $14 million at the Lapa Mine, $31 million at the Pinos Altos Mine (including $5 million on the construction and development at the Creston Mascota deposit), $52 million at the Kittila Mine, $53 million at the Meadowbank Mine and $41 million in capitalized exploration expenditures. In addition, the Company plans exploration expenditures on grassroots exploration projects of approximately $105 million, including $65 million at the Meliadine project. 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 pre-production.

The financing for the expenditures set out above is expected to be from internally generated cash flow from operations, from the Company's existing cash balances and from drawdowns of the Company's bank credit facility. Please see "Item 10 Additional Information – Material Contracts – Credit Agreement". Based on current funding available to the Company and expected cash flows from operations, the Company believes it has sufficient funds available to fund its projected capital expenditures for all its properties.

Capital expenditures by the Company in 2009 and 2008 were $657 million and $909 million, respectively. The 2009 capital expenditures included $76 million at the LaRonde Mine (which included approximately $39 million of expenditures relating to the LaRonde Mine extension), $22 million at the Goldex Mine, $90 million at the Kittila Mine (which included $36 million of expenditures on construction of the underground mine), $47 million at the Lapa Mine (which included $22 million on construction of the mine), $133 million at the Pinos Altos Mine and $288 million at the Meadowbank Mine. In addition, the Company spent $55 million on exploration activities at the Company's grassroots exploration properties. The 2008 capital expenditures included $75 million at the LaRonde Mine (which was comprised of $38 million of sustaining capital expenditures and $37 million comprised primarily of expenditures on the LaRonde Mine extension), $53 million at the Goldex Mine, $196 million at the Kittila Mine, $89 million at the Lapa Mine, $176 million at the Pinos Altos Mine and $314 million at the Meadowbank Mine. In addition, the Company spent $35 million on exploration activities at the Company's grassroots exploration properties.

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, under 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 of its common shares in consideration for the acquisition of all of the issued and outstanding shares of Mentor that it did not already own.

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

On January 1, 2011, the Company and 1816276 Ontario Inc. (the successor corporation to Meliadine, which in turn was the successor corporation to Comaplex) amalgamated under the laws of the Province of Ontario and continued under the name of Agnico-Eagle Mines Limited.

The Company's executive and registered office is located at Suite 400, 145 King Street East, Toronto, Ontario, Canada M5C 2Y7; telephone number (416) 947-1212; website: http://www.agnico-eagle.com. The information contained on the website is not part of this Form 20-F. The Company's principal place of business in the United States is located at 8725 Technology Way, Suite B, Reno, Nevada 89521.

Business Overview

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

Growth Profile. The Company has a proven track record of increasing production capacity at existing operations through a combination of acquisitions, operational improvements, expansions and development. The Company anticipates increasing its production to between 1.13 million and 1.23 million ounces of gold in 2011 with continued growth to 2014. The Company's production growth in 2011 is expected to come principally from the Meadowbank Mine, as well as from the continued operational improvements at the Kittila, Lapa and Pinos Altos Mines. Over the last four years, the Company has spent over $2.6 billion on the development of five new mines, and its significant extension of the LaRonde Mine at depth. With the large majority of mine development projects complete and with six mines having achieved steady state operational status, capital expenditures are expected to decline materially from 2011 onward, significantly increasing free cash flow. Future capital expenditures are expected to be primarily for incremental expansion projects and exploration of the Meliadine project.

Operations in Politically Stable, Mining-Friendly Regions. 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 regions that the Company believes are supportive of the mining industry. Three of the Company's producing mines and one of its construction projects are located in northwestern Quebec, one of North America's principal gold-producing regions. The policy potential index measures the effects on exploration of a variety of government policies related to the mining industry. The Company's Kittila Mine in northern Finland, Pinos Altos Mine in northern Mexico and Meadowbank Mine in Nunavut are located in regions which the Company believes are also supportive of the mining industry.

Low-Cost, Efficient Operations. The Company believes that its total cash costs per ounce place it below the industry average for producers in the gold mining industry, with total cash costs per ounce of gold produced at $451 for 2010, $346 for 2009 and $162 per ounce for 2008. These relatively low cash costs are attributable to the economies of scale afforded by the Company's mining operations, as well as byproduct metal revenues from the LaRonde and Pinos Altos Mines and sharing of resources among its three operating mines in northwestern Quebec. 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.

Strong Operating Base. Through its acquisition, exploration and development program, the Company has been transformed from a regionally focused, single mine producer to a multi-mine international gold producer with six operating, 100% owned mines. The Company's existing operations at the LaRonde Mine provide a strong 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 mines and projects in Nunavut, Finland and Mexico. The experience gained through building and operating the LaRonde Mine has assisted with the Company's development of its other mine projects. In addition, the extensive infrastructure associated with the LaRonde Mine supports the nearby Goldex and Lapa Mines, and the construction of infrastructure to access the deposits at the LaRonde Mine extension.

Highly Experienced Management Team. The members of the Company's senior management team have an average of over 23 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.

Based on these strengths, the Company's corporate strategy is to grow low-cost production and reserves in mining-friendly regions.

Optimize and Further Expand Operations. The Company continues to focus its resources and efforts on the exploration and development of its properties in Quebec, Nunavut, Finland and Mexico with a view to increasing annual gold production and gold mineral reserves.

Leverage Mining Experience. The Company believes it can benefit not only from the existing infrastructure at its mines but also from the 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.

Expand Gold Reserves. The Company is conducting drilling programs at all of its properties with a goal of further increasing its gold reserves. In 2010, on a contained gold ounces basis, the Company increased its gold reserves to 21.3 million ounces (185.8 million tonnes grading 3.57 grams of gold per tonne), an increase of 16% over December 31, 2009 levels, including the replacement of 987,609 ounces of gold mined.

Growth Through Primary Exploration and Acquisitions. 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 advanced exploration companies and primary exploration activities. By investing in pre-development stage companies, the Company believes that it has been able to acquire control of projects at favourable prices and reasonable valuations.

Mining Legislation and Regulation

Canada

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

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

Quebec

In Quebec, mining rights are governed by the *Mining Act* (Quebec) and, subject to limited exceptions, are owned by the province. A mining 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 currently ranging from C$26 to C$120 per claim depending on its location and area (as set by Quebec government regulations), exploration work (or an equivalent value cash payment) has to be completed in advance (either on the claim or on adjacent mining claims, concessions or leases) and filed with the Ministry of Natural Resources and Wildlife (Quebec) prior to the date of expiry of the claim. The amount of exploration work required bi-annually currently ranges from C$48 to C$3,600 per claim depending on its location, area and period of validity (as set by Quebec government regulations). In 1966, the mining concession system set out for lands containing mineralized zones in the *Mining Act* (Quebec) was replaced by a system of mining leases but the mining concessions sold prior to such replacement remain in force. A mining lease entitles its holder

to mine and remove valuable mineral substances from the subject land, provided it pays the annual rent set by Quebec government regulations, which currently ranges from C$21 per hectare (on privately held land) to C$43 per hectare (on land owned by the province). Leases are granted initially for a term of 20 years and are renewable up to three times, each for a duration of ten years. After the third renewal, the Minister of Natural Resources and Wildlife (Quebec) may grant an extension thereof on the conditions, for the rental and for the term he or she determines.

Bill 79, *An Act to amend the Mining Act* , which was introduced in the Quebec National Assembly in December 2009, is still pending and, if adopted, will amend a number of rules relating to the mining regime in Quebec, mainly to stimulate mining exploration. However, it is too early to determine the final form that the amendments will take and what effect, if any, these amendments may have on the Company's operations.

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

Nunavut

As a result of the Nunavut Land Claims Agreement (the "Land Claims Agreement") of July 1993, ownership of large tracts of land was granted to the Inuit. These Inuit-owned lands include areas with high mineral potential. Further, as a result of other rights granted to the Inuit in the Land Claims Agreement, Inuit organizations play an important role in the management of natural resources and the environment in Nunavut. These duties are shared among the federal and territorial governments and Inuit organizations. Under the Land Claims Agreement, the Inuit own surface rights to certain lands representing approximately 16% of Nunavut. For a portion of the Inuit-owned lands representing approximately 2% of Nunavut, the Inuit own mineral (subsurface) rights in addition to the surface rights.

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

Future production from Nunavut Tunngavik-administered mineral claims is subject to production leases which include a 12% net profits interest royalty from which annual deductions are limited to 85% of gross revenue. Production from Crown mining leases is subject to a royalty of up to 14% of adjusted net profits, as defined in the Territorial Mining Regulations. Before the operation of a major development project as defined in the Land Claims Agreement can begin, developers must also negotiate an impact benefits agreement with the regional Inuit Association.

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

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

Finland

Mining legislation in Finland consists of the Mining Act and the Mining Decree, which are currently being amended. The Council of State introduced the proposal for a revised Mining Act in the form of a government bill (the "Proposal") to the Finnish Parliament on December 22, 2009. The review of the Proposal by the Commerce Committee is ongoing and, according to information released by the committee on January 24, 2011, the review will continue into 2011 with no definitive timetable for the next step of the process. The review of the Proposal may not continue until after a new Parliament is elected in Finland on April 17, 2011. Unless otherwise stated, the summary set out below reflects the Mining Act as currently in force.

In Finland, any corporation 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.

In general, prospecting does not require any special licence from the authorities, except under certain circumstances as set out in the Mining Act. The Proposal does not include any fundamental changes in this respect. If there are no impediments to granting a claim, the Ministry of Employment and the Economy (the "MEE") is obliged to grant the applicant a prospecting licence, which is required if the prospector wishes to examine the area in order to determine the size and the scope of the deposit. A prospecting licence is in force for one to five years, depending on the scope of the search for mineable minerals, and the MEE has no power of discretion as to the material merits of the mining operation. Under the Proposal, a prospecting licence would be in force for a maximum period of four years and could be extended for three-year periods up to a maximum of 15 years. The Proposal would also change the licensing authority and the application procedure in order to permit more comprehensive hearings of the parties.

In order to obtain the rights to the mineable minerals located on a claim, the claimant must apply to the MEE for the appropriation of a mining patent. When the mining patent procedure has become final regarding all matters other than compensation, the MEE must issue the mining operator a mining certificate which gives the holder the right to fully exploit all mineable minerals found in the mining patent. Under the Proposal, a mining patent is to be replaced by a mining licence and, before the mining operator can start exploiting the land, a mining survey under the revised Mining Act by the surveying office would be required. Also, an expropriation licence relating to the mining area may be required if the mining operator and the owner of the land cannot come to a voluntary agreement on the use of the land in question for mining purposes. If in the public interest, the expropriation licence will be granted by the Council of State to the mining operator. When the mining survey has become final regarding all matters other than compensation and the surveying office's decision has become non-appealable, the mining operator can start exploiting the land.

Mining operations must be carried out in accordance with laws and regulations concerning conservation and environmental protection issues. Under the Environmental Protection Act, mining activities require an environmental permit which may be issued either for a definite or indefinite period of time. The Environmental Protection Act is based on the principles of prevention and minimization 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 a property resulting from pollution of water, air, soil, noise, vibration, radiation, light, heat, smell or other similar nuisances, caused by an activity carried out at a fixed location. This act is based on the principle of strict liability.

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

According to the Act on Environmental Impact Assessment Procedure, certain projects 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 minerals pursuant to mining concessions granted by the executive branch of the Mexican government, as a general rule to whoever first claims them. While the Mining Law touches briefly upon labour, occupational and worker health and safety standards, these are primarily dealt with by the Federal Labour Law. 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 with respect to the use of explosives.

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

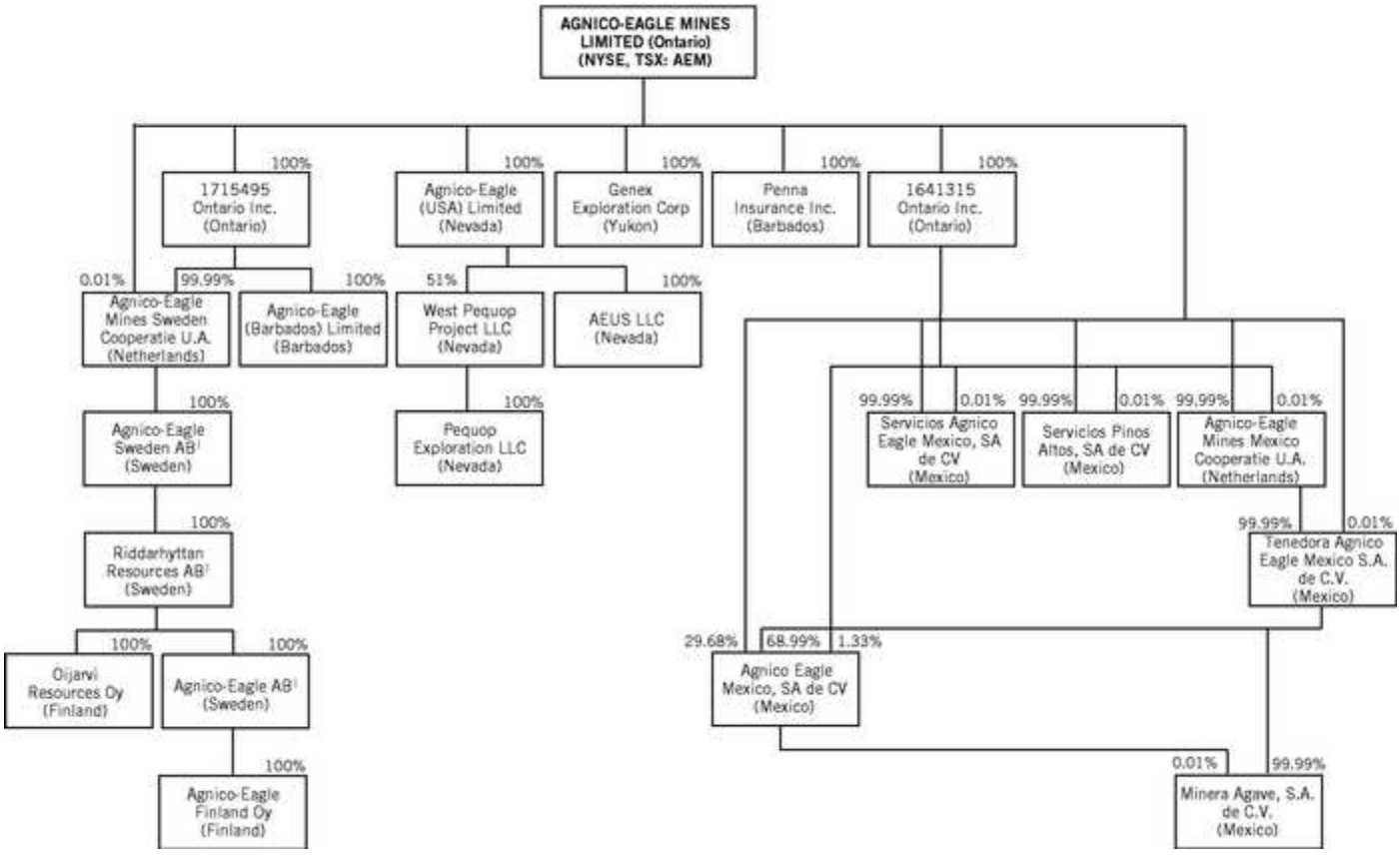
Organizational Structure

The Company's significant subsidiaries (all of which are directly or indirectly wholly-owned by the Company, unless otherwise indicated) are Riddarhyttan, 1715495 Ontario Inc., Agnico-Eagle Mines Sweden Cooperatie U.A., which owns all of the shares of Agnico-Eagle Sweden AB, a Swedish company through which the Company holds its interest in Riddarhyttan, Oijarvi Resources Oy and Agnico-Eagle AB, a Swedish company through which Riddarhyttan holds its interest in Agnico-Eagle Finland Oy, a Finnish company through which the Kittila Mine is held. In addition, the Company's interest in the Pinos Altos Mine in northern Mexico is held through its indirect wholly-owned Mexican subsidiary, Agnico Eagle Mexico S.A. de C.V., which is owned, in part, by 1641315 Ontario Inc. and Tenedora Agnico Eagle Mexico S.A. de C.V., which is owned in part by Agnico-Eagle Mines Mexico Cooperatie U.A. The LaRonde Mine (including the LaRonde Mine extension), the Goldex Mine, the Lapa Mine, the Meadowbank Mine and the Meliadine project are owned directly by the Company.

The Company's wholly-owned subsidiaries, Servicios Agnico Eagle Mexico, S.A. de C.V., Servicios Pinos Altos, S.A. de C.V. and Minera Agave, 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.

The following chart sets out the corporate structure of the Company, each of its significant subsidiaries and certain other subsidiaries, together with the jurisdiction of organization of the Company and each such subsidiary as at March 18, 2011:

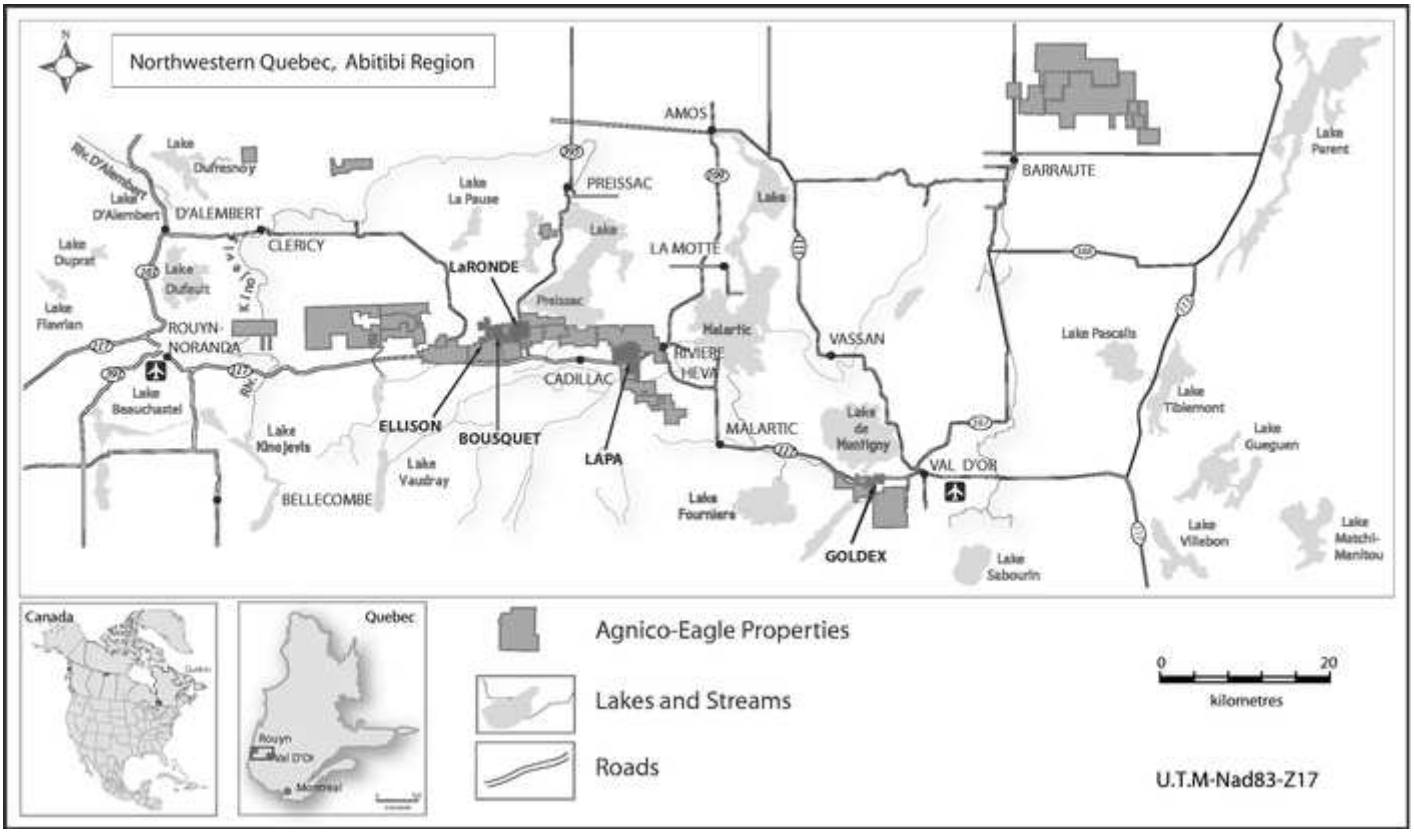
Agnico-Eagle Organizational Chart



1 In January 2011, Agnico-Eagle Sweden AB, Agnico-Eagle AB and Riddarhyttan Resources AB began the process of merging with Agnico-Eagle Sweden AB as the continuing entity. The merger is expected to be effective on or about March 28, 2011.

Property, Plant and Equipment

Location Map of the Abitibi Region

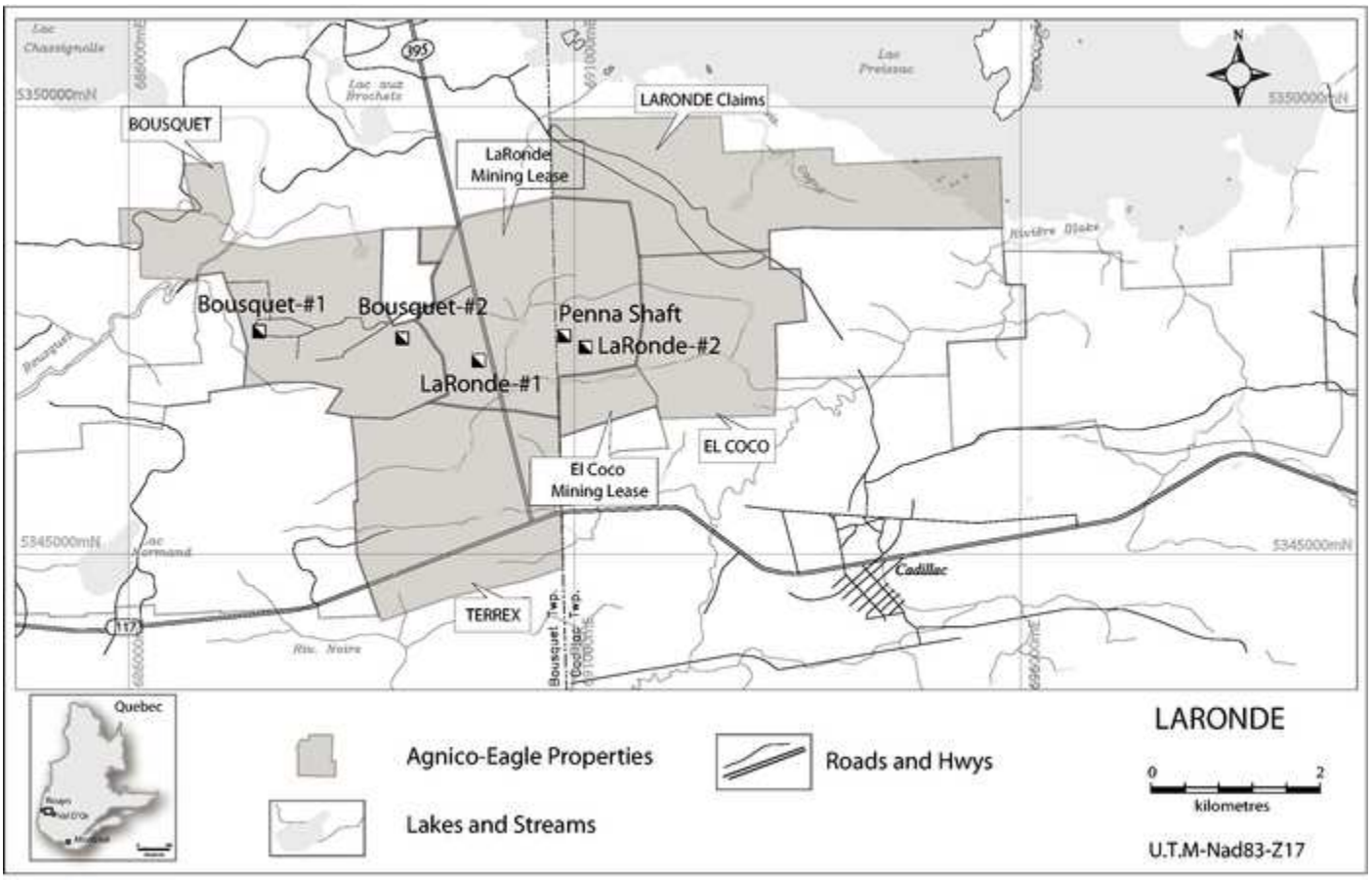


LaRonde Mine

The LaRonde Mine is situated approximately halfway between the City of Rouyen-Noranda and the City of Val d'Or in northwestern Quebec (approximately 470 kilometres northwest of Montreal, Quebec) in the municipalities of Preissac and Cadillac. At December 31, 2010, the LaRonde Mine was estimated to contain proven and probable mineral reserves of approximately 4.8 million ounces of gold comprised of 34.7 million tonnes of ore grading 4.32 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 either from Val d'Or in the east or from 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 LaRonde Mine operates under mining leases obtained from the Ministry of Natural Resources and Wildlife (Quebec) and under certificates of approval granted by the Ministry of Sustainable Development, Environment and Parks (Quebec). The LaRonde property consists of 35 contiguous mining claims and one provincial mining lease and covers in total 1,044.9 hectares. The El Coco property consists of 22 contiguous mining claims and one provincial mining lease and covers in total 356.7 hectares. The Terrex property consists of 21 mining claims that cover in total 424.4 hectares. The mining leases on the LaRonde and El Coco properties expire in 2018 and 2021, respectively, and are automatically renewable for three further ten-year terms upon payment of a small fee. The Company also has three surface rights leases that cover in total approximately 250.5 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.

Location Map of the LaRonde Mine



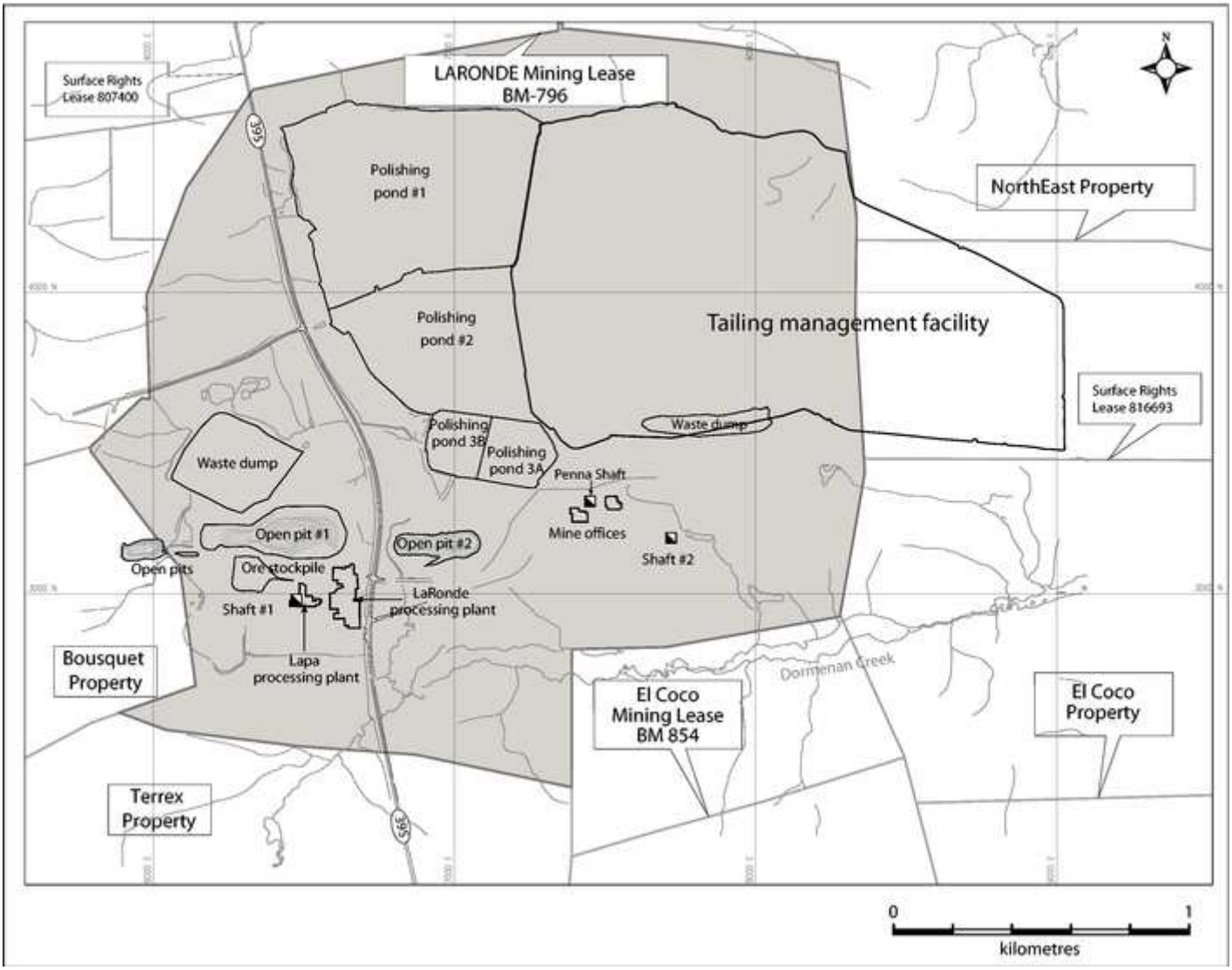
The LaRonde Mine includes underground operations at the LaRonde and El Coco properties that can both be accessed from the Penna Shaft, a mill, a treatment plant, a secondary crusher building and related facilities. The El Coco property is subject to a 50% net profits interest in favour of Barrick Gold Corporation ("Barrick") on future production from approximately 500 metres east of the LaRonde property boundary. The remaining 1,500 metres is subject to a 4% net smelter return royalty. This area of the property is now substantially mined out and the Company has not paid royalties since 2004 and does not expect to pay royalties in 2011. In 2003, exploration work started to extend outside of the LaRonde property onto the Terrex property where a down-plunge extension of Zone 20 North was discovered. The Terrex property is subject to a 5% net profits royalty to Delfer Gold Mines Inc. and a 2% net smelter return royalty to Barrick. The Company does not expect to pay royalties on this part of the property in 2011. In addition, the Company owns 100% of the Sphinx property immediately to the east of the El Coco property.

In 2011, payable gold production at the LaRonde Mine is expected to decline to approximately 157,000 ounces, and total cash costs per ounce are expected to be approximately $54.

The Abitibi region has a continental climate with average annual rainfall of 64 centimetres and average annual snowfall of 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. The Company believes that the Abitibi region of northwestern Quebec has sufficient experienced mining personnel to staff its operations in the Abitibi region. The elevation is 337 metres above sea level. The LaRonde property is relatively flat with a maximum relief of approximately 40 metres. The topography gently slopes down from north to south and is characterized by boreal-type forest on LaRonde and the nearby properties. 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 Lake Preissac and is transported approximately four kilometres to the minesite through a surface pipeline.

Mining and Milling Facilities

Surface Plan of the LaRonde Mine



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 Level 25 of Shaft #1 and continues down to Level 248 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 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 Level 6 (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, 6 and 7. In 2009, as part of the LaRonde Mine extension, the Company completed construction of an 823-metre internal shaft from Level 206 to access the ore below Level 245, approximately 2,858 metres below surface.

Mining Methods

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 2010, two mining methods were used: longitudinal retreat with cemented backfill (or pastefill) and transverse open stoping with both cemented (or pastefill) 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 from the paste backfill plant completed in 2000 and located on the surface at the processing facility. In the transverse open stoping method, 50%

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of the ore is mined in the first pass and filled with cemented rock fill or paste fill. On the second pass, the remainder of the ore is mined and filled with unconsolidated waste rock fill or cemented paste backfill.

Surface Facilities

Surface facilities at the LaRonde Mine include a processing plant with a daily capacity of 7,200 tonnes of ore, which has been expanded four times since 1987 from the original rate of 1,630 tonnes per day. Beginning in 1999, transition to the LaRonde Mine poly-metallic massive sulphide orebody required several modifications to the processing plant which consisted of a new coarse ore handling system, new SAG and ball mill, the addition of a zinc flotation circuit and capacity increases to the existing copper flotation and precious metals circuits. In 2008, the installation of a limited copper/lead separation flotation circuit, following the copper flotation circuit, was completed. Also in 2008, operation of a small cyanidation plant, for the treatment of sulphide concentrate from the Goldex Mine, began. LaRonde is also the site for the Lapa Mine ore processing plant (1,500 tonnes per day), which the Company commissioned in the second quarter of 2009.

The ore requires a series of grinding, copper/lead flotation and separation, zinc flotation and zinc tails precious metals leaching circuits, followed by a counter-current decantation circuit and Merrill Crowe precipitation. A paste backfill and cyanide destruction plant operate intermittently. The tailings area has a dedicated cyanide destruction and metals precipitation plant that water passes through prior to recirculating to the mill. A biological water treatment plant was commissioned in 2005 to address the build-up of thiocyanate in the tailings ponds at LaRonde. This was the result of the high sulphide content of the LaRonde ore and 90% recirculation of the process water. The plant uses bacteria to oxidize and destroy thiocyanate and removes phosphate from the water before it is released to the environment.

The Goldex concentrate circuit consists of pulp received from the Goldex mill via truck and subsequent leaching of the pulp with cyanide. The leached material is sent to the Lapa cyanide leach with carbon circuit ("CIL") for gold recovery with Lapa residual pulp.

The Lapa process consists of a two-stage grinding circuit to reduce the granularity of the ore. A gravity recovery circuit is incorporated into the grinding circuit that recovers up to 45% of the available gold, depending on feed grades. The residual pulp is leached in a conventional CIL circuit to dissolve the balance of the precious metal. The leached slurry from the Goldex concentrate circuit is mixed with the Lapa pulp for carbon contact. A carbon strip circuit recovers the gold from the carbon which is recycled to the leach circuit.

Annual production at the LaRonde mill consists of approximately 48,000 tonnes of copper concentrate, up to 7,800 tonnes of lead concentrate and 136,000 tonnes of zinc concentrate. Gold recovery at the LaRonde Mine is distributed approximately 63% in the copper concentrate, 7% in the lead concentrate, 4.25% in the zinc concentrate and 13% via leaching.

Mineral Recoveries

During 2010, gold and silver recovery averaged 90.0% and 88.2%, respectively. Zinc recovery averaged 88.6% with a concentrate quality of 54.8% zinc. Copper recovery averaged 81.1% with a concentrate quality of 8.96% copper. Approximately 2.59 million tonnes of ore were processed averaging 7,102 tonnes of ore per day at 94.1% of available time.

The following table sets out the metal recoveries, concentrate grades and contained metals for the 2.59 million tonnes of ore extracted by the Company at the LaRonde Mine in 2010.

		Copper Concentrate (63,353 tonnes produced)		Zinc Concentrate (121,160 tonnes produced)		Lead Concentrate (427 tonnes produced)				
	Head Grades	Grade	Recovery	Grade	Recovery	Grade	Recovery	Dore Produced	Overall Metal Recoveries	Payable Production
Gold	2.17 g/t	61.2 g/t	57.91%	2.29 g/t	5.49%	97.4 g/t	6.3%	37,879 oz	90.04%	162,647 oz
Silver	57.04 g/t	1,472 g/t	52.9%	157 g/t	14.26%	2,859 g/t	7.03%	535,023 oz	88.20%	4,193,116 oz
Copper	0.23%	8.96%	81.1%	–	–	–	–	–	81.1%	4,223 t
Lead	0.37%	–	–	–	–	57.38%	21.8%	–	21.80%	1,954 t
Zinc	3.204%	–	–	54.8%	88.64%	–	–	–	88.64%	62,543 t

Environmental Matters

Currently, water is treated at various facilities at the LaRonde Mine operations. Water contained in the tailings to be used as underground backfill is treated to degrade cyanide using a sulphur dioxide and air process. The tailings entering the tailings pond are first decanted and the clear water subjected to natural cyanide degradation. This water is then transferred to sedimentation pond #1 to undergo a secondary treatment at a plant located between sedimentation ponds #1 and #2 that uses a peroxy-silica process to destroy cyanide, lime and coagulant to precipitate metals. The tailings pond occupies an area of about 175 hectares. Waste rock that is not used underground for backfill is brought up to the surface and stored in close proximity to the tailings pond to be used to build coffer dams inside the pond. A waste rock pile containing approximately one million tonnes of waste and occupying about nine hectares is located west of the mill.

Due to the high sulphur content of the LaRonde ore, the Company has had to address toxicity issues in the tailings ponds since the 1990s. Since introducing and optimizing a biological treatment plant in 2005, the treatment process is now stable and the effluent has remained non-toxic since 2006. In 2006, the Company commenced an ammonia stripping operation involving an effluent partially treated by the biological treatment plant which allowed an increase in treatment flow rate, while keeping the final effluent toxicity-free. In 2009, to further increase the treatment flow rate of the biological plant, the Company commenced construction of ammonia stripping towers, which became operational in June 2010. In addition, water from mine dewatering and drainage water are treated to remove metals prior to discharge at a lime treatment plant located at the LaRonde mill.

Capital Expenditures

In 2006, the Company initiated construction to extend the infrastructure at the LaRonde Mine to access the ore below Level 245, referred to as the LaRonde Mine extension. The LaRonde Mine extension is expected to begin contributing to production in the fourth quarter of 2011. The LaRonde Mine extension infrastructure includes a new 823-metre internal shaft (completed in November 2009) starting from Level 203, which provides a total depth of 2,858 metres. A ramp will be used to access the lower part of the orebody up to 3,110 metres in depth. The 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 2010 were approximately $97 million, which included $35 million on sustaining capital expenditures and $62 million comprised primarily of expenditures on the LaRonde Mine extension. Budgeted 2011 capital expenditures at the LaRonde Mine are $100 million, including $45 million on sustaining capital expenditures and capitalized exploration and $55 million on the LaRonde Mine extension. Another $16 million will be added to the carbon-in-pulp ("CIP") / high density sludge ("HDS") project. At the end of 2010, the capital cost of construction of the LaRonde Mine extension is estimated to be $246 million, of which the Company had incurred $186 million as of the end of 2010. Total capital expenditures for the LaRonde Mine and the LaRonde Mine extension are estimated at $292 million from 2011 to 2024 (including the CIP/HDS project).

Development

In 2010, a total of 14,855 metres of lateral development was completed. Development was focused on stope preparation of mining blocks for production in 2010 and 2011, especially the preparation of the lower mine production horizon. A total of 2,772 metres of development work was completed for the LaRonde Mine extension infrastructure and the ramp to access the LaRonde Mine extension.

A total of 15,440 metres of lateral development is planned for 2011. The main focus of development work continues to be stope preparation. The Company plans to develop and prepare the access to Zone 20 South down to Level 245. For the LaRonde Mine extension, a total of 6,020 metres of development is planned, mainly to develop the ramp access from the new shaft to the orebody, to complete infrastructure around the new shaft and for future ventilation infrastructure. At the same time, development work will continue to prepare for mining below Level 245.

Geology, Mineralization and Exploration

Geology

The LaRonde property is located near the southern boundary of the Archean-age (2.7 billion years old) Abitibi Subprovince and the Pontiac Subprovince within the Superior Geological Province of the Canadian Shield. The most important regional structure is the Cadillac-Larder Lake (CLL) fault zone marking the contact between the Abitibi and Pontiac Subprovinces, 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 south-facing regional groups of rock formations. From north to south, they are: (i) 400 metres (approximate true thickness) 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 that hosts all the known economic mineralization 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 alteration that enclose massive to disseminated sulphide mineralization (including the ore that is mined for gold, silver, zinc, copper and lead at the LaRonde Mine) follow steeply dipping, east-west-trending, anastomosing shear zone structures within the Blake River Group volcanic units across the property. These shear zones are part of the larger Doyon-Dumagami Structural Zone that hosts several important gold occurrences (including the Doyon gold mine, the Westwood project and the former Bousquet mines) and has been traced for over ten kilometres within the Blake River Group, from the LaRonde Mine westward to the Mouska gold mine.

Mineralization

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

These historical relationships, which were noted at LaRonde Shaft #1's Main Zone, 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 crosscutting north-south fractures also occurs within the LaRonde Mine. The predominant base metal sulphides within the LaRonde Mine are chalcopyrite (copper) and sphalerite (zinc).

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. Zone 20 North contains the majority of the mineral reserves and resources at the LaRonde Mine, including 32,931,912 tonnes of proven and probable mineral reserves grading 4.39 grams of gold per tonne, representing 95% of the total proven and probable mineral reserves at LaRonde, 5,296,186 tonnes of indicated mineral resources grading 1.70 grams of gold per tonne, representing 76% of the total measured and indicated mineral resources at LaRonde, and 9,470,764 tonnes of inferred mineral resources grading 4.04 grams of gold per tonne, representing 82% of the total inferred mineral resources at LaRonde.

The depth of Zone 20 North extends between 700 metres below surface and 3,500 metres below surface, and possibly lower. With increased access on the lower levels of the mine (*i.e.* from level 215 to level 255), the transformation from a "zinc/silver" orebody to a "gold/copper" deposit is expected to continue during 2011.

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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 900 metres, with thicknesses varying from 3 to 40 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. At depth, the massive sulphide lens becomes richer in gold and copper. During 2010, 2.3 million tonnes of ore grading 2.05 grams of gold per tonne, 60.0 grams of silver per tonne, 3.40% zinc, 0.22% copper and 0.39% lead were mined from Zone 20 North.

Exploration

The combined tonnage of proven and probable mineral reserves at the LaRonde Mine for year-end 2010 is 34.7 million tonnes which represents a 1% increase in the amount compared to year-end 2009 (34.4 million tonnes). This mineral reserve includes the replacement of 2.6 million tonnes of ore that were mined in 2010. The Company's ability to sustain its level of proven and probable mineral reserves was primarily due to continued successful exploration results at depth as well as the increase in the three-year average gold price used for the year-end 2010 estimates.

Diamond drilling is used for exploration on the LaRonde property. In 2010, a total of 212 holes were drilled on the LaRonde property for a total length of 19,188 metres, compared to 268 holes for a total length of 30,699 metres in 2009. Of the drilling in 2010, 187 holes (7,775 metres) were for production stope delineation, 21 holes (6,016 metres) were for definition drilling and 4 holes (5,397 metres) were for exploration. In 2009, 140 holes (8,272 metres) were for production stope delineation, 114 holes (17,024 metres) were for definition drilling and 14 holes (5,403 metres) were for exploration. Expenditures on diamond drilling at the LaRonde Mine during 2010 were approximately $2.4 million, including $1.1 million in definition and delineation drilling expenses charged to operating costs at the LaRonde Mine. Expenditures on exploration in 2010 were $1.3 million, and are expected to be $2.1 million in 2011.

The main focus of the 2010 exploration program was continuing the investigation of Zone 20 North at depth. This program was conducted from the Level 215 exploration drift, approximately 2,150 metres below the surface. The first hole of the program was completed at the end of 2009 to a final length of 1,852 metres. This hole intersected Zone 20 North at a depth of 3,520 metres below surface, which is approximately 410 metres below the current reserves envelope. The intersection returned 14.3 metres (true width) grading 3.03 grams of gold per tonne. In 2010, a second branch was drilled from this mother hole and returned 4.1 metres grading 1.77 grams of gold per tonne at a depth of 3,595 metres below surface. A second further hole was initiated in 2010 and drilling was still in progress at the end of the year. The drilling will continue in 2011.

In addition, definition and delineation drilling was undertaken mainly in Zone 20 North and Zone 20 South to assist in final mining stope design. Zone 20 North was the main focus of the definition drilling in 2010. Infill drilling in 2010 from Level 260 to Level 245 confirmed the previous Zone 20 North reserves with no significant gains or losses. The other focus of definition drilling in 2010 was Zone 20 South. The year-end 2009 estimates showed blocks of inferred resources in a parallel zone less than 15 metres north of Zone 20 South. As a result of 2010 drilling combined with higher gold prices, the two zones have been merged to form many mining blocks between Level 200 and Level 170. This represents a net gain of 29,200 ounces of gold (comprising 471,000 tonnes grading 1.93 grams of gold per tonne) in probable reserves in Zone 20 South.

Bousquet and Ellison Properties

The Bousquet property is located immediately west of the LaRonde Mine and consists of two mining leases covering 80.0 hectares and 31 claims covering 384.9 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.

From 2004 to 2007, the Company recovered 108,407 tonnes of ore grading 2.33 grams of gold per tonne from Zone 4 in a small open pit. In 2006 and 2007, the Company recovered 99,342 tonnes of ore grading 7.02 grams of gold per tonne from two small ore blocks underground at Bousquet. There has been no mining of this property since 2007.

In 2010, the Company completed the first stage of a diamond drilling program consisting primarily of twinning and resampling historic holes to evaluate the production potential of an open pit at Bousquet Zone 5. This work led to an initial

resource estimate for Zone 5. For the whole Bousquet property, including Zone 5, the December 31, 2010 indicated mineral resource is approximately 1.7 million tonnes grading 5.63 grams of gold per tonne. The inferred mineral resource is 20.5 million tonnes grading 2.32 grams of gold per tonne. Expenditures on exploration in 2010 were $0.2 million, which includes the cost of drilling 2,082 metres in seven holes. In 2011, the Company expects to spend $1.9 million on drilling 20,000 metres at Bousquet.

The Ellison property is located immediately west of the Bousquet property and consists of eight claims covering 101.1 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, the Company will be required to pay Yorbeau Resources Inc. an additional C$0.5 million in cash.

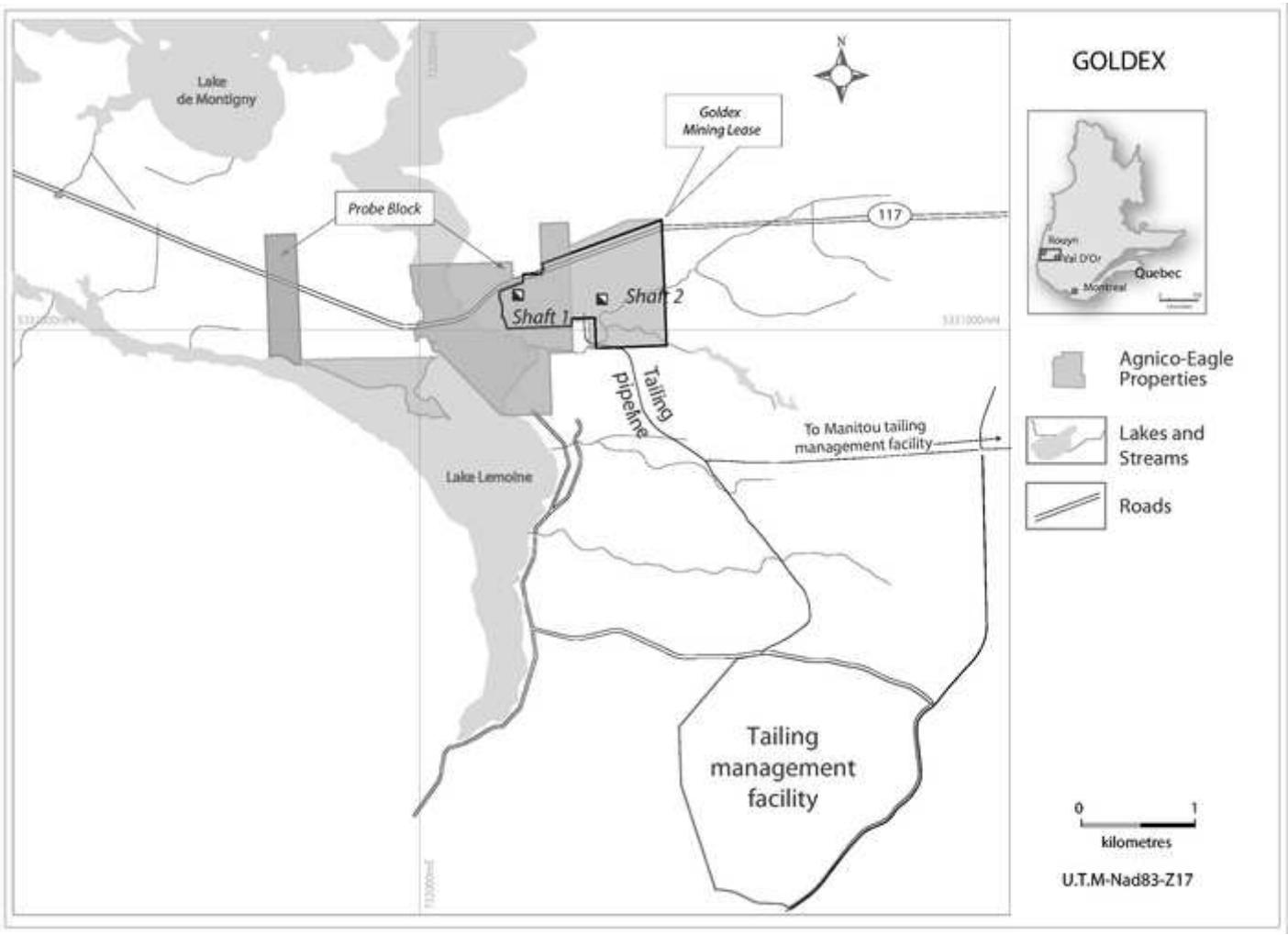
The Company began a deep drilling program at Ellison in 2009 that continued throughout 2010. Late in 2010, a wedge from the original hole intercepted high grade gold mineralization approximately 2.6 kilometres below surface, interpreted to be in the Westwood horizon. This program is the first to identify the presence of significant gold mineralization in the down-dip extension of Westwood on the Ellison property. The potential exists for a large gold resource with similar geology to the LaRonde Extension.

The December 31, 2010 indicated mineral resource at Ellison is approximately 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. A follow-up exploration program, designed to trace the Westwood zone to the east and possibly define a new gold resource, is planned for Ellison in 2011, including 9,500 metres of drilling at a budget of $4.8 million.

Goldex Mine

The Goldex Mine, which achieved commercial production in August 2008, is located in the City of Val d'Or, Quebec, approximately 60 kilometres east of the LaRonde Mine. At December 31, 2010 the Goldex Mine was estimated to have proven and probable mineral reserves of approximately 1.6 million ounces of gold comprised of 27.8 million tonnes of ore grading 1.75 grams per tonne.

Location Map of the Goldex Mine



The Goldex Mine is accessible by provincial highway. The elevation is approximately 302 metres above sea level. All of the Goldex Mine'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 is sourced directly by aqueduct from the Thompson River immediately adjacent to the minesite or through recirculation of water from the surface pond and the auxiliary tailings pond. For additional information regarding the Abitibi region in which the Goldex Mine is located, including information with respect to climate, topography, vegetation and mining personnel, see "– Property, Plant and Equipment – LaRonde Mine".

The Goldex Mine operates under a mining lease obtained from the Ministry of Natural Resources and Wildlife (Quebec) and under certificates of approval granted by the Ministry of Sustainable Development, Environment and Parks (Quebec). The Goldex property, in which the Company has a 100% working interest, consists of 20 contiguous mining claims and, since April 2006, one provincial mining lease (98.6 hectares), covering an aggregate of 273.3 hectares. The property is made up of three blocks: the Probe block (122.7 hectares); the Dalton block (10.4 hectares); and the Goldex Extension block (140.2 hectares). The claims are renewable every second year upon payment of a small fee. The mining lease expires in 2028 and is automatically renewable for three further ten-year terms upon payment of a small fee. The Company also has one lease covering 418.5 hectares of surface rights that are used for the auxiliary tailings pond. This lease is renewable annually upon payment of a small fee.

The Goldex Mine includes underground operations that can be accessed from two shafts, a processing plant, an ore storage facility and other related facilities. The Goldex Extension Zone ("GEZ"), which is the gold deposit on which the Company is currently focusing its production efforts, was discovered in 1989 on the Goldex Extension block (although the Company believes a small portion of the GEZ occurs on the Dalton and Probe blocks). Probe Mines Ltd. holds a 5% net smelter return royalty interest on the Probe block. In 2010, exploration and development work continued on the zone located on the Probe block 150 metres

above the western end of the GEZ (the "M-Zone").

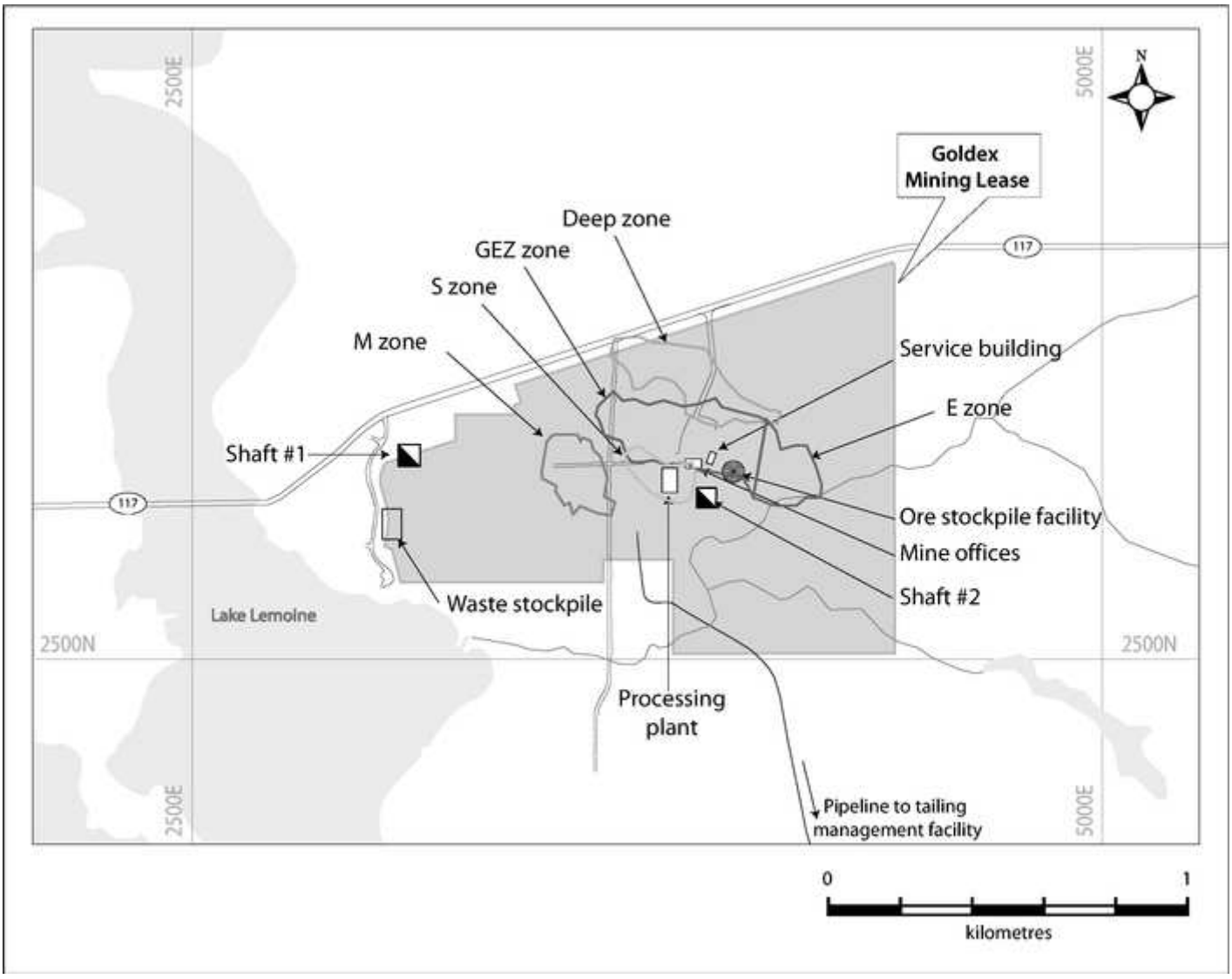
In late 1997, the Company completed a mining study that indicated the deposit was not economically viable to mine at the then-prevailing gold price (approximately $323 per ounce of gold) using the mining approach chosen and drill-hole-indicated grade. The property was placed on care and maintenance and the workings were allowed to flood. In February 2005, a new mineral reserve and resource estimate was completed for the GEZ which, coupled with a feasibility study, led to a probable mineral 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 GEZ resource model was revised and, in March 2005, the Company approved a feasibility study and the construction of the Goldex Mine. The mine achieved commercial production on August 1, 2008 and has consistently operated at or above the designed rate of 6,900 tonnes per day.

Based on the results of a scoping study completed in July 2009, the Company determined to expand the mine and mill operations at the Goldex Mine to 8,000 tonnes per day. This project was completed in 2010. Capital costs in connection with the expansion total $10 million. The crusher for the expansion was commissioned at the end of the first quarter of 2010 at a rate of 7,811 tonnes per day. Milling performance for December 2010 was at 7,951 tonnes per day. Optimization of surface crusher liners in the first quarter of 2011 is expected to improve tonnage.

The Goldex Mine produced 184,386 ounces of gold in 2010 at total cash costs of $335 per ounce. It is anticipated that the Goldex Mine will produce approximately 183,538 ounces of gold in 2011 at estimated total cash costs per ounce of approximately $349.

Mining and Milling Facilities

Surface Plan of the Goldex Mine



At the time the Company commenced construction of the Goldex Mine, the surface facilities included a headframe, a hoistroom, a surface building containing a mechanical shop, a warehouse and an office. In addition, the Goldex property

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had a 790-metre deep shaft (Shaft #1), which provided access to underground workings. Shaft #1 is predominantly used to hoist waste rock from development activities.

The sinking of a new production shaft was completed in 2007. The new shaft (Shaft #2) is a 5.5-metre diameter shaft with a 50-centimetre thick concrete lining and is used for ventilation as well as hoisting services. Shaft #2 is 865 metres deep and includes five stations. A refurbished friction hoist was installed for production and service duties, and an auxiliary hoist was installed for emergency and personnel service. The production hoist is equipped with one cage-skip. Each skip has a 21.5-tonne capacity and the shaft can hoist an average of 7,000 to 8,000 tonnes of ore per day.

Mining Method

The Goldex Mine uses a high volume bulk mining method, which is made possible through the use of large mining stopes. Drilling and blasting of 165-millimetre production holes is used to obtain a muck size large enough to be economically efficient. Using this method requires a percentage of the broken ore to be kept in the stope to reduce the backfilling cost and to reduce sloughing on the walls. Little ore and waste development is necessary to mine out the deposit.

Surface Facilities

Plant construction at the Goldex Mine commenced in the second quarter of 2006 and was completed in the first quarter of 2008. The plant reached design capacity in the second quarter of 2009. Grinding at the Goldex mill is done through a two-stage circuit comprised of a SAG mill and a ball mill. As part of the expansion project commenced in 2009, a surface crusher was added to reduce the size of ore transferred to the surface from 150 millimetres to 50 millimetres. A lamellar decanter was also added to recover small particles present in the water overflow of the concentrate thickener. The underflow pump of this thickener was upgraded following flotation circuit modification to increase the pull rate of the small particles. An increase in the capacity of the tailings pump is required. The project is ongoing and the Company expects that it will be finalized in March 2011. A lime silo will also be installed and commissioned in the second quarter of 2011. Approximately two-thirds of the gold is recovered through a gravity circuit, passed over shaking tables and smelted on site. The remainder of the gold and pyrite is recovered by a flotation process. The concentrate is then thickened and trucked to the mill at the LaRonde Mine where it is further treated by cyanidation. Gold recovered is consolidated with precious metals from the LaRonde and Lapa Mines. The Company is targeting an average gold recovery of 93.28% for 2011.

In addition, surface facilities at the Goldex Mine include an electrical sub-station, a compressor building, a service building for administration and changing rooms, a warehouse building, a concrete headframe above Shaft #2, a hazardous waste storage facility and a dome covering the ore stockpile. In 2008, the processing plant building was commissioned along with the Manitou pumping station and its associated 24-kilometre pipeline.

Mineral Recoveries

During 2010, the Goldex mill processed approximately 2.78 million tonnes of ore, averaging approximately 7,620 tonnes of ore treated per day and operating at approximately 95% of available time. The following table sets out the metal recoveries at the Goldex Mine in 2010.

		Flotation-Cyanidation						
	Head Grades	**Gravity Recovery**		**Recovery**		**Global Recovery**		**Payable Production**
Gold	2.21 g/t	123,712 oz	63.24%	60,673 oz	29.98%	184,385 oz	93.22%	184,385 oz

Environmental Matters

Environmental permits for the construction and operation of an ore extracting infrastructure at the Goldex Mine were received from the Ministry of Sustainable Development, Environment and Parks (Quebec) in October 2005. The permits also covered the construction and operation of a sedimentation pond for mine water treatment and sewage facilities, and these facilities have been built at the Goldex Mine site. In June 2009, permits were revised to permit the expansion of the mine and mill operations to 8,500 tonnes per day.

In November 2006, the Company and the Quebec government signed an agreement permitting the Company to dispose of the Goldex tailings at the Manitou minesite, a tailings site formerly used by an unrelated third party and abandoned to the Quebec government. The Manitou tailings site has issues relating to acid drainage and the construction of tailings facilities by the Company and the deposit of tailings from the Goldex plant on the Manitou tailings site was accepted by the

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Ministry of Sustainable Development, Environment and Parks (Quebec) as a valid rehabilitation plan to address the acid generation problem at Manitou. Under the agreement, the Company managed the construction and operation of the tailings facilities and the Quebec government paid all additional costs above the Company's budget for tailings facilities set out in the Goldex feasibility study. The Quebec government retains responsibility for all environmental contamination at the Manitou tailings site and for final closure of the facilities. In addition, the Company has built a separate tailings deposit area (auxiliary tailings pond) near the Goldex Mine. Environmental permits for the construction and operation of the auxiliary tailings pond at the Goldex Mine were received in March 2007. In 2010, 33,947 tonnes of Goldex tailings were discharged to the auxiliary pond for a total to date of 526,000 tonnes. At the Manitou site, 2.75 million tonnes of Goldex tailings were discharged for a total to date of 5.893 million tonnes.

Capital Expenditures

Capital expenditures at the Goldex Mine in 2010 were approximately $24.3 million, which included $3.2 million on sustaining capital expenditures, $3.4 million on the construction of facilities in the M-Zone and water management, $11.7 million in deferred development expenses and $2.9 million for other projects. Sustaining capital expenditures are expected to be approximately $9.9 million in 2011 and $16.4 million over the period from 2011 through 2015.

Development

During 2010, approximately 3,800 metres of lateral and vertical development were completed at a cost of $8.2 million. For 2011, 4,000 metres of development is planned with a budget of approximately $10.7 million (including $9.7 million for deferred development). In 2010, ramp access from Level 49 to Level 37 was completed.

Geology, Mineralization and Exploration

Geology

Geologically, the Goldex property is similar to the LaRonde property and is located near the southern boundary of the Archean-age (2.7 billion years old) Abitibi Subprovince, a typical granite-greenstone terrane located within the Superior Province of the Canadian Shield. The southern contact of the Abitibi Subprovince with the Pontiac Subprovince 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 generally oriented west-northwest.

The GEZ, which hosts most of the current mineral reserves, 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 by gold assays. The zone is almost egg-shaped; 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 efforts at Goldex were focused on satellite zones in 2010. Some of these satellite zones now contain reserves, including the M-Zone and the zone located at the south-eastern extension of the GEZ (the "E-Zone"). Both the M-Zone and the E-Zone are defined by quartz tourmaline veins and gold assays that are similar to the GEZ. The M-Zone has been defined on a length of 160 metres, a height of 120 metres and a thickness of 115 metres. The E-Zone has been defined on a length of 150 metres, a height of 110 metres and a thickness of 90 metres.

Mineralization

Gold mineralization at Goldex corresponds to the quartz-tourmaline vein deposit type. The Goldex gold-bearing quartz-tourmaline-pyrite veins and veinlets have strong structural control. The most significant structure directly related to mineralization is a discrete shear zone, the Goldex Mylonite, that is up to five metres wide and occurs within the Goldex Granodiorite, just south of the GEZ and most other gold occurrences. The quartz-tourmaline-pyrite vein mineralization is controlled by minor fracture zones that are oriented west-northwest and dip steeply north or south. The fractures are parallel to but north of the Goldex Mylonite. Within the GEZ are three vein sets, the most important of which are extensional-shear veins dipping 30 degrees south and usually less than 10 centimetres thick. The vein sets and associated alteration combine to form stacked envelopes up to 30 metres thick.

Strong albite-sericite alteration of the host-rock quartz diorite 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 GEZ; 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 within the pyrite. The gold-bearing pyrite occurs in the quartz-tourmaline veins and in narrow fractures in the sericite-albite-altered quartz diorite (generally immediately adjacent to the veins). Less than 1.5% of the gold occurs as the mineral calaverite, a gold telluride.

Exploration

In 2010, $3.9 million was spent on exploration at Goldex. A total of 122 holes were drilled using diamond drilling methods at the Goldex Mine for a total length of approximately 44 kilometres, compared to 52 holes for a total length of 8,917 metres in 2009. Initiated in 2009, the exploration drift on Level 84 was extended by 60 metres in 2010. Four different zones in the Goldex Granodiorite intrusive were drilled in 2010. The focus of the 11.7 kilometres of exploration drilling was the area above the M-Zone, with additional drilling on the eastern and western ends of the GEZ and above the E-Zone. In addition, approximately 11 kilometres of drilling was undertaken for resource-to-reserve conversion in the E-Zone and 21 kilometres to delineate a new inferred resource in the zone located inside the Goldex Granodiorite sill and extending approximately 325 metres high, 490 metres wide and 100 metres deep (the "D-Zone"). Like the GEZ, mineralization in the D-Zone is characterized by quartz tourmaline veins.

The 2011 exploration program is budgeted to include 58,200 metres of diamond drilling. The primary target is the D-Zone with 40,700 metres of diamond drilling. The remainder of drilling will explore the area above the M-Zone (9,000 metres) and the sector to the east of the GEZ above the E-Zone (8,500 metres).

Kittila Mine

The Kittila Mine, which commenced commercial production in May 2009, is located approximately 900 kilometres north of Helsinki and 50 kilometres northeast of the town of Kittila in northern Finland. At December 31, 2010, the Kittila Mine was estimated to contain proven and probable mineral reserves of 9 million ounces of gold comprised of 32.7 million tonnes of ore grading 4.64 grams per tonne. The Kittila Mine is accessible by paved road from 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 ten kilometres north of the village of Kiistala, accessible via a paved road. The property is close to infrastructure, including hydro power, an airport and the town of Kittila. The project also has access to a qualified labour force, including mining and construction contractors.

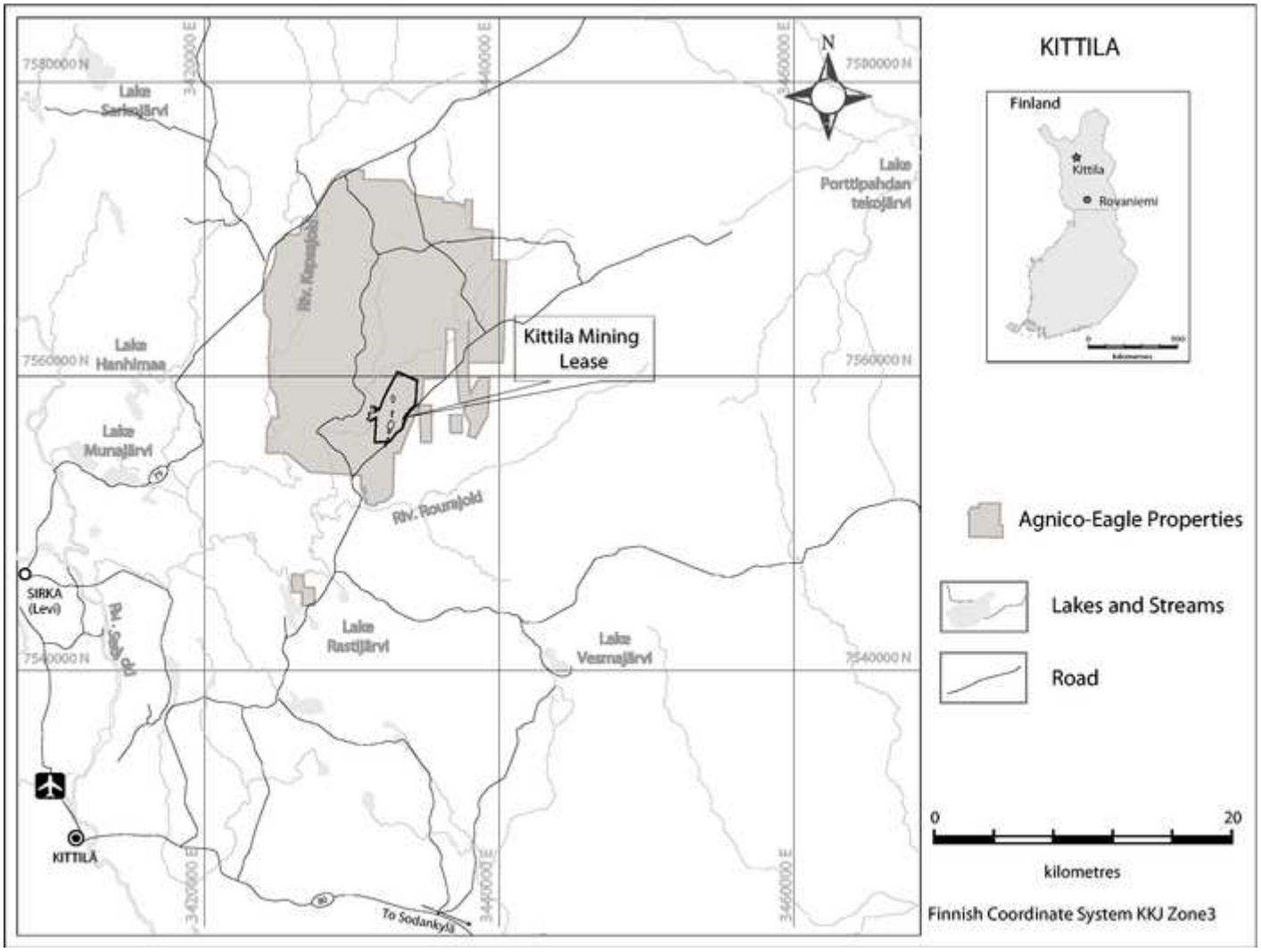
The total landholdings surrounding and including the Kittila Mine comprise one mining licence covering an area of approximately 847 hectares, 129 individual tenements (valid claims) covering approximately 11,507 hectares and 227 claim applications covering approximately 20,207 hectares. The mineral titles form a continuous block around the Kittila mining licence. The block has been divided into the Suurikuusikko area, the Suurikuusikko West area and the Kittila mining licence centred at 25.4110 degrees longitude east and 67.9683 degrees latitude north.

The boundary of the mining 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 are registered in the name of Agnico-Eagle Finland Oy, an indirect, wholly-owned subsidiary of the Company. According to the Finnish government's land tenure records, all tenements are in good standing. The expiry dates of the tenements vary from November 2011 up to June 2015. Tenements are valid between three and five years, provided a small annual fee is paid to maintain title, and extensions can be granted for three years or more. Agnico-Eagle Finland Oy also holds the mining licence in respect of the Kittila Mine. The mine is subject to a 2.0% net smelter return royalty payable to the Republic of Finland starting in 2011.

The Kittila Mine area is sparsely populated and is situated between 200 and 245 metres above sea level. The topography is characterized by low rolling forested hills separated by marshes, lakes and interconnected rivers. The gold deposit is situated on an area of land that has no special use at present and there is sufficient land available for tailings facilities. Water requirements for the Kittila Mine are sourced from the nearby Seurujoki River, recirculation of water from pit dewatering and tailings pond water. The Kittila region is located within the South-West Lapland zone of the northern boreal vegetation zone characterized by spruce forests, marshes and bogs.

The mine 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 Celsius 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 a brief period of 24-hour darkness around the winter solstice. Conversely, summer days are very long with a brief 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.

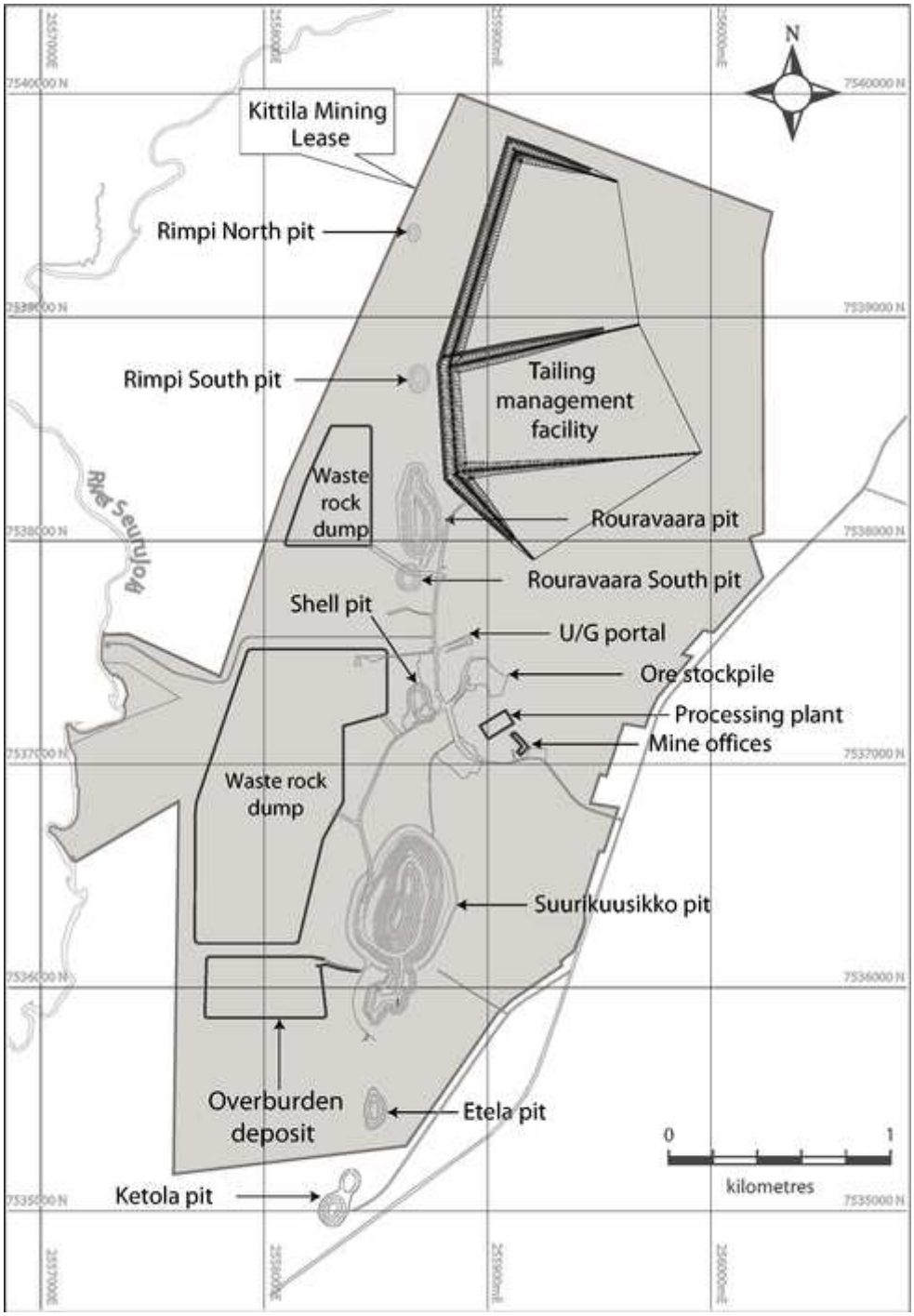
Location Map of the Kittila Mine



The Company acquired its 100%, indirect interest in the Kittila Mine through the acquisition of Riddarhyttan completed in November 2005. See "– History and Development of the Company". In June 2006, on the basis of an independently reviewed feasibility study, the Company approved construction of the Kittila Mine. The Kittila Mine is currently an open pit mining operation with underground mining via ramp access expected to be gradually phased in over three years. The initial underground stope was mined in early 2010. Ore is processed in a 3,000-tonne per day surface processing plant that was commissioned in late 2008. Limited gold concentrate production started in September 2008 and gold dore bar production commenced in January 2009. During 2010 throughput at the Kittila Mine approached design levels and gold recoveries continuted to improve. The Kittila Mine is anticipated to produce approximately 149,000 ounces of gold in 2011 at estimated total cash costs per ounce of approximately $548. Over the period of 2011 to 2023, total average gold production of approximately 150,000 ounces annually is anticipated. A scoping study is underway to assess the feasibility of significantly increasing the annual gold production. This could involve sinking a new shaft and expanding the Kittila mill.

Mining and Milling Facilities

Surface Plan of the Kittila Mine



The orebodies at Kittila are being mined initially from two open pits, followed by underground operations to mine the deposits at depth. Additional, smaller open pits will be used to mine any remaining mineral reserves close to the surface in the future. Open pit mining started in May 2008 and the extracted ore was stockpiled. As of December 2010, a total of 1.8 million tonnes of ore have been processed, 0.4 million tonnes of ore have been stockpiled and 25.8 million tonnes of waste rock have been excavated. Work on the ramp to access the underground reserves continued throughout 2010 and total underground development to date is approximately 14,500 metres. Underground mining commenced in the fourth quarter of 2010 and, as of December 2010, a total of 100,559 tonnes of ore have been mined from the underground portions of the mine.

Mining Methods

The Kittila Mine currently mines the Suurikuusikko orebody with a 160-metre deep open pit. Ore is mined in 7.5-metre benches together with waste rock using buffer blasting techniques and is loaded selectively to minimize dilution and maximize ore recovery. Hydraulic excavators load ore into 100-tonne trucks that haul the ore to the crusher and the waste

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rock to the waste disposal area. Approximately 3,000 tonnes of ore per day are fed to the concentrator. Surface mining is expected to continue through 2013, during which time the ramp access to the underground mine will continue to be developed. Underground development continued throughout the year and the first underground test stopes were mined in the first and second quarters of 2010.

The underground mining method is open stoping with delayed backfill. Stopes are between 25 and 40 metres high and yield approximately 10,000 tonnes of ore per stope. To ensure sufficient ore production is available to supply the mill, approximately 5,000 metres of tunnels will be developed each year. After extraction, stopes will be filled with cemented backfill or paste fill to enable the safe extraction of ore in adjacent stopes. Ore will be trucked to the surface crusher via the ramp access system.

Surface Facilities

Construction of the processing plant and associated equipment was completed in 2008 and facilities on site include an office building, a maintenance facility for the open pit equipment, a warehouse, a maintenance shop, an oxygen plant, a processing plant, a tank farm, a crusher, conveyor housings and an ore bin. In addition, some temporary structures house contractor offices and work areas.

The ore at Kittila is treated by grinding, flotation, pressure oxidation and carbon-in-leach circuits. Gold is recovered from the carbon in a Zadra elution circuit and is recovered from the solution using electrowinning and then poured into dore bars using an electric induction furnace.

Mineral Recoveries

In 2010, the Kittila mill processed 960,365 tonnes of ore with an availability of 82.5% for an average throughput of 3,189 tonnes per day. Low mill availability was caused by maintenance issues associated with the autoclave and scrubber, mainly related to leaking mechanical seals, brick lining failures in the autoclave and blocked pipelines on the scrubber.

The following table sets out the gold production at the Kittila Mine in 2010:

	Head Grade	Dore Produced	Overall Metal Recovery	Payable Production
Gold	5.41 g/t	126,028 oz	75.50%	126,205 oz

Flotation recoveries were stable during 2010 and flotation recovery averaged 91.87% during the year. Trials are still in progress with the aim to further increase the flotation recovery. An in-house metallurgical laboratory to be built in 2011 will allow further flotation test work to be undertaken to attempt to optimize flotation recoveries in 2011.

Ore processing at Kittila consists of two stages. In the first stage, ore is enriched by flotation and in the second stage the gold is extracted by pressure oxidation and cyanide-in-leach processes.

The first half of the year was a challenge for the second stage of the ore processing and the global recoveries (that is, the combination of recoveries from flotation and CIL) averaged 69.4%. The poor recovery rates were attributable to the formation of gold-chloride compound in the autoclave, which was successfully reduced in the last half of the year and, as a result, the global recovery increased to an average of 81.4%. Modifications inside the autoclave allowed for better oxygen distribution management, which resulted in better sludge flow and oxidation within the autoclave, leading to better recoveries. Also, further optimizing and improved control of the process enabled continuous improvement in recoveries.

A large amount of test work was done in 2010 and the testing and optimization of the process will continue in 2011. Large-scale test-work is ongoing to find optimized pressure oxidation and results are expected in 2011.

Environmental Matters

The Company currently holds a mining licence, an environmental permit and operational permits in respect of the Kittila Mine. All permits necessary to begin production were received during 2008, including an environmental permit update to change from a biological oxidation process to a pressure oxidation process and to change the slopes of the waste rock pile to decrease the footprint.

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The construction of the first phase of the tailings dam and waterproof bottom layer was completed in the fall of 2008. This first phase is sufficient to hold tailings from three years of production. Work began on the second phase in 2009. Water from dewatering the mine and water used in the mine and mill is collected and treated by sedimentation. Emissions and environmental impact are monitored in accordance with the comprehensive monitoring program that has been approved by the Finnish environmental authorities. There are no material environmental liabilities related to the Kittila Mine. A permit to increase mine process water discharge limits was granted in 2010.

Capital Expenditures

Capital expenditures at the Kittila Mine during 2010 were approximately $72 million, which included mill modification costs, underground mine development costs, exploration and conversion drilling costs within the mining licence area and sustaining capital costs. The Company expects capital expenditures at the Kittila Mine in 2011 to be approximately $68 million, most of which will be used for mining equipment for underground mining, development and construction of underground mining infrastructure, construction of a paste backfill plant and exploration and conversion drilling.

Development

Mining at the Suurikuusikko and Roura open pits progressed throughout 2010 with a total of 1,113,000 tonnes of ore and nine million tonnes of waste mined from the open pit. The Company expects that 750,000 tonnes of ore and 4.7 million tonnes of waste will be mined from the Suurikuusikko and Roura pits during 2011. Total costs for open pit development in 2010 were $23.2 million.

In 2010, underground development progressed in both the Rouravaara and Suurikuusikko zones with 5,047 metres of ramp and sublevel access development completed during the year. The first test stope was mined near the end of 2009. A total of 39,176 tonnes of ore from development and 61,383 tonnes of stope ore were mined in 2010. The Company expects to complete 6,000 metres of lateral development and 680 metres of vertical development during 2011.

Geology, Mineralization and Exploration

Geology

The Kittila Mine is situated within the Kittila Greenstone belt, part of the Lapland Greenstone belt in the Proterozoic-age Svecofennian geologic province. The appearance and geology of the area is similar to that of the Abitibi region of the Canadian Shield. In northern Finland, the bedrock is typically covered by a thin but uniform blanket of unconsolidated glacial till. Bedrock exposures are scarce and irregularly distributed.

The mine area is underlain by mafic volcanic and sedimentary rocks metamorphosed to greenschist assemblages and assigned to the Kittila group. The major rock units trend north to north-northeast and are near-vertical. The volcanics are further sub-divided into iron-rich tholeiitic basalts (Kautoselka Formation) located to the west and magnesium-rich tholeiitic basalt, coarse volcaniclastic units, graphitic schist and minor chemical sedimentary rocks (Vesmajarvi Formation) located to the east. The contact between these two rock units consists of a transitional zone (the Porkonen Formation) varying between 50 and 200 metres in thickness. This zone is strongly sheared, brecciated and characterized by intense hydrothermal alteration and gold mineralization, features consistent with major brittle-ductile deformation zones. It includes the north-northeast-oriented Suurikuusikko Trend.

Mineralization

The Porkonen Formation hosts the Kittila gold deposit, which contains multiple mineralized zones stretching over a strike length of more than 25 kilometres. Most of the work has been focused on the 4.5-kilometre stretch that hosts the known gold reserves and resources. From north to south, the zones are Rimminvuoma ("Rimpi-S"), North Rouravaara ("Roura-N"), Central Rouravaara ("Roura-C"), depth extension of Rouravaara and Suurikuusikko ("Suuri/Roura Deep"), Suurikuusikko ("Suuri"), Etela and Ketola. The Suuri and Suuri/Roura Deep zones include several parallel sub-zones that have previously been referred to as Main East, Main Central and Main West. The Suuri zone hosts approximately 38% of the current probable gold reserve estimate on a contained-gold basis, while Suuri/Roura Deep has approximately 20%, Roura-C approximately 12%, Roura Deep approximately 20%, Roura-N approximately 3%, Rimpi-S approximately 4%, Ketola approximately 1% and Etela approximately 0.2%.

Gold mineralization in these zones is associated with intense hydrothermal alteration (carbonate-albite-sulphide), and is almost exclusively refractory, locked inside fine-grained sulphide minerals: arsenopyrite (approximately 73%) or pyrite (approximately 23%). The rest is "free gold", which is manifested as extremely small grains of gold in pyrite.

Exploration

In 1986, the discovery of coarse visible gold in quartz-carbonate veining along a road cut near the village of Kiistala alerted the Geological Survey of Finland ("GTK") to the gold exploration potential of the area. Following this discovery, GTK initiated regional exploration over the area and deployed a wide range of indirect exploration tools to explore this relatively unexplored area. Over the period from 1987 to 2005, GTK and later Riddarhyttan undertook drilling programs and other testing on the property. After it acquired the property in 1998, Riddarhyttan continued to investigate the metallurgical properties of the refractory gold mineralization with the objective of demonstrating its recoverability and assessing suitable processing scenarios and initiated engineering and environmental studies to assess the feasibility of a mining project.

Diamond drilling is used for exploration on the Kittila property. Most of the work on the mining licence area has focused on the Suuri and Roura zones. Up to the end of December 2010, a total of 1,870 drill holes, totalling 557,397 metres, have been completed on the property. In 2010, between nine and 12 drill machines worked on the Kittila property: two to three drills on underground infill drilling; six to ten drills on mine exploration; and two to three drills on resource-to-reserve conversion drilling. A total of 501 holes were completed for a length of 134,596 metres. Of these drill holes, 329 drill holes (35,784 metres) were for definition drilling, 63 drill holes (34,413 metres) were for conversion drilling and 109 drill holes (61,399 metres) were related to mine exploration. Total expenditures for diamond drilling in 2010 were $27.7 million, including $5.2 million for definition and delineation drilling.

Exploration during 2010 increased proven and probable gold reserves to 4.9 million ounces (32.7 million tonnes of ore grading 4.64 grams per tonne). Most of the increase came from the Roura Deep zone (901,272 ounces) and the Suuri Deep zone (190,928 ounces). Indicated mineral resources decreased by 5.2 million tonnes to 15.3 million tonnes of ore grading 2.4 grams per tonne. Inferred mineral resources increased by 3.0 million tonnes to 8.3 million tonnes of ore grading 2.5 grams per tonne. The decrease of indicated mineral resources reflected the successful conversion of resources to reserves, especially in the Suuri Deep and Roura Deep zones.

The successful deep drilling program in 2010 at the Roura Deep zone, which is located immediately below the Roura zone and north of the Suuri Deep zone, has confirmed that most of the Roura ore lenses are present in the Roura Deep zone and most of the ore lenses in the Suuri Deep zone continue north to the Roura Deep zone. The gold mineralization is open at depth and to the north, and these areas will be further tested in 2012.

An extensive resource-to-reserve conversion drilling campaign was carried out at Suuri, Roura and Roura-N in 2010. As a result of this work, probable reserves increased by 106,343 ounces from Roura and Roura-N, but drilling at Suuri did not increase reserves significantly. Roura North and Rimpi-S will be the main targets for resource-to-reserve conversion drilling in 2011.

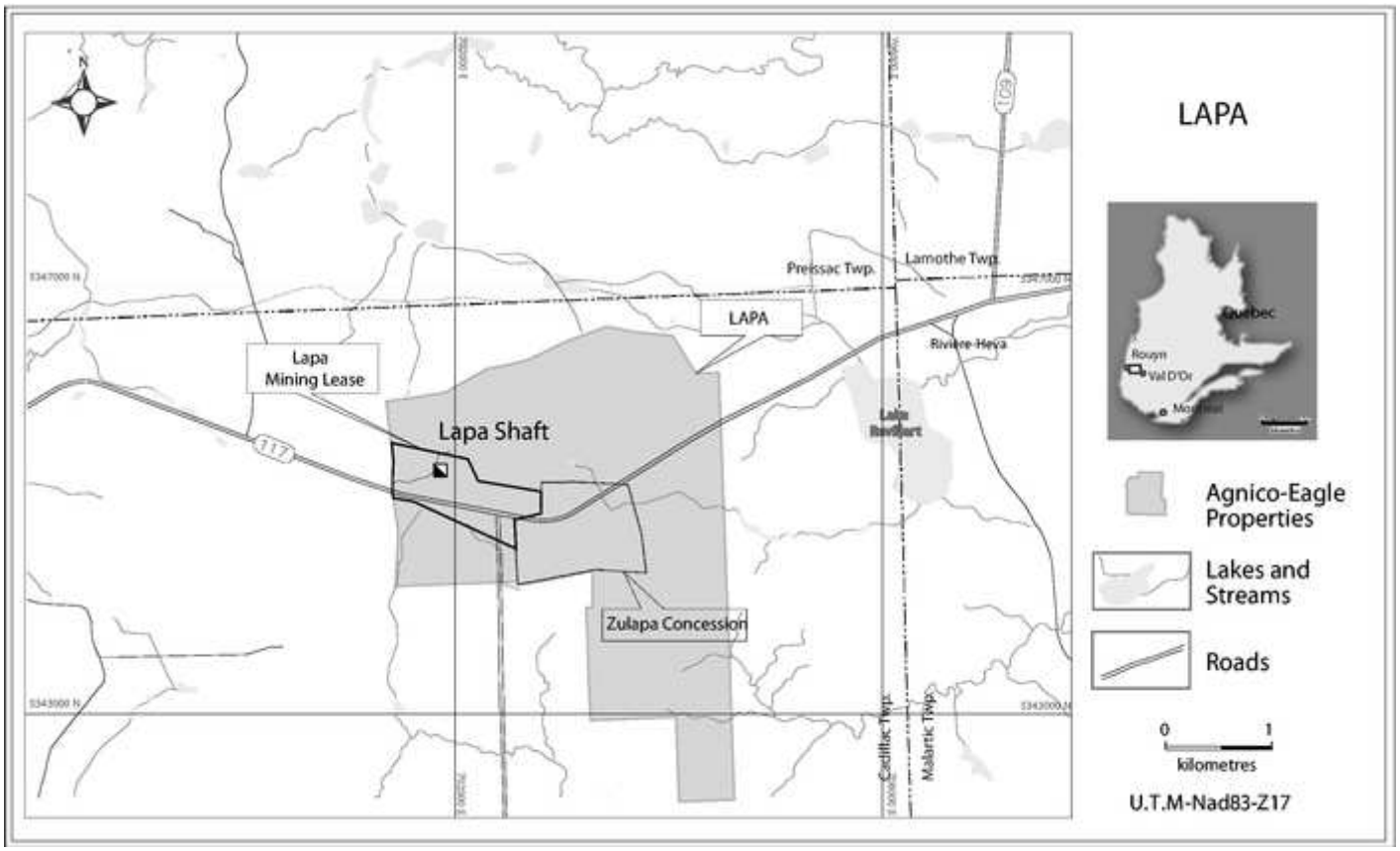
Outside of the Kittila mining licence area, systematic geochemical sampling and diamond drilling continued on targets along the Suurikuusikko Trend, and a number of new targets were tested by diamond drilling. Encouraging results were received from a new gold zone in the Kuotko area located approximately ten kilometres north of the mine construction site as well as from the Hako area located one kilometre north of the mining licence area. A total of 242 diamond drill holes totalling 54,033 metres have been drilled on exploration targets outside of the mining licence area from 2006 to 2010.

The 2011 exploration budget for the Kittila Mine is approximately $17.3 million ($11.0 million for minesite exploration, $3.2 million for resource-to-reserve conversion and $3.0 million for construction of an exploration ramp at the 600-metre mine level between 500 and 600 metres below the surface), and includes over 66,000 metres in diamond drilling (34,200 metres for minesite exploration and 22,000 metres for resource-to-reserve conversion), using up to seven drills throughout the year to help further identify the gold reserve and resource potential of the Kittila property. In addition, $1.2 million of exploration expenditures, including an estimated 10,000 metres of diamond drilling, is planned for exploration along the 25-kilometre Suurikuusikko Trend.

Lapa Mine

The Lapa Mine, which achieved commercial production in May 2009, is located approximately 11 kilometres east of the LaRonde Mine near Cadillac, Quebec. At December 31, 2010, the Lapa Mine was estimated to contain proven and probable mineral reserves of 0.7 million ounces of gold comprised of 2.8 million tonnes of ore grading 7.4 grams per tonne. The Lapa property is made up of the Tonawanda property, which consists of 43 contiguous mining claims and one provincial mining lease covering an aggregate of 702.4 hectares, and the Zulapa property, which consists of one mining concession of 93.5 hectares.

Location Map of the Lapa Mine



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 $8.9 million, a 1% net smelter return royalty on the Tonawanda property and a 0.5% net smelter return royalty on the Zulapa property. In 2008, the Company purchased all royalties from Breakwater for C$6.35 million. In addition, both the Zulapa and Tonawanda properties are subject to a 5% net profit royalty payable to Alfer Inc. and René Amyot. In 2004, an additional claim of 9.4 hectares was added to the Company's holdings at the Lapa Mine. In January 2009, a mining lease covering 66.8 hectares was entered into with the Ministry of Natural Resources and Wildlife (Quebec).

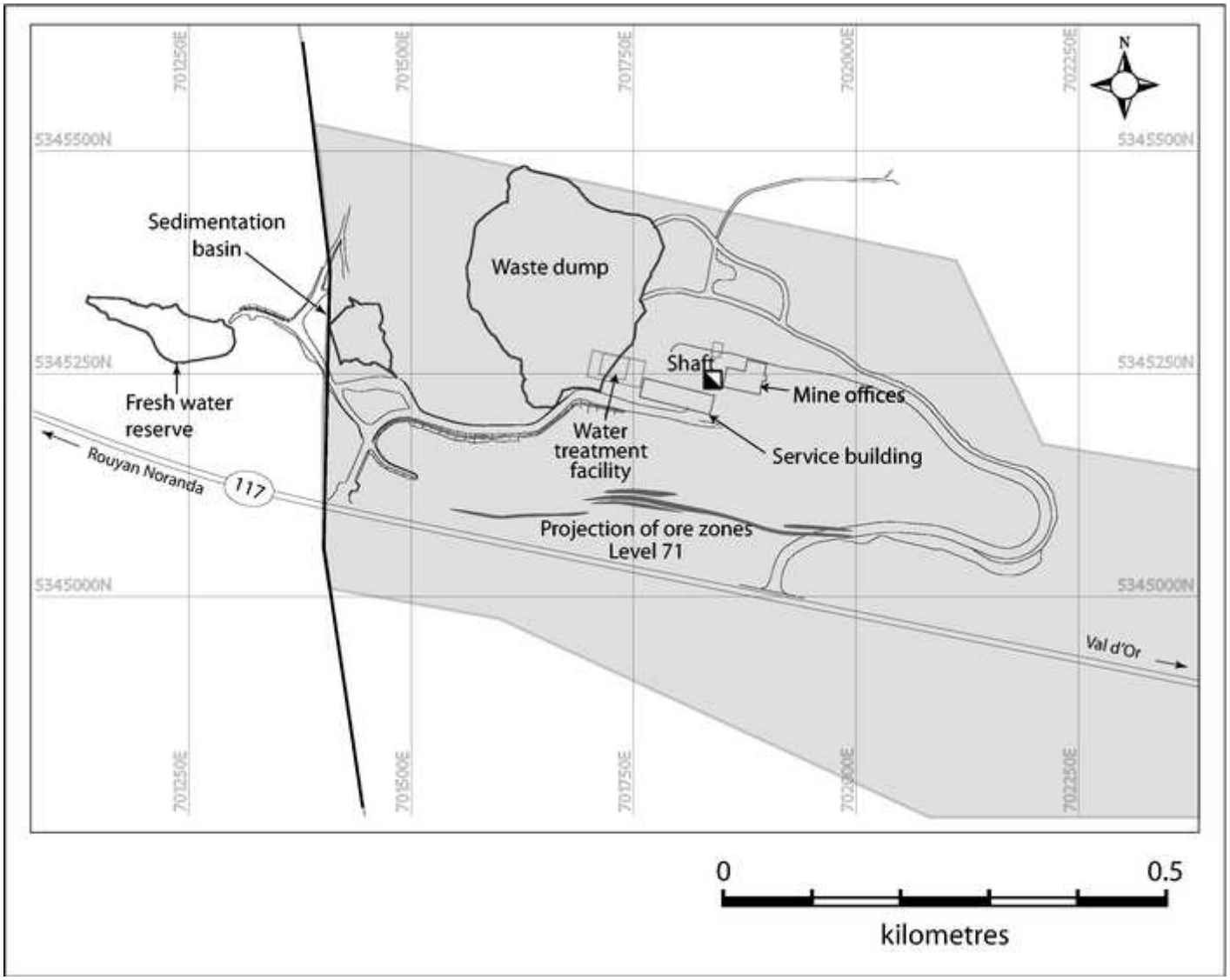
The Lapa Mine is accessible by provincial highway. The elevation varies between approximately 320 and 390 metres above sea level. All of the Lapa Mine's power requirements are supplied by Hydro-Quebec through connections to its main power transmission grid. All of the water required at the Lapa Mine is sourced from the Heva river located 3.5 kilometres to the south of the mine. The water is pumped into an existing open pit nearby the property that has been allowed to flood and from which the mine is supplied. The topography slopes relatively gently from north to south. The property is generally covered by a boreal-type forest consisting mainly of black spruce and white pine with minor amounts of birch and poplar.

For additional information regarding the Abitibi region in which the Lapa Mine is located, see "– Property, Plant and Equipment – LaRonde Mine".

Gold production during 2011 at the Lapa Mine is expected to be approximately 125,000 ounces at estimated total cash costs per ounce of approximately $518.

Mining and Milling Facilities

Surface Plan of the Lapa Mine



The Lapa site hosts an underground mining operation and the ore is trucked to the processing facility at the LaRonde Mine, which has been modified to treat the ore, recover the gold and store the residues. Tailings from the Lapa Mine are deposited in the tailings pond at the LaRonde Mine.

In July 2004, the Company initiated the sinking of an 825-metre deep shaft at the Lapa property. In April 2006, 2,800 tonnes of ore development was extracted at Lapa and was estimated to contain on average 10.65 grams of gold per tonne. These results and results from other sampling methods were incorporated into a feasibility study and in June 2006, the Company accelerated construction of the Lapa Mine. This construction included extending the shaft to a depth of 1,369 metres, which was completed in October 2007. Significant additional construction was required in order for the Lapa Mine to achieve commercial production in May 2009, including the construction of the mill.

Mining Methods

Two underground mining methods are used at the Lapa Mine: longitudinal retreat with cemented backfill and locally transverse open stoping with cemented backfill. Sublevels are driven at 30-metre vertical intervals. Stopes are mined in 12-metre sections and backfilled with 100% cemented rock fill. Excavated ore from the Lapa site is trucked via provincial highway to the processing facility at the LaRonde Mine.

Surface Facilities

The infrastructure on the Lapa property includes the refurbished former LaRonde Shaft #1 headframe and shafthouse, service buildings, temporary offices, a settling pond for waste water, dry facilities, an ore bin, a diesel reservoir and a cement plant. In

November 2007, lateral development began on three horizons. A backfill plant was commissioned in December 2008 and the sedimentation pond was extended in 2007 to control suspended solids from underground dewatering discharge.

Ore at the Lapa Mine is processed through grinding, gravity and leaching circuits. Dedicated milling facilities have been integrated into the mill at the LaRonde Mine. Based on an average ore head grade of 8.30 grams per tonne, gold recovery averaged 79.94% in 2010. During the fourth quarter of 2010, recovery averaged 82.68% after modifications to the gravity circuit in 2010 and is expected to be at the target of 83.0% in 2011. In addition, the Company is attempting to reduce the mining dilution caused by weaker than expected rock conditions in the south wall, which is mainly composed of talc chlorite schist.

Mineral Recoveries

In 2010, the Lapa Mine produced 571,279 tonnes of ore grading 8.26 grams of gold per tonne and 19,540 tonnes of ore were added to the stockpile. The Lapa processing facility treated 551,739 tonnes of ore in 2010 (approximately 1,512 tonnes per day) and operated at about 96.5% of available time.

	Head Grades	Gold in Dore Produced	Overall Metal Recoveries	Payable Production
Gold	8.30 g/t	117,456 oz	79.94%	117,456 oz

Environmental Matters

Water used underground at the Lapa Mine was initially re-circulated from mine dewatering after settling in the sedimentation pond. The re-circulation led to ammonia content in the water, and the Company experienced occasional toxicity problems in the water pond in 2008 and 2009. To address the ammonia content in the water, the Company built a 3.5-kilometre pipeline to obtain fresh water from the Heva River. The pipeline was commissioned in November 2009. The Company also commissioned a water treatment plant on site in 2010, which was completed in the fourth quarter of 2010, to reduce the ammonia from mine dewatering. Output is currently within the target range at approximately ten parts per million of ammonia and average efficiency is at approximately 70%. Optimization of the plant is ongoing.

A sedimentation pond is used to remove suspended solids from the dewatering water before either release to the environment or re-use in the underground mining operation. The waste rock pile naturally drains towards the sedimentation pond. A waste rock sampling program implemented during the shaft sinking phase verified the non-acid generating nature of the waste rock. Water effluent from the sedimentation pond is being sampled as required under the Quebec mining effluent guidelines, and is expected to comply with the water quality criteria. The mill residues will be sent to the LaRonde tailings area.

There are no known environmental liabilities associated with the Lapa site. The Certificates of Authorization to proceed with mine production and with mill construction were issued by the Ministry of Sustainable Development, Environment and Parks (Quebec) in October and December 2007, respectively. The Certificate of Authorization for mill and tailings production was received in 2008.

Capital Expenditures

The Company incurred approximately $33 million in capital expenditures at the Lapa Mine in 2010 and expects to incur approximately $18.2 million in 2011 of which $8.4 million relates to deferred development, $4.1 million to sustaining capital expenditures (including underground construction and mining equipment) and $5.7 million for exploration.

Development

In 2010, a total of 7,765 metres of lateral development was completed. Development focused on permanent drifts (ramps and haulage way) and stope preparation of mining blocks set for production in 2010 and 2011. Development work was done on three separate horizons: Level 77, Level 101 and Level 125.

Geology, Mineralization and Exploration

Geology

The Lapa property is geologically similar to the LaRonde property and is also located near the southern boundary of the Archean-age (2.7 billion years old) Abitibi Subprovince and the Pontiac Subprovince 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 Pontiac Subprovinces. The fault zone passes through the property from west to east, and is marked by schists and mafic to ultramafic volcanic flows that comprise the Piché group (up to approximately 300 metres thick in the mine area). On the Lapa property, the fault zone displays a "Z" shaped fold to which all of the lithologic groups in the region conform. Feldspathic dykes cut the Piché group, especially near the fold. North of the Piché group lies the Cadillac sedimentary group, which consists of 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 thick) that occur to the south of the Piché group are similar to the Cadillac group but do not contain conglomerate nor iron formation.

Mineralization

All of the known gold mineralization along the CLL fault zone is epigenetic (late) vein type, controlled by the structure. The mineralization is associated with the fault zone and occurs within or immediately adjacent to the Piché group rocks.

The Lapa deposit is comprised of the Contact zone and five satellite zones. The Contact zone accounts for approximately 85% of the mineral reserves.

The ore zones are made up of multiple quartz veins and veinlets, often smoky and anastomosing, within a sheared and altered envelope containing minor sulphides and visible gold. The Contact zone is generally located at the contact between the Piché group and the Cadillac group. The satellite zones are located within the Piché group at a distance varying from ten to 50 metres from the contact with the Cadillac group, except for the Contact North zone, which is located approximately ten metres north of the Contact zone within the Cadillac group. The sheared envelope consists of millimetre-thick foliation bands of biotite or sericite with silica and, in places, cuts across rock units. Quartz veins and millimetre-sized veinlets parallel to the foliation 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 sulphides, in order of decreasing importance, are arsenopyrite, pyrite, pyrrhotite and stibnite. Graphite is also rarely observed as inclusions in smoky quartz veins.

The Contact and satellite zones are tabular mineralized envelopes oriented east-west and dipping very steeply to the north, turning south at depth. The economic portion of the zone has been traced from depths of approximately 450 metres to more than 1,300 metres below surface. The Contact zone has an average strike length of 300 metres, varies in thickness from 2.8 to 5.0 metres and is open at depth. Locally some thicker intervals have been intersected but their continuity has not been demonstrated. The satellite zones have thicknesses similar to the Contact zone.

Exploration

Diamond drilling in 2010 concentrated on confirming and expanding the known orebodies (Contact zone and the other satellite zones) in the immediate vicinity of the ore zones. The exploration program at the Lapa Mine in 2010 primarily tested the eastern area of the Contact zone reserve at roughly 1,000 metres depth below the surface and 300 metres east of the Contact zone reserve limit. Good results, including visible gold, were returned and additional resources were identified. The 2011 program will focus on expanding mineral resources in this area. Overall, there was a reduction of approximately 167,000 ounces of gold in reserves at Lapa from 2009 to 2010 after mining 150,000 ounces of gold. The net reduction of 17,000 ounces in reserves was a result of a lower-than-expected grade from 2010 delineation diamond drilling in the lower portion of the mine. Mineral resources at the Lapa Mine remained mostly unchanged. These results are incorporated in the December 31, 2010 mineral reserve and resource estimates.

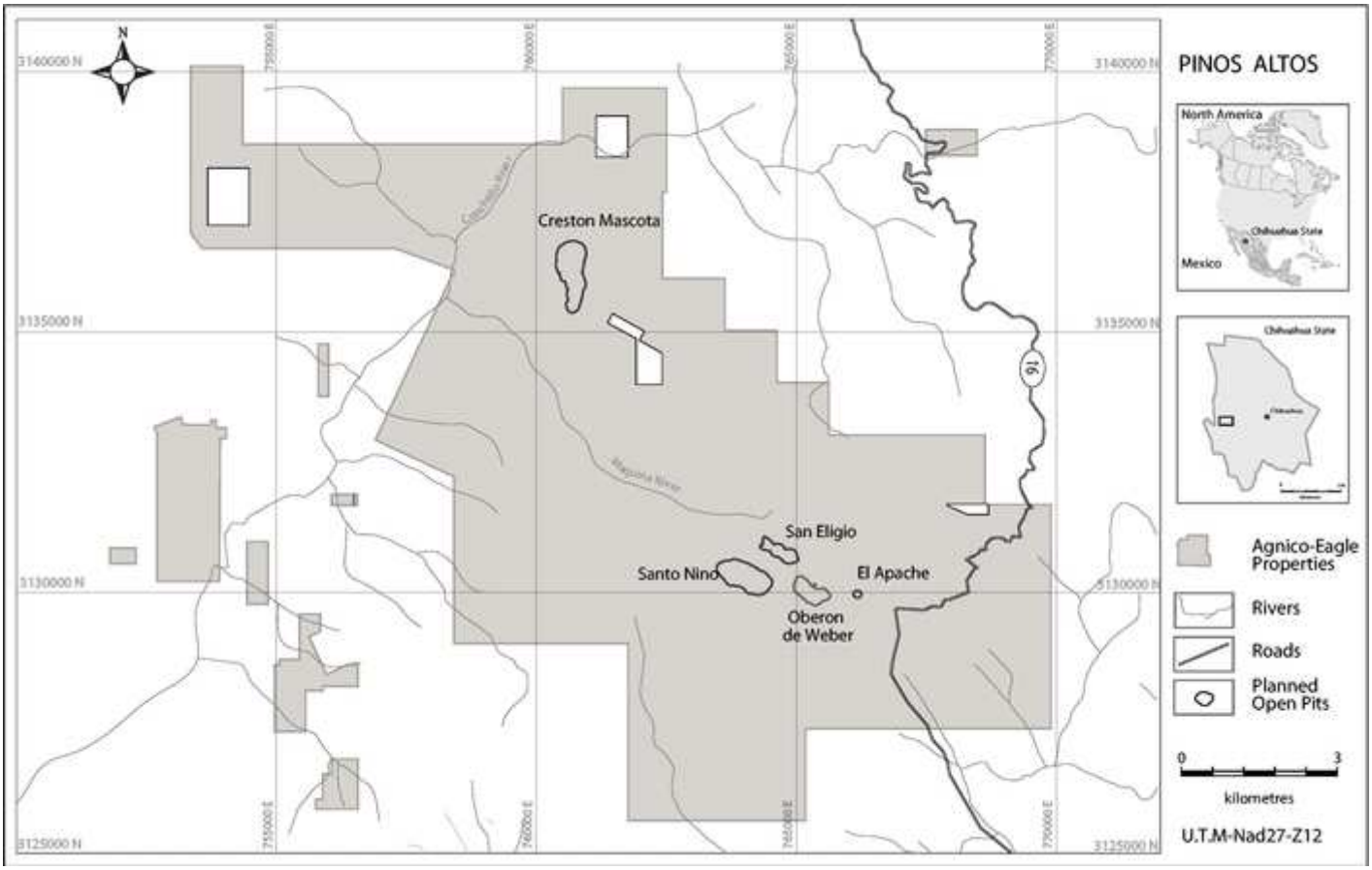
In 2010, a total of 264 holes were drilled on the Lapa property for a total length of 25,660 metres, compared to 353 holes for a total length of 24,945 metres in 2009. Of the drilling in 2010, 207 holes (13,263 metres) were for production stope delineation, 8 holes (1,477 metres) were for definition drilling and 49 holes (10,920 metres) were for exploration. In 2009, 322 holes (19,248 metres) were for production stope delineation, 7 holes (1,451 metres) were for definition drilling and 24 holes (4,247 metres) were for deep exploration. Expenditure on diamond drilling at the Lapa Mine during 2010 was approximately $2.0 million including $1.27 million in definition and delineation drilling expenses charged to operating costs.

In 2011, the Company expects to spend $5.7 million on exploration, including $3.6 million on the excavation of a track drift toward the east. In 2011, 34% of the exploration drilling budget will be used for exploration in close vicinity of the mine infrastructure and 66% will be used for drilling from the exploration drift.

Pinos Altos Mine

The Pinos Altos Mine commenced commercial production in November 2009. It is located on an 11,000-hectare property in the Sierra Madre gold belt, 285 kilometres west of the City of Chihuahua in the State of Chihuahua in northern Mexico. At December 31, 2010, the Pinos Altos Mine was estimated to contain proven and probable mineral reserves of 3.3 million ounces of gold and 92 million ounces of silver comprised of 44.2 million tonnes of ore grading 2.30 grams of gold per tonne and 64.78 grams of silver per tonne. The Pinos Altos property is made up of three blocks: the Parrena Concessions (19 concessions, 6,041.1 hectares), the Madrono Concessions (17 concessions, 873.3 hectares) and the Pinos Altos Concession (one concession, 4,192.2 hectares).

Location Map of the Pinos Altos Mine



The Madrono Concessions (which cover approximately 74% of the current mineral resources) are subject to a net smelter royalty of 3.5% payable to Minerales El Madrono S.A. de C.V. ("Madrono"). The Pinos Altos Concession (which covers approximately 26% of the current mineral resources) is subject to a 2.5% net smelter return royalty payable to the Consejo de Recursos Minerales, a Mexican Federal Government agency. After 2029, this portion of the property will also be subject to a 3.5% net smelter return royalty payable to Madrono. The assets at Pinos Altos acquired by the Company in 2006 included 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 and sole ownership of the Parrena Concessions. During 2008, the Company and Madrono entered an agreement under which the Company acquired further surface rights for open pit mining operations and additional facilities. Infrastructure payments, surface rights payments and advance royalty payments totalling $35.5 million were made to Madrono in 2009 in respect of this agreement.

In 2006, the Company concluded negotiations with communal land owners (ejidos) and others for the purchase of 5,745 hectares of land contained within the Parrena and Pinos Altos Concessions. In addition, a temporary occupation agreement with a 30-year term expiring in 2036 was negotiated with ejido Jesus del Monte for 1,470 hectares of land covered by these same concession blocks. The acquisition of these surface rights for the geologically prospective lands within the district surrounding Pinos Altos will facilitate future exploration and mining development in these areas.

The Pinos Altos Mine is directly accessible by a paved interstate highway that links the cities of Chihuahua and Hermosillo and is within ten kilometres of an extension of the state power grid. Existing and planned underground mine workings will intercept water resources sufficient to sustain the requirements for future operation. The land position is sufficient for

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construction of all planned surface, infrastructure and mining facilities at the Pinos Altos Mine, including its tailings impoundment area. The Company further believes that a sufficient local and trained workforce is available in northern Mexico to support the operation of the mine.

The Pinos Altos property is characterized by moderate to rough terrain with mixed forest (pine and oak) and altitudes that vary from 1,770 metres to 2,490 metres above sea level. The climate is sub-humid, with about one metre of annual precipitation. The average annual temperature is 18.3 degrees Celsius. Exploration and mining work can be carried out year-round.

In August 2007, on the basis of an independently reviewed feasibility study, the Company approved construction of a mine at Pinos Altos. The mine achieved commercial production in November 2009.

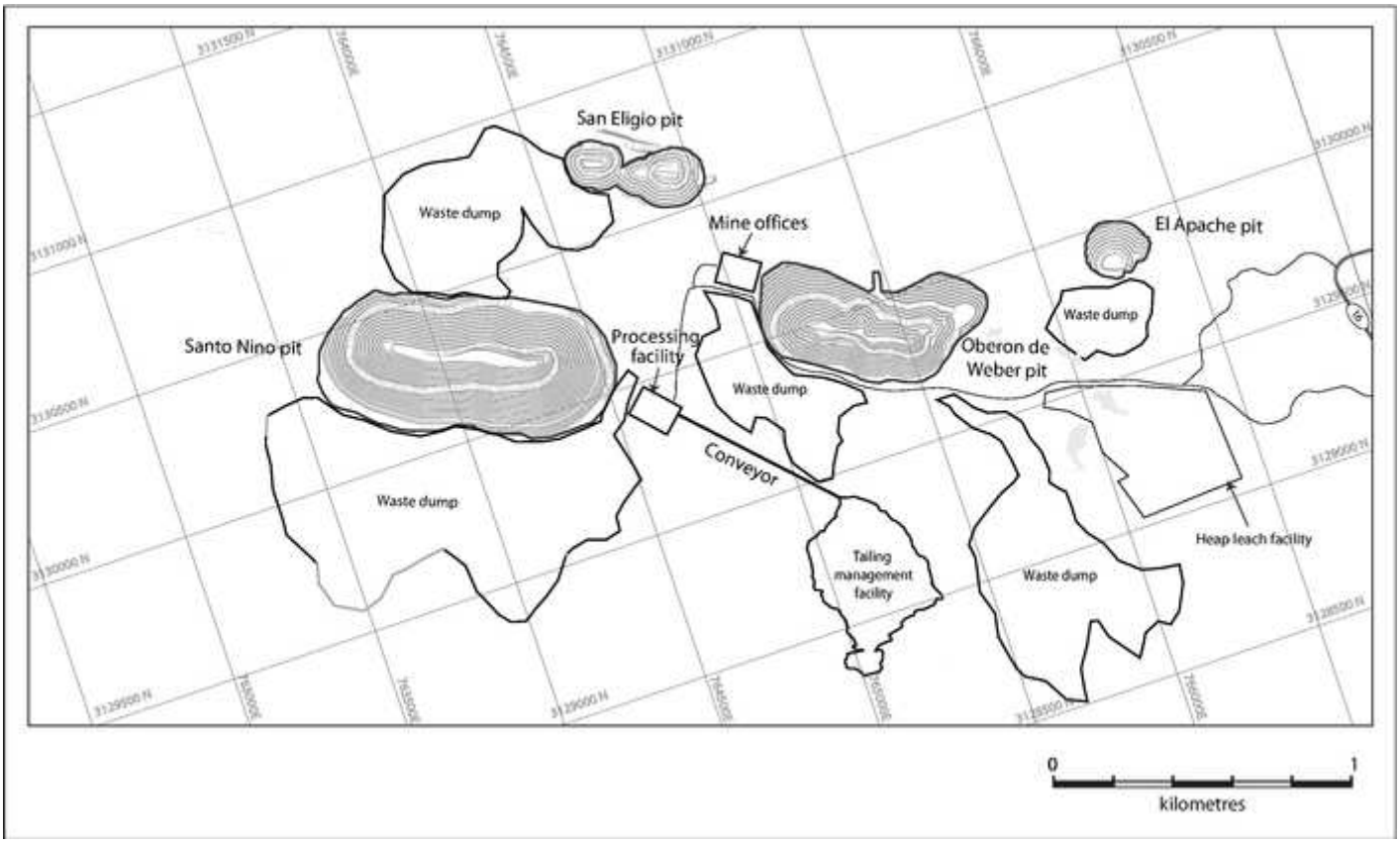
The Pinos Altos Mine produced 131,097 ounces of gold and 1,186,452 ounces of silver in 2010 at total cash costs per ounce of gold of $425. In 2011, gold production is expected to be approximately 199,000 ounces and silver production is expected to be approximately 2.1 million ounces from Pinos Altos, including operations at Creston Mascota. Total cash costs per ounce of gold are forecast at approximately $406. Over the period of 2011 to 2026, combined gold production from Pinos Altos, including Creston Mascota, is expected to average approximately 170,000 ounces of gold per year.

Based on a feasibility study prepared in 2009, the Company determined to build a stand-alone heap leach operation at the satellite Creston Mascota open pit deposit. Creston Mascota is expected to produce approximately 50,000 ounces of gold per year during its five-year mine life. Capital costs in connection with the project are expected to total $62 million, of which approximately $7 million will be incurred in 2011. The first gold pour from Creston Mascota occurred on December 28, 2010 and payable gold production in 2010 was 665.6 ounces. Commercial production from Creston Mascota is expected to be achieved in the second quarter of 2011.

The Company has engaged the local communities in the project area with hiring, education support and medical support programs to ensure that the project provides long-term benefits to the residents living and working in the region. The Company received formal recognition from the Governor of Chihuahua State in April 2008 for distinction as a socially responsible company. In 2010, for the third consecutive year, the Company was designated a socially responsible company by the Mexian Centre for Philanthropy and the Alliance for Social Responsibility of Enterprises. Approximately two-thirds of the operating workforce at Pinos Altos are locally hired and more than 99% of the permanent workforce are Mexican nationals.

Mining and Milling Facilities

Surface Plan of the Pinos Altos Mine



In 2010, the first full year of operations at Pinos Altos, most of the ore supplied to the mill was from open pit operations. The first stopes from the underground operation were mined in the second quarter of the year. Two additional tailings filters were installed at the Pinos Altos mill to alleviate below expected levels of throughput, and during the fourth quarter of 2010, the Pinos Altos mill processed, on average, 4,501 tonnes of ore per day or approximately 112.5% of the original design capacity of 4,000 tonnes per day. In addition, an underground paste backfill plant was installed and commissioned in 2010. Construction of the heap leach operation at Creston Mascota was more than 90% complete at the end of 2010 and pre-production mining and processing had commenced by year-end.

Mining Methods

The surface operations at the Pinos Altos Mine use traditional open pit mining techniques with bench heights of seven metres with double benches on the footwall and single benching on the hanging wall. Mining is accomplished with front end loaders, trucks, track drills and various support equipment. Based upon geotechnical evaluations, the final pit slopes will vary between 45 degrees and 50 degrees. Performance at the open pit mining operation at Pinos Altos during 2010 continues to indicate that the equipment, mining methods and personnel selected for the project are satisfactory for future production phases. Approximately 29 million tonnes of ore, overburden and waste were mined during 2010, which exceeded the planned design capacity of 25 million tonnes per year. During the first ten years of the project's life, it is expected that approximately half of the ore volume processed will be derived from open pit operations, principally at Santo Niño, Oberon de Weber and Creston Mascota. Underground mine production will produce the balance of the ore for the processing plant.

The underground mine, which commenced operations in the second quarter of 2010, uses the long hole sublevel stoping method to extract the ore. The Company has considerable expertise with this mining method, having used the same method at the LaRonde Mine in Quebec. This method has also been used at various other Mexican mining operations. The stope height is planned at 30 metres and the stope width at 15 metres. Ore is hauled to the surface utilizing underground trucks via a ramp system. The paste backfill system and ventilation system were commissioned in the fourth quarter of 2010 and are now fully operational. During 2010, approximately 331,000 tonnes of ore were mined from the underground portion of the mine. At full capacity, the underground mine is expected to produce a maximum of 4,000 tonnes of ore per day. Performance of the underground mine continues to indicate that the equipment, mining methods, ground control and personnel selected are satisfactory for future production phases. A scoping study is expected to be completed in the

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fourth quarter of 2011 to evaluate the potential benefit of building a shaft installation to improve the efficiency of the underground mine. Total lateral development completed as of December 31, 2010 was approximately 17 kilometres.

Surface Facilities

The principal mineral processing facilities at the Pinos Altos Mine are designed to process 4,000 tonnes of ore per day in a conventional process plant circuit which includes single-stage crushing, grinding in a SAG and ball mill in closed loop, gravity separation followed by agitated leaching, counter-current decantation and metals recovery in the Merrill-Crowe process. Tailings are detoxified and filtered and then used for paste backfill in the underground mine or deposited as dry tailings in an engineered tailings impoundment area. During the initial operation of the mill in the fourth quarter of 2009 and the first two quarters of 2010, the tailings filtration capacity was insufficient to allow processing of the original design capacity of 4,000 tonnes per day due to the presence of more alteration and clay in the near-surface mineralization than had been previously expected. This capacity limitation was resolved by the installation of two additional tailings filters and, by the fourth quarter of 2010, the tailings filtration capacity was in excess of 4,000 tonnes per day. Low grade ore at Pinos Altos is processed in a heap leach system designed to accommodate approximately five million tonnes of mineralized material over the life of the project, the production from heap leach operations is expected to be relatively minor, contributing about 5% of total metal production planned for the life of the mine.

A separate heap leach operation and ancillary support facilities were built at the Creston Mascota deposit, which is designed to process approximately 4,000 tonnes of ore per day in a three stage crushing, agglomeration and heap leach circuit with carbon adsorption. This project began commissioning in the latter part of 2010, with commercial production expected in the second quarter of 2011. Based on early performance of the mine and process facilities at Creston Mascota, the equipment, mining methods and personnel are satisfactory for completion of the planned production phases. Creston Mascota is expected to produce approximately 50,000 ounces of gold per year during a five-year mine life.

Surface facilities at the Pinos Altos Mine include a heap leach pad, pond, liner and pumping system; administrative support offices and change room facilities; camp facilities; a laboratory; a process plant shop; a maintenance shop; a generated power station; surface power transmission lines and substations; the engineered tailings management system; and a warehouse.

Over the life of the mine, recoveries of gold and silver in the milling circuit at Pinos Altos (other than from the Creston Mascota operation) are expected to average approximately 94% and 50%, respectively. Precious metals recovery from low grade ore processed in the Pinos Altos heap leach facility will average about 68% for gold and 12% for silver. Heap leach recoveries for Creston Mascota ore are expected to average 71% for gold and 16% for silver.

Mineral Recoveries

During 2010, the Pinos Altos mill processed 1.3 million tonnes of ore, averaging approximately 3,637 tonnes of ore treated per day and operating at approximately 95.9% of available time. The following table sets out the metal recoveries at the Pinos Altos mill in 2010.

	Head Grade	Dore Produced	Overall Metal Recovery	Payable Production
Gold	2.90 g/t	115,907 oz	93.54%	115,666 oz
Silver	64.99 g/t	1,119,627 oz	40.2%	1,104,820 oz

An additional 990,781 tonnes of ore were processed and placed on the heap leach pad with an average grade of 0.71 grams of gold per tonne and 21.15 grams of silver per tonne. Cumulative metals recovery on the heap leach pad are 52.5% gold and 9.9% silver. Heap leach recovery is following the expected cumulative recovery curve and it is expected that the ultimate recovery of 68% for gold and 12% for silver will be achieved when leaching is completed.

Total metal production (from mill and heap leach) at Pinos Altos, including Creston Mascota, during 2010 was 131,097 ounces of gold and 1,186,352 ounces of silver.

Environmental Matters

The Pinos Altos Mine has received the necessary permit authorizations for construction and operation of a mine, including a Change of Land Use permit and an Environmental Impact Study approval from the Mexican environmental agency ("SEMARNAT"). As of December 31, 2010, all permits necessary for the operation of the Pinos Altos Mine, including the operations at the Creston Mascota deposit, had been received and requests for modifications to allow for future expansion of facilities, including at the Creston Mascota deposit, had been approved or were under review by SEMARNAT. Pinos Altos uses the dry stack tailings technology to minimize the geotechnical and environmental risk that can be associated with the rainfall intensities and topographic relief in the Sierra Madre region of Mexico. All of the Mexican environmental regulatory requirements are expected to be met or exceeded by the Pinos Altos Mine (including operations at the Creston Mascota deposit).

Capital Expenditures

Capital expenditures at the Pinos Altos Mine during 2010 were approximately $61.0 million. Capital expenditures relating to operations at the Creston Mascota deposit during 2010 were approximately $43.4 million.

The Company expects sustaining capital expenditures at Pinos Altos to be approximately $4.8 million in 2011 with average sustaining capital of approximately $3.7 million per year for a projected mine life of approximately 15 years. Approximately $0.5 million in development capital is forecast at Creston Mascota in 2011 with sustaining capital of $0.9 million during its anticipated five year mine life.

Development

At December 31, 2010 more than 77.7 million tonnes of overburden had been removed from the open pit mine at Pinos Altos and more than 16.9 kilometres of lateral development had been completed in the underground mine. At Creston Mascota, approximately 3.8 million tonnes of ore and overburden had been removed from the open pit mine as of December 31, 2010.

Geology, Mineralization and Exploration

Geology

The Pinos Altos Mine is in the northern part of the Sierra Madre geologic province, on the northeast margin of the Ocampo Caldera, which hosts many epithermal gold and silver occurrences including the nearby Ocampo mining operation and Moris mine.

The property is underlain by Tertiary-age (less than 45 million years old) volcanic and intrusive rocks that have been disturbed by faulting. The volcanic rocks belong to the lower volcanic complex and the discordantly-overlying upper volcanic supergroup. The lower volcanic complex is represented on the property by the Navosaigame conglomerates (including thinly-bedded sandstone and siltstone) and the El Madrono volcanics (felsic tuffs and lavas intercalated with rhyolitic tuffs, sandy volcanoclastics and sediments). The upper volcanic group is made up of the Victoria ignimbrites (explosive felsic volcanics), the Frijolar andesites (massive to flow-banded, porphyritic flows) and the Buenavista ignimbrites (dacitic to rhyolitic pyroclastics).

Intermediate and felsic dykes as well as rhyolitic domes intrude all of these units. The Santo Niño andesite is a dyke that intrudes along the Santo Niño fault zone.

Structure on the property is dominated by a 10-kilometre by 3-kilometre horst, a fault-uplifted block structure oriented west-northwest, that is bounded on the south by the south-dipping Santo Niño fault and on the north by the north-dipping Reyna de Plata fault. Quartz-gold vein deposits are emplaced along these faults and along transfer faults that splay from the Santo Niño fault.

Mineralization

Gold and silver mineralization at the Pinos Altos Mine consists of low sulphidation epithermal type hydrothermal veins and breccias. The Santo Niño 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 Niño structure consist of discontinuous quartz rich lenses named from east to west: El Apache, Oberon de Weber, Santo Niño and Cerro Colorado.

The El Apache lens 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 lens has been 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 Niño lens is the most vertically extensive of these lenses. It has been traced to a depth of approximately 750 metres below surface. The vein is followed on surface over a distance of 550 metres and discontinuously up to 650 metres. Beyond its western and eastern extents, the Santo Niño andesite is massive and only weakly altered. Gold grades found are systematically associated with green quartz brecciated andesite.

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

The San Eligio zone is located approximately 250 metres north of Santo Niño. The host rock is brecciated Victoria Ignimbrite with, rarely, stockworks. There is no andesite in this sector. Unlike the other lenses, the San Eligio lens dips towards the north. The lateral extent seems to be continuous for 950 metres. Its average width is five metres and never exceeds 15 metres. Surface mapping and prospecting has suggested good potential for additional mineralization on strike and at depths below 150 metres. Visible gold has been seen in the drill core.

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

Several other promising zones are associated with the horst feature in the northwest part of the property. The Creston Mascota deposit is 7 kilometres northwest of the Santo Niño deposit, and is similar but dips shallowly to the west. Creston Mascota is about 1,000 metres long and 4 to 40 metres wide, and extends from surface to more than 200 metres depth. The deposit will be exploited by open pit and heap leach starting in 2011. Ore production began in July 2010, with the first gold poured in December 2010.

Exploration

In 2010, minesite exploration activities were primarily focused on definition and delineation of the resources at Santo Niño, Oberon de Weber, San Eligio and Creston Mascota. A total of 14.9 kilometres of minesite exploration drilling, 5.7 kilometres of definition drilling and 10.6 kilometres of delineation drilling were completed during the year. Regional exploration in 2010 focused on the El Cubiro, Sinter and Reyna de Plata prospects. Diamond drilling consisted of 36.5 kilometres in 107 drill holes. Detailed geological and structural mapping and sampling was done in the El Cubiro, Mascota and Cerro la Plata areas. More than 14,000 core samples and 1,777 rock samples were sent to a certified laboratory and assayed mainly for gold and silver.

The recently discovered Cubiro mineralization is two kilometres west of Creston Mascota. Cubiro is a surface deposit that strikes northwest, has a steep dip and has been followed along strike for approximately 850 metres. Drilling has intersected significant gold and silver mineralization up to 30 metres wide. The Cubiro deposit is split by a fault that caused 200 metres of displacement to the west, which has been traced by drilling. The zone is still open to the west and possibly at depth and to the east.

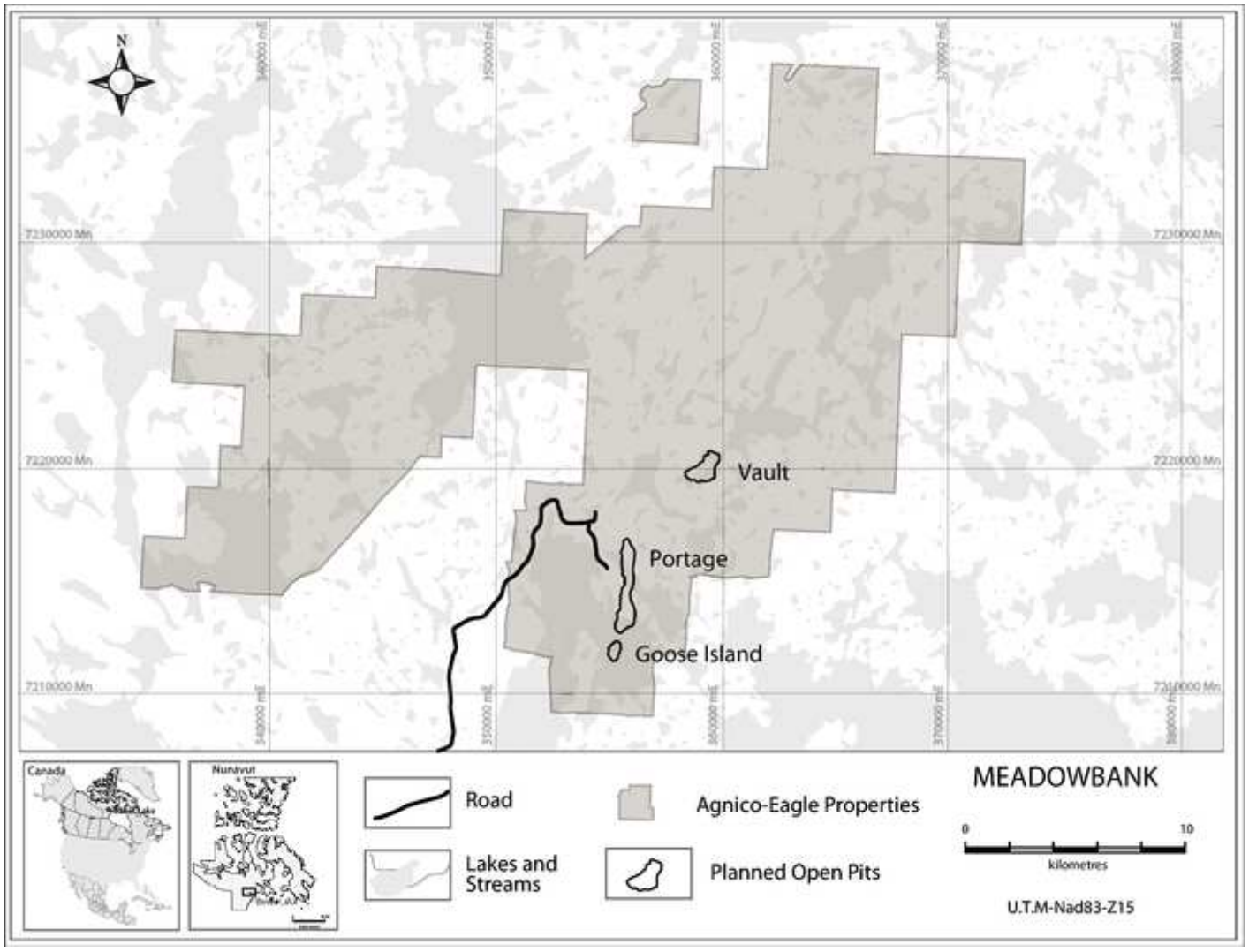
The Sinter zone is 1,500 metres north northeast of the Santo Niño zone and is part of the Reyna de Plata gold structure. The steeply dipping mineralization is four to 35 metres wide and almost 900 metres long, with over 350 metres of vertical depth. Sinter is being evaluated for its open pit mining and heap leach potential.

Meadowbank Mine

The Meadowbank Mine, which achieved commercial production in March 2010, is located in the Third Portage Lake area in the Kivalliq District of Nunavut in northern Canada, approximately 70 kilometres north of Baker Lake. At December 31, 2010, the Meadowbank Mine was estimated to contain proven and probable mineral reserves of 3.49 million ounces of gold comprised of 34.10 million tonnes of ore grading 3.18 grams of gold per tonne. The Company acquired its 100% interest in the Meadowbank Mine in 2007 as the result of the acquisition of Cumberland (see "– History and Development of the Company").

The fresh water required for domestic camp use, mining and milling is obtained from the intake barge at Third Portage Lake. Power is supplied by a 29-megawatt diesel electric power generation plant with heat recovery.

Location Map of the Meadowbank Mine



The Meadowbank Mine is held under ten Crown mining leases, three exploration concessions and 57 Crown mineral claims. The Crown mining leases, which cover the Portage, Goose Island and Goose South deposits, are administered under federal legislation. The mining leases, which have renewable ten-year terms, have no annual work commitments but are subject to annual rent fees that vary according to their renewal date. The mining leases cover approximately 7,400 hectares and expire in either 2016 or 2019. Annual rent currently totals C$18,273. The production lease with the KIA is a surface lease covering 1,354 hectares and requires payment of C$124,530 annually. Production from subsurface lease areas is subject to a royalty of up to 14% of the adjusted net profits, as defined in the Territorial Mining Regulations. In order to conduct exploration on the Inuit-owned lands at Meadowbank, the Company must receive approval for an annual work proposal from the KIA, the body that holds the surface rights in the Kivalliq District and administers land use in the region through various boards. The Nunavut Water Board, one such board, provided the recommendation to the Ministry of Indian Affairs and Northern Development (Canada) to grant the Meadowbank Mine's construction and operating licences in July 2008. The Company has obtained all of the approvals and licences required to build and operate the Meadowbank Mine.

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The three Meadowbank exploration concessions comprise approximately 23,100 hectares and are granted by Nunavut Tunngavik, the corporation responsible for administering subsurface mineral rights on Inuit-owned lands in Nunavut. Exploration concessions cover the Vault deposit at Meadowbank and in 2011 will require annual rental fees of approximately C$92,504 and exploration expenses of approximately C$693,780. During the exploration phase, the concessions can be held for up to 20 years and the concessions can be converted into production leases with annual fees of C$1 per hectare, but no annual work commitments. Production from the concessions is subject to a 12% net profits interest royalty from which annual deductions are limited to 85% of the gross revenue.

The 57 Crown mineral claims cover approximately 54,131 hectares at Meadowbank and are subject to land fees and work commitments. Land fees are payable only when work is filed. The most recent filing was in 2009, when approximately C$5,911 in land fees were paid and approximately C$292,410 in assessment work was submitted.

The Kivalliq region in which the Meadowbank Mine is located has an arid arctic climate. The Meadowbank property is situated in an area characterized by low, rolling hills that are covered predominantly in heath tundra with numerous lakes and ponds. Elevation ranges from approximately 130 metres at lakeshores up to 200 metres on ridge crests. Operations at the Meadowbank Mine are expected to be year-round with only minor weather-related interruptions to mining operations; however, these interruptions are not expected to affect ore availability for milling operations or other operating activities.

The Meadowbank Mine is accessible from Baker Lake, located 70 kilometres to the south, over a 110-kilometre all-weather road completed in March 2008. Baker Lake provides 2.5 months of summer shipping access via Hudson Bay and year-round airport facilities. The Meadowbank Mine also has a 1,100-metre long gravel airstrip, permitting access by air. The Company will use ocean transportation for fuel, equipment, bulk materials and supplies from Montreal, Quebec, (or Hudson Bay port facilities) via barges and ships into Baker Lake during the summer port access period that starts at the end of July in each year. Fuel and supplies are transported year-round to the site from Baker Lake by conventional tractor trailer units using an all-weather private access road. Transportation for personnel and air cargo are provided on scheduled or chartered flights. The permanent bases for employees from which to service the Meadowbank Mine are Val D'Or and Montreal in Quebec and the Kivalliq communities. Since February 2009, all chartered flights have landed directly at Meadowbank.

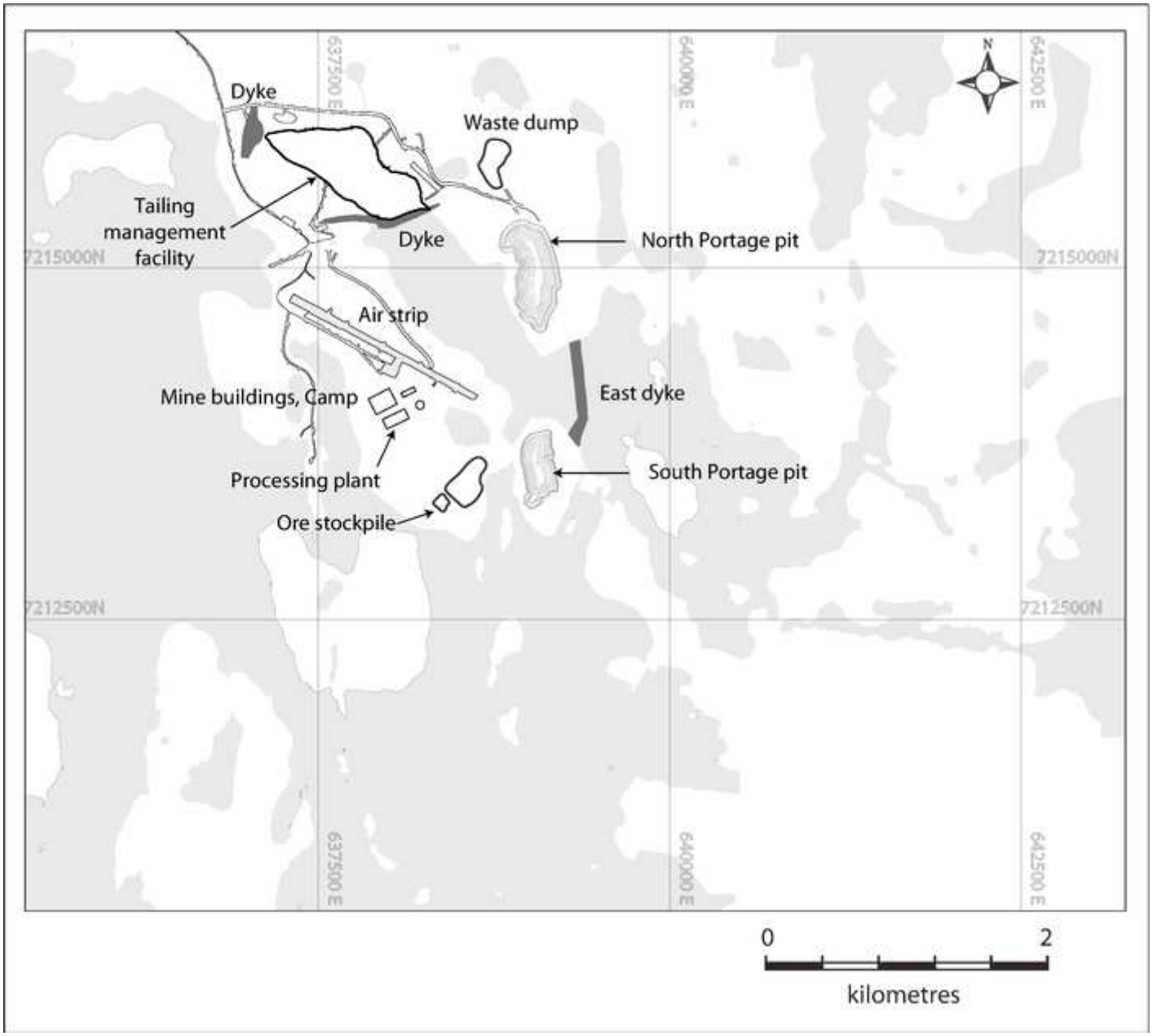
The Meadowbank Mine achieved commercial production in March 2010 and produced 265,659 ounces of gold in 2010 at total cash costs per ounce of $693 and the Company expects that the Meadowbank Mine will produce an average of 399,000 ounces of gold per year from 2012 to 2015 with total cash costs per ounce expected to average $511 over these years. In 2011, total cash costs at Meadowbank are expected to be approximately $597 per ounce. In 2012, the total cash costs per ounce are forecast to rise to approximately $655. Both of these levels are considerably higher than the life of mine average due to relatively high stripping ratios in those years.

In 2011, payable gold production at Meadowbank is expected to be approximately 362,000 ounces, reflecting a slower than expected ramp-up to design rates as a result of crushing issues.

A feasibility study is currently underway for the potential construction of an underground exploration ramp at the southern end of the deposit in order to allow exploration below the 500-metre level and south of the Goose pit. Drilling done in 2009 and 2010 on the underground resource increased continuity over a 700-metre strike length and up to 500 metres at depth. Results of the feasibility study are expected in the second quarter of 2011.

Mining and Milling Facilities

Surface Plan of the Meadowbank Mine



Meadowbank has three major deposits that have sufficient drilling definition to sustain reserves: Portage, Goose and Vault. By the end of 2009, all of the camp infrastructure (dormitories and kitchen), a mill, a service building shop and generator buildings were built. All required aggregates used in the mining process are produced from waste material taken from the north end of the Portage pit. In 2008, a dyke was constructed to fully access the north half of the Portage pit in preparation for pit development in 2009 in order to have it ready for production in 2010. Construction of a second major dyke (the Bay-Goose dyke) to access the southern portion of Portage and the Goose Island pits commenced in the summer of 2009 and is expected to be completed in April 2011. Three dykes (Saddle Dam 1 and 2 and Stormwater Dykes) were also built for the impoundment of tailings in 2009 and 2010. In 2011, the Company will construct an eight-kilometre access road to service the Vault pit and will build the first phase of an additional major dyke (Central Dyke), which is required for the impoundment of the tailings for the life of the mine. Also, the Company is currently planning, subject to receipt of the required permits, to extend the airstrip to accommodate the landing of a Boeing 737.

Mining Methods

Mining at the Meadowbank Mine is done by open pit with trucks and excavators. Ore is extracted conventionally using drilling and blasting with truck haulage to a primary gyratory crusher located adjacent to the mill. The marginal-grade material (that is, material grading under the cut-off grade at a gold price of $1,000 per ounce but which has the potential of increasing reserves at the end of the mine life if metal prices justify the processing of such material) is separated and

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stockpiled for future processing. Also, a sub-grade material stockpile (that is, material for which extraction and stockpile has already been paid and currently grades too low to be processed) will be created for potential processing at the end of the mine life. Waste rock is hauled to one of two waste storage areas on the property used for dyke construction or fill material or dumped into selective areas of the open pits that have previously been mined out. Mining will initially be concentrated in the Portage pit area. Waste material from the pre-stripping will be used as bulk construction materials for dykes, as well as for construction fill material around the site.

During pre-production, ore grade material was stockpiled close to the primary crusher. From 2009 through 2013, all of the ore is scheduled to be sourced from the Portage pit. Waste material will be used to complete the construction of the Bay-Goose, Central, Stormwater and 7 Saddle Dam dykes, with the remaining waste hauled to a primary dump north of Second Portage Lake.

With the completion of the Bay-Goose dyke, the Goose Island pit will be brought into production in 2013. The Company anticipates that these two pits will operate concurrently for a period of two years, from 2013 through 2014. Waste stripping is scheduled to commence in the Vault pit in 2014, with the start of ore mining anticipated in 2014 as the Goose Island pit becomes depleted. During the last four years of the current mine life, estimated to begin in 2015, mining will be exclusively from the Vault pit.

Surface Facilities

The accommodations complex at the Meadowbank Mine consists of a permanent camp with capacity for 364 employees and a temporary camp to accommodate 200 extra workers. The camp is supported with a sewage treatment, solid waste disposal and potable water plant. In 2008, the exploration group was relocated eight kilometres south of the minesite location to a separate camp with an 80-person capacity.

Plant site facilities include a mill building, a maintenance mechanical shop building, a generator building, an assay lab and a heavy vehicle maintenance shop. A structure comprised of two separate crushers will flank the main process complex. Power is supplied by an 29-megawatt diesel electric power generation plant with heat recovery and an onsite fuel storage (five million litres) and distribution system. The mill-service-power complex is connected to the accommodations complex by enclosed corridors. In addition, the Company will build peripheral infrastructure including tailings and waste impoundment areas.

Facilities constructed at Baker Lake include a barge landing site located three kilometres east of the community and a storage compound. A fuel storage and distribution complex with a 40-million litre capacity has been built next to the barge landing facility.

The process design is based on a conventional gold plant flowsheet consisting of two-stage crushing, grinding, gravity concentration, cyanide leaching and gold recovery in a CIP circuit. The mill is designed for year-round operations with a design capacity of 8,500 tonnes per day. The overall gold recovery is projected to be approximately 93.4%, based on projections from metallurgical test work, with approximately 40% typically recovered in the gravity circuit.

The run-of-mine ore is transported to the crusher using an off-road truck. The ore is dumped into the gyratory crusher or into designated ore-type stockpiles. The product from the primary crusher is conveyed to the cone crusher in closed circuit with a vibrating screen. The crushed ore is delivered to the coarse ore stockpile and ore from the stockpile is conveyed to the mill. The grinding circuit is comprised of a primary SAG mill operated in open circuit and a secondary ball mill operated in closed circuit with cyclones. A portion of the cyclone underflow stream is sent to the concentrator, which separates the heavy minerals from the ore. The grinding circuit incorporates a gravity process to recover free gold and the free gold concentrate is leached in an intensive cyanide leach-direct electrowinning recovery process.

The cyclone overflow is sent to the grinding thickener. The clarified overflow is recycled to the grinding circuit and thickened underflow is pumped to a pre-aeration and leach circuit. The cyanide circuit consists of seven tanks providing approximately 42 hours retention time. The leached slurry flows to a train of six CIP tanks. Gold in the solution flowing from the leaching circuit is adsorbed into the activated carbon. Gold is recovered from the carbon in a Zadra elution circuit and is recovered from the solution using an electrowinning recovery process. The gold sludge is then poured into dore bars using an electric induction furnace.

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

Mineral Recoveries

Gold recoveries are expected to average 93.4% for all deposits. The different ore zones have slightly different grind sensitivities to gold recovery and, as such, different particle size distributions are recommended as target grinds in the process. The use of a slightly coarser grind for the Vault ores will allow all three of the ore zones to be processed at a consistent process throughput.

During 2010, gold recovery averaged 93.95%. Approximately two million tonnes of ore were processed, averaging 6,422 tonnes of ore per day with the mill operating 84% of available time. The following table sets out the metal recoveries contained for the 2.04 million tonnes of ore extracted at the Meadowbank Mine in 2010.

	Head Grade	Overall Metal Recovery	Payable Production
Gold	4.33 g/t	93.9%	265,659 oz

Environmental Matters (including Inuit Impact and Benefit Agreement)

The development of the Meadowbank Mine was subject to an extensive environmental review process under the Nunavut Land Claims Agreement administered by the Nunavut Impact Review Board (the "NIRB"). On December 30, 2006, a predecessor to the Company received the Project Certificate from the NIRB, which includes the terms and conditions to ensure the integrity of the development process. The Nunavut Water Board provided the recommendation to the Ministry of Indian Affairs and Northern Development (Canada) to grant the Meadowbank Mine's construction and operation under a water licence in July 2008.

In February 2007, a predecessor to the Company and the Nunavut government signed a Development Partnership Agreement (the "DPA") with respect to the Meadowbank Mine. The DPA provides a framework for stakeholders including the federal and municipal governments and the KIA, to maximize the long-term socio-economic benefits of the Meadowbank Mine to Nunavut.

An Inuit Impact Benefit Agreement for the Meadowbank Mine (the "IIBA") was signed with the KIA in March 2006. The IIBA ensures that local employment, training and business opportunities arising from all phases of the project are accessible to the Kivalliq Inuit. The IIBA also outlines the special considerations and compensation that Cumberland agreed to provide to the Inuit regarding traditional, social and cultural matters.

The Company currently holds a renewable exploration lease from the KIA that expires December 31, 2015. In July 2008, the Company signed a production lease for the construction and the operation of the mine, the mill and all related activities. In April 2008, the Company and KIA signed a water compensation agreement for the Meadowbank Mine addressing Inuit rights under the Land Claims Agreement respecting compensation for water use and water impacts associated with the project.

The Meadowbank Mine consists of several gold-bearing deposits: Portage, Goose and Vault. A series of six dykes have or will be built to isolate the mining activities from neighbouring lakes. Waste rock from the Portage, Goose Island and Vault pits will be stored in the Portage and Vault rock storage facility. The control strategy to minimize the onset of oxidation and the subsequent generation of acid mine drainage includes freeze control of the waste rock through permafrost encapsulation and capping with an insulating convective layer of neutralizing rock (ultramafic and non-acid generating volcanic rocks). Because the site is underlain by about 450 metres of permafrost, the waste rock below the capping layer is expected to freeze, resulting in low rates of acid rock drainage generation in the long term.

Tailings are stored in the Second Portage arm. Initially the tailings will be deposited in a subaqueous environment, but the majority of tailings will be deposited on tailings beaches. A reclamation pond will be operated within the tailings storage facility. The control strategy to minimize water infiltration into the tailings storage facility and the migration of constituents out of the facility includes freeze control of the tailings through permafrost encapsulation. A four-metre-thick dry cover of acid neutralizing ultramafic rockfill will be placed over the tailings as an insulating convective layer to confine the permafrost active layer within relatively inert materials.

The water management objective for the project is to minimize the potential impact on the quality of surface water and groundwater resources at the site. Diversion ditches will be constructed to avoid the contact of clean runoff water with areas affected by the mine or mining activities. Contact water originating from affected areas will be intercepted, collected,

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conveyed to the tailings storage facility for re-use in process or decanted to treatment (if needed) prior to release to receiving lakes.

Capital Expenditures/Development

A total of $54 million has been budgeted to be spent at the Meadowbank Mine (excluding exploration) in 2011, including $15 million on dyke construction, $26 million on sustaining capital and equipment and $13 million on the construction of a new secondary crushing plant.

The Meadowbank Mine started production in 2010. Total capital costs of construction incurred since the date of acquisition by the Company amounted to $721 million. The mine life is expected to be ten years.

Geology, Mineralization and Exploration

Geology

The Meadowbank Mine comprises a number of Archean-age gold deposits hosted within polydeformed volcanic and sedimentary rocks of the Woodburn Lake Group, part of the Western Churchill supergroup in northern Canada.

Three minable gold deposits – Goose, Portage and Vault – have been discovered along the 25-kilometre long Meadowbank gold trend, and the PDF deposit (a fourth deposit) has been outlined on the northeast gold trend. These known gold resources are within 225 metres of the surface, making the project amenable to open pit mining.

Mineralization

The predominant mineralization found in the Portage and Goose deposits is pyrrhotite, which is found as a replacement of magnetite in the oxide facies iron formation host rock. To a lesser extent, pyrite and chalcopyrite may be found and, on rare occasions, arsenopyrite may be associated with the other sulphides. The mineralization is usually restricted to several metres in length laterally, but vertically may extend to over several hundred metres. The sulphides primarily occur as narrow stringers or bands of disseminated sulphides that almost always crosscut the main foliation and/or bedding which would imply an epigenetic mode of emplacement. The percentage of sulphides is quite variable and may range from trace to semi-massive amounts over several centimetres to several metres in length. The higher gold grades and the occasional occurrence of visible gold are almost always associated with greater than 20% sulphide content.

The main mineralized banded iron formation unit is bounded by an ultramafic unit to the west which locally occurs interlayered with the banded iron formation and to the east by an intermediate to felsic metavolcaniclastic unit.

In the Vault deposit, pyrite is the principal ore bearing sulphide. The disseminated sulphides occur along sheared horizons that have been sericitized and silicified. These zones are several metres wide and may continue for hundreds of metres along strike and down dip.

Three of the four known gold deposits are currently planned to be mined. The Goose Island and Portage deposits are hosted within highly deformed, magnetite-rich iron formation rocks, while intermediate volcanic rock assemblages host the majority of the mineralization at the more northerly Vault deposit. The fourth deposit, PDF, shows the same characteristics as Vault, though it is not currently anticipated to be a mineable deposit.

Defined over a 1.85-kilometre strike length and across lateral extents ranging from 100 to 230 metres, the geometry of the Portage deposit consists of general north-northwest-striking ore zones that are highly folded. The mineralization in the lower limb of the fold is typically six to eight metres in true thickness, reaching up to 20 metres in the hinge area.

The Goose Island deposit is located just south of the Portage deposit and is also associated with iron formation but exhibits different geometry, with a north-south trend and a steep westerly dip. Mineralized zones typically occur as a single unit near surface, splaying into several limbs at depth. The deposit is currently defined over a 750-metre strike length and down to 500 metres at depth (mainly in the southern end), with true thicknesses of three to 12 metres (reaching up to 20 metres locally). The Goose underground resource (100 to 500 metres at depth) extends 700 metres to the south of the Goose pit. The ore zones show the same characteristics as the Goose pit which is two to five main zones sub-parallel and undulating. The average thickness rarely exceeds three to five metres.

The Vault deposit is located seven kilometres northeast of the Portage and Goose deposits. It is planar and shallow-dipping with a defined strike of 1,100 metres. The deposit has been disturbed by two sets of normal faults striking east-west and north-south and dipping moderately to the southeast and steeply to the east, respectively. The main lens has an average true thickness of eight to 12 metres, reaching as high as 18 metres locally. The hanging wall lenses are typically three to five metres, and up to seven

metres, in true thickness.

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Exploration

Grass roots exploration in the project area began as early as 1980. As some interesting targets arose, several companies conducted various types of work between 1980 and 2007. Throughout these years, six deposits were the main focus of exploration: Portage, Cannu, Bay Zone, Goose, Vault and PDF. Over time, the Cannu, Bay Zone and Portage deposits were combined into one mineable deposit referred to as Portage. Exploration has extended the Goose Island deposit southward, adding the Goose South and Gosling zones.

In 2009, the mine exploration group took over the pit and adjacent areas. Three goals were targeted: exploration drilling, resource conversion and waste pad condemnation.

Diamond drilling is used for exploration at Meadowbank. In 2010, the focus of mine exploration was on testing the underground potential at the Goose deposit, resource conversions at the Vault deposit and on the south continuity at the Portage and Goose deposits. On the Goose underground deposit, a total of 32 holes for 17,570 metres were drilled from 200 to 750 metres in depth. These holes greatly increased the continuity and understanding of the mineralization distribution. On the Vault deposit, a total of 39 holes for 5,943 metres were drilled from 25 to 200 metres in depth. These holes were aimed at converting resources close to the pit shell and also to extending resources to the south-west continuity towards the Turn Lake porphyry. On the southern portion of the Portage deposit, a total of 18 holes for 7,408 metres were drilled from 50 to 250 metres in depth with the aim of converting resources directly south of Portage pit and other inferred occurrences within a close proximity to the pit. On the Goose south trend, a total of 13 holes for 7,320 metres were drilled from 150 to 250 metres in depth. These holes were aimed at following the south trend of the Portage-Goose iron formation.

In 2010, 113 holes totalling 29,822 metres were drilled at Meadowbank. The drilling was predominantly to expand the Goose deposit at depth and towards the south, as well as to conduct infill drilling in areas where large gaps occurred between auriferous intersections. The program was successful in expanding the Goose deposit at depth and towards the south.

For 2011, the mine exploration program has four main goals: exploring the southern trend of the Goose deposit at depth; exploring the Goose underground deposit towards the south to extend resources; following-up on the regional results of testing on the far west iron formation and the geophysics of the Turn Lake porphyry completed in 2010; and continuing resource conversion work initiated on the Vault deposit in 2010. The program will be completed in phases and conducted between January and June 2011.

Drilling carried out in 2009 and 2010 returned significant results on the Goose underground and Vault deposits. At the Goose underground deposit, the increase in indicated mineral resources comes from a confirmation of continuity towards the south and at depth. At the Vault deposit, the increase in mineral reserves is the result of converting resources to reserves along the east pit wall. Positive drill results show continuity of mineralization toward the southwest, indicating that the pit can be expanded in that direction.

Meliadine Project

The Meliadine project is an advanced exploration property located near the western shore of Hudson Bay in the Kivalliq region of Nunavut, about 25 kilometres north of the hamlet of Rankin Inlet and 290 kilometres southeast of the Meadowbank Mine. The closest major city is Winnipeg, Manitoba, about 1,500 kilometres to the south.

Agnico-Eagle acquired its 100% interest in the Meliadine project through its acquisition of Comaplex in July 2010 (see "– History and Development of the Company").

The mineral reserves and resources of the Meliadine project are estimated at December 31, 2010, to contain probable mineral reserves of 2.6 million ounces of gold comprised of 9.47 million tonnes of ore grading 8.54 grams per tonne. In addition, the project has 8.8 million tonnes of indicated mineral resources grading 5.21 grams of gold per tonne, and 11.8 million tonnes of inferred mineral resources grading 6.94 grams of gold per tonne.

The Meliadine property is a large, almost entirely contiguous land package that is nearly 80 kilometres long. It consists of 52,173 hectares of mineral rights, of which 51,285 hectares are held under the Canada Mining Regulations and administered by the Department of Indian Affairs and Northern Development and referred to as Crown Land. The Crown Land is made up of mining claims covering 887 hectares and mineral leases covering 51,285 hectares. There are also 3,719 hectares of subsurface Nunavut Tunngavik Inc. concessions administered by a division of the Nunavut Territorial government.

The Kivalliq region has an arid arctic climate. The Meliadine property is mainly covered by glacial overburden with the presence of deep-seated permafrost. The property is about 60 metres above sea level in low-lying topography with numerous lakes. Surface waters are usually frozen by early October and remain frozen until early June. Surface geological

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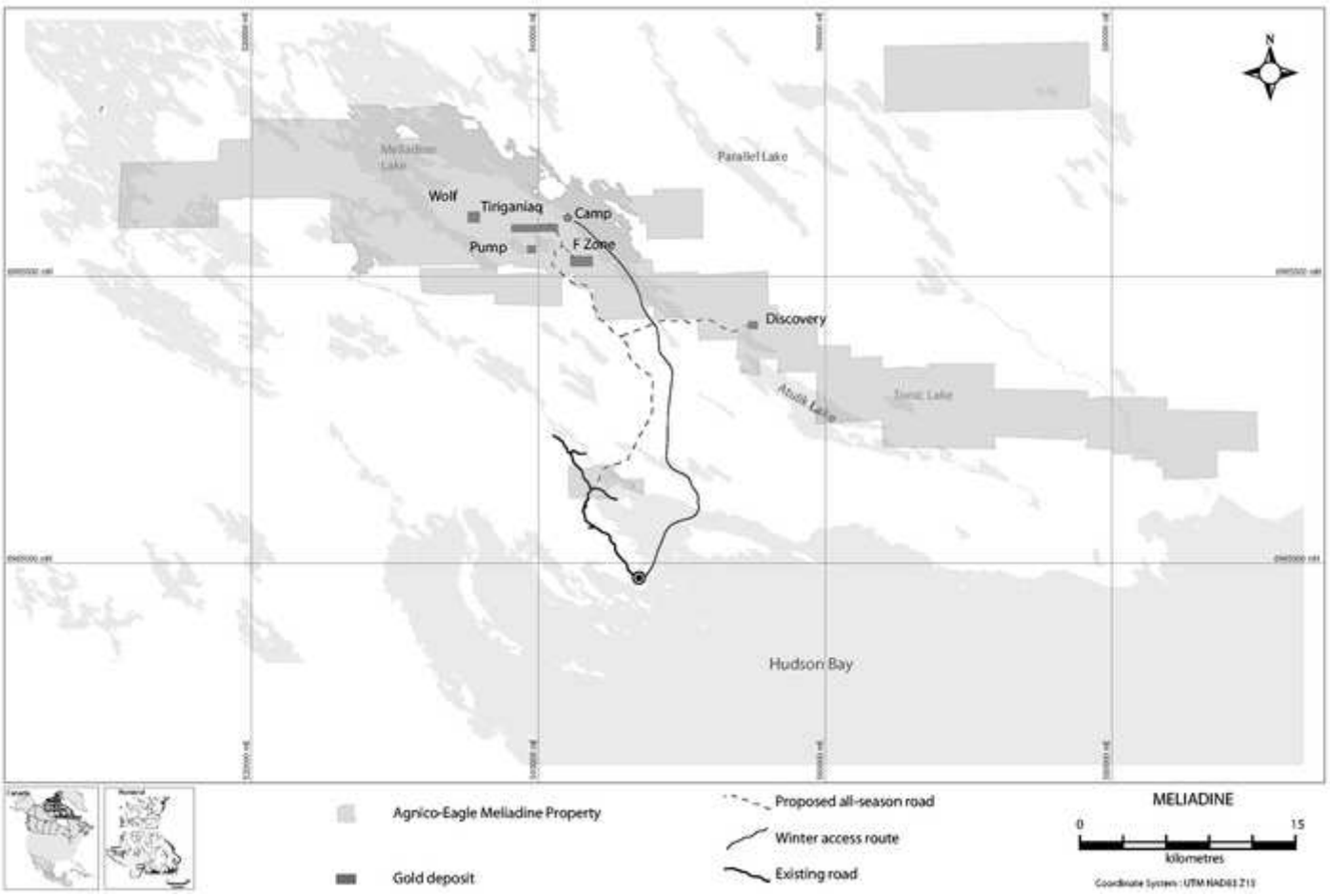
work can be carried out from mid-May to mid-October, while exploration drilling can take place throughout the year, though is reduced in January and February due to cold and darkness.

Equipment, fuel and dry goods are transported on the annual warm-weather sealift by barge to Rankin Inlet via Hudson Bay. Ocean-going barges from Churchill, Manitoba or eastern Canadian ports can access the community from late June to early October. Churchill, which is approximately 470 kilometres south of Rankin Inlet, has a deep-water port facility and a year-round rail link to locations to the south.

Personnel, perishables and lighter goods arrive at the Rankin Inlet regional airport by commercial or charter airline, from which they can be flown to the property by chartered helicopter. An all-weather gravel road extends from Rankin Inlet to the Meliadine River, approximately 15 kilometres away from the property, but there is winter-road access for tracked vehicles from Rankin Inlet directly to the Meliadine exploration camp from late December to mid-May. The Company proposes to build a 27.4-kilometre long open access all-weather road linking Rankin Inlet with the project site to support the underground program. A project description of the road was submitted to the NIRB in January 2011. It proposes the continuation of the existing road from Char River to the project site, with a small section being built to the edge of the Meliadine Lake near the Discovery deposit. This road would potentially be built in 2011 and 2012.

Exploration personnel for the Meliadine project are mainly sourced from other parts of Canada on a fly-in/fly-out rotation from Winnipeg, Manitoba, approximately 1,500 kilometres south of the Meliadine property, although there is preferential employment of qualified people from the Kivalliq region. The hamlet of Rankin Inlet has developed a strong taskforce of entrepreneurs that provide a wide variety of services, such as freight expediting, equipment supply and outfitting.

Location Map of the Meliadine Project



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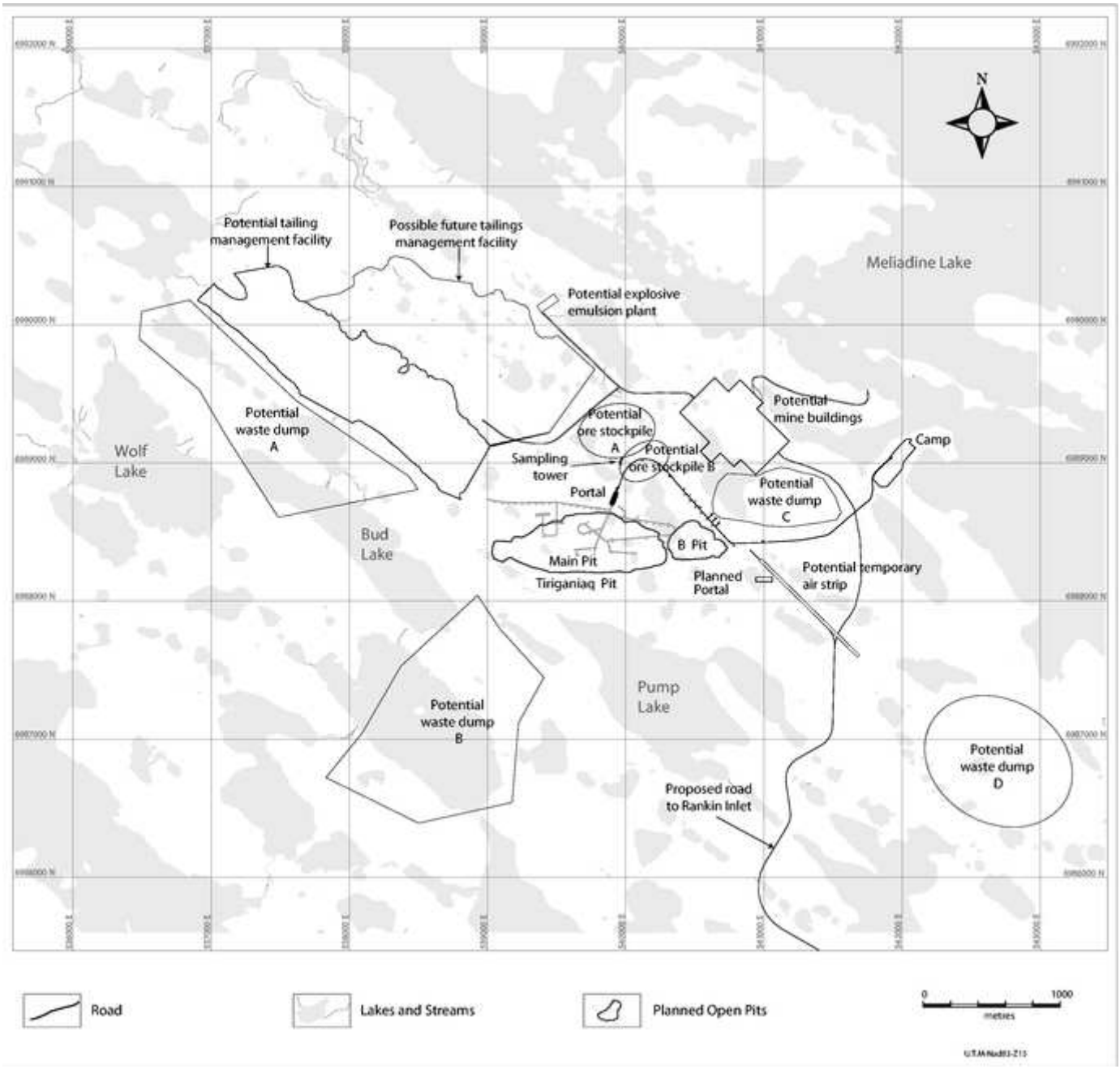
Facilities

Surface Plan of the Meliadine Project



Current facilities at the Meliadine project include the Meliadine exploration camp located on the shore of Meliadine Lake, approximately 2.3 kilometres north of the Tiriganiaq deposit. The camp is constructed of Weatherhaven tents and can accommodate up to 80 personnel. Covered wooden walkways connect all tents to the washrooms and kitchen facilities. A 100-person, self-contained trailer camp, complete with two diesel generators, will be installed adjacent to the existing exploration camp in early 2011.

Power is currently generated using diesel generators for the Meliadine exploration camp on an as-required basis. Potable water for the Meliadine camp is pumped from Meliadine Lake and water for the previous underground operations and surface drill programmes is pumped from Pump Lake. The current water licence allows for a maximum daily water use of 290 cubic metres (Meliadine West), while a request for an amendment to the water licence was filed in October 2010 with the Nunavut Water Board (Meliadine East) to increase water use to 299 cubic metres per day.

The Meliadine exploration camp has an incinerator on site to burn all flammable materials, such as camp and food wastes. Plastics and metal objects, along with incinerator ash, are set aside for transport to be disposed of in the Rankin Inlet landfill. All hazardous and liquid wastes are held at the Meliadine site for transport to a waste management company in southern Canada.

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Sewage has been treated through a Biodisk treatment system since the summer of 2010. Run-off water is contained in the primary water containment area and released only when sampling results meet acceptable water quality standards. Routine water sampling has been conducted since the mid-1990s and reported annually to the authorities.

The Meliadine East camp on Atulik Lake was decommissioned during the summer of 2010 with completion in the winter of 2010 and 2011. The core shack and storage building remain at the former camp site.

An underground portal allowing access to an exploration decline was built at the Tiriganiaq deposit in 2007 and 2008 in order to extract a bulk sample for study purposes. A waste rock and ore storage pad was generated during excavation of the decline and a sampling tower was installed for processing the bulk sample. There is a two-kilometre road between the Meliadine exploration camp and the portal site.

The feasibility study that is underway is considering, among other things, the location of potential open pit and underground mines, ore storage areas, a mineral processing plant site and tailings storage and waste rock disposal areas.

Environmental Matters (including Inuit Impact Benefit Agreement)

Land and environmental management in the region of the Meliadine project is generally governed by the provisions of the Nunavut Land Claims Agreement ("NLCA"). Pursuant to the NLCA, land use leases must be obtained from the KIA. The Meliadine project has been granted a commercial lease for exploration and underground development activity, a prospecting and land use lease for exploration and development activities, an exploration land use lease for exploration and drilling on the Inuit-owned lands of Meliadine East and a parcel drilling permit for drilling activity on Inuit-owned lands. A number of right-of-way leases covering road access to the Meliadine property and esker quarrying on the Inuit-owned lands were also granted by the KIA.

Pursuant to the NLCA, an exploration water licence and a bulk sample water licence were granted by the Nunavut Water Board (the "NWB"). An application was made to the NIRB and the NWB for the construction of an access road to the Meliadine camp to be able to carry out the exploration program year-round.

A Project Certificate from the NIRB is the next approval required by the Meliadine project. Other operating permits and licences can only be issued after such Project Certificate is received. An Inuit Impact Benefit Agreement and an Inuit Water Compensation Agreement will also need to be negotiated with the KIA.

Geology, Mineralization and Exploration

Geology and Mineralization

Archean volcanic and sedimentary rocks of the Meliadine greenstone belt underlie the property, which is mainly covered by glacial overburden with deep-seated permafrost and is part of the Western Churchill supergroup in northern Canada. The rock layers have been folded, sheared and metamorphosed, and have been truncated by the Pyke Fault, a regional structure that extends the entire 80-kilometre length of the large property.

The Pyke Fault appears to control gold mineralization on the Meliadine property. At the southern edge of the fault is a series of oxide iron formations that host all six Meliadine deposits currently known. The deposits consist of multiple lodes of mesothermal quartz-vein stockworks, laminated veins and sulphidized iron formation mineralization with strike lengths of up to three kilometres. The Upper Oxide iron formation hosts the Tiriganiaq and Wolf North zones. The two Lower Lean iron formations contain the F Zone, Pump, Wolf Main and Wesmeg deposits, which are all within five kilometres of Tiriganiaq. The Discovery deposit is 17 kilometres east southeast of Tiriganiaq and is hosted by the Upper Oxide iron formation. Each of these deposits has mineralization within 120 metres of surface, making them potentially mineable by open pit methods. They also have deeper ore that could potentially be mined with underground methods.

Exploration

The Meliadine property has been explored for gold from 1987 through 2010 at a cost of C$166.8 million by former owners Asamera Inc., Rio Algom Limited, Comaplex, Cumberland and Western Mining International, as well as the Company and numerous reputable consultants. For many years the property was divided into two halves – Meliadine East and Meliadine West – which were consolidated into the Meliadine property in December 2009. A detailed history of exploration on the property is given in a technical report by the Company posted on SEDAR on March 8, 2011.

Lack of outcropping bedrock in the area resulted in the use of high-density magnetic surveying followed by diamond drilling as the most common and successful exploration strategy on the property. This has included 193,318 metres of drilling in 682 holes from 1993 through 2010, as well as geophysical surveying, prospecting and sampling. In 2007 and 2008, there was an underground exploration and bulk sample program on the Tiriganiaq deposit. This was followed by a Preliminary Assessment for the property in 2009, which indicated the potential of the project to support a mining operation.

In 2010, there were 128 exploration drill holes (32,000 metres) at Meliadine, of which 53% were drilled by the Company after acquiring the property in July 2010. Agnico-Eagle spent $10 million on exploration from July through December 2010.

The Company initiated a $62 million exploration diamond drilling program in February 2011. Approximately 200,000 metres of drilling is planned through early 2013, mainly to convert mineral resources to reserves at Tiriganiaq. Another $68 million has been budgeted through early 2013 to complete an underground bulk sample, feasibility study, permitting and the construction of an all-weather road linking the project to Rankin Inlet.

Regional Exploration Activities

During 2010, the Company continued to actively explore in Quebec, Ontario, Nunavut, Nevada, Finland, Mexico and Argentina. The Canadian exploration activities were focused on the Ellison/Bousquet and Maritime/Lapa mining camps in Quebec, as well as on the Meadowbank property in Nunavut where activities were conducted both within and outside the mining lease and the newly acquired Meliadine project, also in Nunavut. In the United States, exploration activities during 2010 were concentrated on the West Pequop project located in northeast Nevada. At the LaRonde, Goldex, Lapa, Pinos Altos and Kittila Mines, the Company continued aggressive exploration programs around the current mines. Most of the exploration budget was spent on drilling programs near the mine infrastructure, along previously recognized gold trends.

At the end of 2010, the Company's land holdings in Canada consisted of 78 projects comprised of 2,911 mineral titles covering an aggregate of 222,825 hectares. Land holdings in the United States consisted of 11 properties comprised of 3,058 mineral titles covering an aggregate of 26,176 hectares. Land holdings in Finland consisted of three groups of properties comprised of 136 mineral titles covering an aggregate of 11,949 hectares. Land holdings in Mexico consisted of three projects comprised of 43 mining concession titles covering an aggregate of 58,340 hectares. Land holdings in Argentina consisted of one project with two mineral titles covering an aggregate of 2,691 hectares.

The total amount spent on regional exploration in 2010 was $48.2 million, which included drilling 500 holes for an aggregate of approximately 125 kilometres. The budget for regional exploration expenditures in 2011 is approximately $101 million, including approximately 214 kilometres of drilling.

Mineral Reserves and Mineral Resources

Cautionary Note to Investors Concerning Estimates of Measured and Indicated Mineral Resources

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

Cautionary Note to Investors Concerning Estimates of Inferred Mineral Resources

This section uses the term "inferred mineral resources". Investors are advised that while this term is recognized and required by Canadian regulations, the SEC does not recognize it. "Inferred mineral 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 any part or all 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 any part or all of an inferred mineral resource exists, or is economically or legally mineable** .

The preparation of the information set forth below with respect to the mineral reserves at the LaRonde Mine (which includes mineral reserves at the LaRonde Mine extension), the Goldex, Lapa, Kittila, Pinos Altos, Meadowbank Mines and the Meliadine project has been supervised by the Company's Vice-President, Project Development, Marc Legault, P.Eng, a "qualified person" as that term is defined in NI 43-101. The Company's mineral reserves estimate was derived from internally generated data or audited reports.

The criteria set forth in NI 43-101 for reserve definitions and guidelines for classification of mineral reserve are similar to those used by Guide 7. However, the definitions in NI 43-101 differ in certain respects from those under Guide 7. Under Guide 7, among other things, a mineral reserve estimate must have a "final" or "bankable" feasibility study. Guide 7 also requires the use of commodity prices that reflect current economic conditions at the time of reserve determination which Staff of the SEC has interpreted to mean historic three-year average prices. In addition to the differences noted above, Guide 7 does not recognize mineral resources.

The assumptions used for the 2010 mineral reserves and resources estimate reported by the Company in this Form 20-F were based on three-year average prices for the period ending December 31, 2010 of $1,024 per ounce gold, $16.62 per ounce silver, $0.86 per pound zinc, $2.97 per pound copper, $0.90 per pound lead and exchange rates of C$1.08 per $1.00, 12.43 Mexican pesos per $1.00 and $1.40 per €1.00. The assumptions used for the 2009 mineral reserves and resources estimate used by the Company in this Form 20-F were based on three-year average prices for the period ending December 31, 2009 of $848 per ounce gold, $14.35 per ounce silver, $1.03 per pound zinc, $3.15 per pound copper, $0.97 per pound lead and exchange rates of C$1.09 per $1.00, 11.00 Mexican pesos per $1.00 and $1.37 per €1.00. The assumptions used for the 2008 mineral reserves and resources estimate reported by the Company in this Form 20-F were based on three-year average prices for the period ending December 31, 2008 of $725 per ounce gold, $13.32 per ounce silver, $1.27 per pound zinc, $3.15 per pound copper and exchange rates of C$1.09 per $1.00, 11.00 Mexican pesos per $1.00 and $1.37 per €1.00. Other assumptions used for estimating 2009 and 2008 mineral reserve and resource information may be found in the Company's annual filings in respect of the years ended December 31, 2009 and

December 31, 2008, respectively. Set out below are the reserve estimates as calculated in accordance with NI 43-101 and Guide 7, respectively (tonnages and contained gold quantities are rounded to the nearest thousand):

	National Instrument 43-101			Industry Guide No. 7		
Property	**Tonnes**	**Gold Grade (g/t)**	**Contained Gold (oz)**	**Tonnes**	**Gold Grade (g/t)**	**Contained Gold (oz)**
Proven Reserves						
LaRonde (underground)	4,838,000	2.36	366,000	4,838,000	2.36	366,000
Goldex (underground)	14,804,000	1.87	890,000	14,804,000	1.87	890,000
Kittila (open pit)	395,000	4.19	53,000	395,000	4.19	53,000
Kittila (underground)	8,000	6.00	2,000	8,000	6.00	2,000
Kittila total proven	403,000	4.23	55,000	403,000	4.23	55,000
Lapa (underground)	1,122,000	7.24	261,000	1,122,000	7.24	261,000
Pinos Altos (open pit)	1,078,000	0.89	31,000	1,078,000	0.89	31,000
Pinos Altos (underground)	1,786,000	2.52	144,000	1,786,000	2.52	144,000
Pinos Altos total proven	2,864,000	1.90	175,000	2,864,000	1.90	175,000
Meadowbank (open pit)	839,000	3.13	85,000	839,000	3.13	85,000
Total Proven Reserves	**24,870,000**	**2.29**	**1,832,000**	**24,870,000**	**2.29**	**1,832,000**
Probable Reserves						
LaRonde (underground)	29,892,000	4.63	4,452,000	29,892,000	4.63	4,452,000
Goldex (underground)	12,990,000	1.62	676,000	12,990,000	1.62	676,000
Kittila (open pit)	1,657,000	5.28	281,000	1,657,000	5.28	281,000
Kittila (underground)	30,672,000	4.61	4,544,000	30,672,000	4.61	4,544,000
Kittila total probable	32,329,000	4.64	4,825,000	32,329,000	4.64	4,825,000
Lapa (underground)	1,709,000	7.56	416,000	1,709,000	7.56	416,000
Meliadine (open pit)	4,287,000	6.91	953,000	4,287,000	6.91	953,000
Meliadine (underground)	5,180,000	9.89	1,647,000	5,180,000	9.89	1,647,000
Meliadine total probable	9,467,000	8.54	2,600,000	9,467,000	8.54	2,600,000
Pinos Altos (open pit)	16,987,000	1.98	1,083,000	16,987,000	1.98	1,083,000
Pinos Altos (underground)	24,311,000	2.58	2,013,000	24,311,000	2.58	2,013,000
Pinos Altos total probable	41,298,000	2.33	3,096,000	41,298,000	2.33	3,096,000
Meadowbank (open pit)	33,259,000	3.18	3,402,000	33,259,000	3.18	3,402,000

Total Probable Reserves	**160,944,000**	**3.76**	**19,467,000**	**160,944,000**	**3.76**	**19,467,000**
Total Proven and Probable Reserves	**185,814,000**	**3.57**	**21,299,000**	**185,814,000**	**3.57**	**21,299,000**

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

LaRonde Mineral Reserves and Mineral Resources

	As at December 31,		
	2010	**2009**	**2008**
Gold			
Proven mineral reserves – tonnes	3,200,000	2,700,000	2,300,000
Average grade – gold grams per tonne	3.07	3.37	3.95
Probable mineral reserves – tonnes	27,900,000	26,500,000	26,500,000
Average grade – gold grams per tonne	4.90	5.16	5.23
Zinc			
Proven mineral reserves – tonnes	1,600,000	2,100,000	1,800,000
Average grade – gold grams per tonne	0.95	1.03	1.19
Probable – tonnes	2,000,000	3,100,000	5,200,000
Average grade – gold grams per tonne	1.01	0.99	0.94
Total proven and probable mineral reserves – tonnes	**34,700,000**	**34,400,000**	**35,800,000**
Average grade – gold grams per tonne	**4.32**	**4.39**	**4.32**
Total contained gold ounces	**4,818,000**	**4,849,000**	**4,974,000**

Notes:

(1) The 2010 proven and probable mineral reserves set forth in the table above are based on a net smelter return cut-off value of the ore that varies between C$71.00 per tonne and C$80.00 per tonne depending on the deposit. The Company's historical metallurgical recovery rates at the LaRonde Mine from January 1, 2004 to December 31, 2010 averaged 90.0% for gold, 88.2% for silver, 81.1% for zinc, 88.6% for copper and 21.8% for lead. The Company estimates that a 10% change in the gold price would result in an approximate 0.5% change in mineral reserves.

(2) In addition to the mineral reserves set out above, at December 31, 2010, the LaRonde Mine contained indicated mineral resources of 6.9 million tonnes grading 1.89 grams of gold per tonne and inferred mineral resources of 11.5 million tonnes grading 3.72 grams of gold per tonne.

(3) The following table shows the reconciliation of mineral reserves (in nearest thousand tonnes) at the LaRonde Mine by category at December 31, 2010 with those at December 31, 2009. Revision means additional mineral reserves converted from mineral resources or other categories of mineral reserves and mineral reserves added from exploration activities during 2010.

	Proven	**Probable**	**Total**
December 31, 2009	4,755	29,625	34,380
Mined in 2010	2,592	0	2,592
Revision	2,675	267	2,942
December 31, 2010	**4,838**	**29,892**	**34,729**

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

March 23, 2005.

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Goldex Mineral Reserves and Mineral Resources

	As at December 31,		
	2010	**2009**	**2008**
Gold			
Proven mineral reserves – tonnes	14,804,000	5,217,000	434,000
Average grade – gold grams per tonne	1.87	2.02	1.95
Probable mineral reserves – tonnes	12,990,000	19,524,000	23,391,000
Average grade – gold grams per tonne	1.62	2.06	2.05
Total proven and probable mineral reserves – tonnes	**27,794,000**	**24,741,000**	**23,825,000**
Average grade – gold grams per tonne	**1.75**	**2.05**	**2.05**
Total contained gold ounces	**1,566,000**	**1,630,000**	**1,571,000**

Notes:

(1) The 2010 proven and probable mineral reserves were estimated using an assumed metallurgical gold recovery of 92.2%. Mining costs were estimated to be C$20.21 per tonne. The cut-off grade used for mineral reserves was between 0.7 grams of gold per tonne and 0.9 grams of gold per tonne, depending on the zone. The Company estimates that a 10% change in the gold price would result in no change in mineral reserves.

(2) In addition to the mineral reserves set out above, at December 31, 2010, the Goldex Mine contained indicated mineral resources of 8.3 million tonnes grading 1.77 grams of gold per tonne and inferred mineral resources of 25.8 million tonnes grading 1.67 grams of gold per tonne.

(3) The following table shows the reconciliation of mineral reserves (in nearest thousand tonnes) at the Goldex Mine by category at December 31, 2010 with those at December 31, 2009. Revision means additional mineral reserves converted from mineral resources or other categories of mineral reserves and mineral reserves added from exploration activities during 2010.

	Proven	**Probable**	**Total**
December 31, 2009	5,217	19,524	24,741
Mined in 2010	824	1,958	2,782
Revision	10,411	(4,576)	5,835
December 31, 2010	**14,804**	**12,990**	**27,794**

(4) Complete information on the verification procedures, the quality assurance program, quality control procedures, parameters and methods and other factors that may materially affect scientific and technical information presented in this Form 20-F relating to the Goldex Mine 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 on October 27, 2005.

Kittila Mineral Reserves and Mineral Resources

	As at December 31,		
	2010	**2009**	**2008**
Gold			
Proven mineral reserves – tonnes	403,000	257,000	199,000
Average grade – gold grams per tonne	4.23	3.71	4.84
Probable mineral reserves – tonnes	32,329,000	25,704,000	21,171,000
Average grade – gold grams per tonne	4.64	4.83	4.69
Total proven and probable mineral reserves – tonnes	**32,732,000**	**25,961,000**	**21,370,000**
Average grade – gold grams per tonne	**4.64**	**4.82**	**4.69**
Total contained gold ounces	**4,880,000**	**4,025,000**	**3,225,000**

Notes:

(1) The 2010 proven and probable mineral reserve and mineral resource estimates were calculated using a metallurgical gold recovery of 89.3%. Gold cut-off grades used were 1.85 grams per tonne, undiluted (1.65 grams per tonne, diluted) for open pit reserves and between 2.97 grams per tonne and 3.24 grams per tonne, undiluted (between 2.52 grams per tonne and 2.79 grams per tonne, diluted), depending on the deposit, for underground reserves. The open pit operating cost is estimated to be €33.99 per tonne, while the underground operating cost is estimated to vary between €52.06 per tonne and €57.65 per tonne, depending on the deposit. The Company estimates that a 10% change in the gold price would result in an approximate 5% change in mineral reserves.

(2) In addition to the mineral reserves set out above, at December 31, 2010, the Kittila Mine contained indicated mineral resources of 15.3 million tonnes grading 2.41 grams of gold per tonne and inferred mineral resources of 8.3 million tonnes grading 2.50 grams of gold per tonne.

(3) The breakdown of proven and probable mineral reserves between planned open pit operations and underground operations at the Kittila Mine (with tonnage and contained ounces rounded to the nearest thousand) is:

Category	**Mining Method**	**Tonnes**	**Gold Grade (g/t)**	**Contained Gold (oz)**
Proven mineral reserve	Open pit	395,000	4.19	53,000
Proven mineral reserve	Underground	8,000	6.00	2,000
Total proven mineral reserve		**403,000**	**4.23**	**55,000**
Probable mineral reserve	Open pit	1,657,000	5.28	281,000
Probable mineral reserve	Underground	30,672,000	4.61	4,544,000
Total probable mineral reserve		**32,329,000**	**4.64**	**4,826,000**

(4) The following table shows the reconciliation of mineral reserves (in nearest thousand tonnes) at the Kittila Mine by category at December 31, 2010 with those at December 31, 2009. Revision means additional mineral reserves converted from mineral resources or other categories of mineral reserves and mineral reserves added from exploration activities during 2010.

	Proven	**Probable**	**Total**

December 31, 2009	257	25,704	25,961
Mined in 2010	960	0	960
Revision	1,106	6,625	7,731
December 31, 2010	**403**	**32,329**	**32,732**

(5) Complete information on the verification procedures, the quality assurance program, quality control procedures, parameters and methods and other factors that may materially affect scientific and technical information presented in this Form 20-F relating to the Kittila Mine may be found in the Technical Report on the December 31, 2009, Mineral Resource and Mineral Reserve Estimate and the Suuri Extension Project, Kittila Mine, Finland, filed with the Canadian securities regulatory authorities on SEDAR on March 4, 2010.

Lapa Mineral Reserves and Mineral Resources

	As at December 31,		
	2010	**2009**	**2008**
Gold			
Proven mineral reserves – tonnes	1,122,000	897,000	23,000
Average grade – gold grams per tonne	7.24	8.33	7.53
Probable mineral reserves – tonnes	1,709,000	2,319,000	3,730,000
Average grade – gold grams per tonne	7.56	8.09	8.80
Total proven and probable mineral reserves – tonnes	**2,831,000**	**3,216,000**	**3,753,000**
Average grade – gold grams per tonne	**7.43**	**8.16**	**8.79**
Total contained gold ounces	**677,000**	**843,000**	**1,061,000**

Notes:

(1) The 2010 mineral reserve and mineral resource estimates were calculated using an assumed metallurgical gold recovery of 80% and a cut-off grade of 4.1 grams of gold per tonne. The operating cost per tonne estimate for the Lapa Mine was C$115.86. The Company estimates that a 10% change in the gold price would result in an approximate 7% change in mineral reserves.

(2) In addition to the mineral reserves set out above, at December 31, 2010, the Lapa Mine contained indicated mineral resources of 1.8 million tonnes grading 4.10 grams of gold per tonne and inferred mineral resources of 0.5 million tonnes grading 8.27 grams of gold per tonne.

(3) The following table shows the reconciliation of mineral reserves (in nearest thousand tonnes) at the Lapa Mine by category at December 31, 2010 with those at December 31, 2009. Revision means additional mineral reserves converted from mineral resources or other categories of mineral reserves and mineral reserves added from exploration activities during 2010.

	Proven	**Probable**	**Total**
December 31, 2009	897	2,319	3,216
Mined in 2010	519	0	519
Revision	744	(610)	134
December 31, 2010	**1,122**	**1,709**	**2,831**

(4) Complete information on the verification procedures, the quality assurance program, quality control procedures, parameters and methods and other factors that may materially affect scientific and technical information presented in this Form 20-F relating to the Lapa Mine may be found in the Technical Report on the Lapa Gold Project, Cadillac Township, Quebec, Canada filed with Canadian securities regulatory authorities on SEDAR on June 8, 2006.

Pinos Altos Mineral Reserves and Mineral Resources

	As at December 31,		
	2010	**2009**	**2008**
Gold and Silver			
Proven mineral reserves – tonnes	2,864,000	880,000	97,000
Average gold grade – grams per tonne	1.90	1.51	1.35
Average silver grade – grams per tonne	54.06	26.53	19.08
Probable mineral reserves – tonnes	41,298,000	41,080,000	41,669,000
Average gold grade – grams per tonne	2.33	2.54	2.68
Average silver grade – grams per tonne	65.53	70.31	74.61
Total proven and probable mineral reserves – tonnes	**44,162,000**	**41,960,000**	**41,766,000**
Average gold grade – grams per tonne	**2.30**	**2.52**	**2.68**
Average silver grade – grams per tonne	**64.78**	**69.39**	**74.48**
Total contained gold ounces	**3,271,000**	**3,396,000**	**3,593,000**
Total contained silver ounces	**91,982,000**	**93,613,000**	**100,010,000**

Notes:

(1) The 2010 proven and probable mineral reserve estimate is based on a net smelter return cut-off value of the open pit ore between $5.81 per tonne and $22.08 per tonne, depending on the deposit, and a net smelter return cut-off value of the underground ore of $43.30 per tonne. The metallurgical gold recovery used in the reserve estimate varied between 59% and 96.5%, depending on the deposit. The metallurgical silver recovery used in the reserve estimate varied between 11% and 52.0%, depending on the deposit. The Company estimates that a 10% change in the gold price would result in an approximate 2% change in mineral reserves.

(2) In addition to the mineral reserves set out above, at December 31, 2010, the Pinos Altos Mine contained indicated mineral resources of 25.6 million tonnes grading 1.02 grams of gold per tonne and 21.34 grams of silver per tonne and inferred mineral resources of 25.7 million tonnes grading 1.09 grams of gold per tonne and 23.46 grams of silver per tonne.

(3) The proven and probable mineral reserves of the Pinos Altos Mine set forth in the table above include stockpiled proven mineral reserves from the Creston Mascota deposit of 0.4 million tonnes grading 1.01 grams of gold per tonne and 3.23 grams of silver per tonne and probable mineral reserves from the Creston Mascota deposit of 7.2 million tonnes grading 1.52 grams of gold per tonne and 15.82 grams of silver per tonne. The indicated mineral resource at the Pinos Altos Mine also includes indicated mineral resources from the Creston Mascota deposit of 5.3 million tonnes grading 0.72 grams of gold per tonne and 6.78 grams of silver per tonne. The inferred mineral resource at the Pinos Altos Mine also includes inferred mineral resources from the Creston Mascota deposit of 2.5 million tonnes grading 0.88 grams of gold per tonne and 8.16 grams of silver per tonne.

(4) The breakdown of mineral reserves between planned open pit operations and underground operations at the Pinos Altos Mine (with tonnage and contained ounces rounded to the nearest thousand) is:

Category	**Mining Method**	**Tonnes**	**Gold Grade (g/t)**	**Silver Grade (g/t)**	**Contained Gold (oz)**	**Contained Silver (oz)**
Proven mineral reserve	Open pit stock pile	1,078,000	0.89	13.26	31,000	460,000
Proven mineral reserve	Underground	1,786,000	2.52	78.68	144,000	4,518,000
Total proven mineral reserve		**2,864,000**	**1.90**	**54.06**	**175,000**	**4,977,400**

Probable mineral reserve	Open pit	16,987,000	1.98	45.34	1,083,000	24,761,000
Probable mineral reserve	Underground	24,311,000	2.58	79.64	2,013,000	62,243,000
Total probable mineral reserve		**41,298,000**	**2.33**	**65.53**	**3,096,000**	**87,004,000**

(5) The following table shows the reconciliation of mineral reserves (in nearest thousand tonnes) at the Pinos Altos Mine by category at December 31, 2010 with those at December 31, 2009. Revision means additional mineral reserves converted from mineral resources or other categories of mineral reserves and mineral reserves added from exploration activities during 2010.

	Proven	Probable	Total
December 31, 2009	880	41,080	41,960
Mined in 2010	2,437	0	2,437
Revision	4,421	218	4,639
December 31, 2010	**2,864**	**41,298**	**44,162**

(6) Complete information on the verification procedures, the quality assurance program, quality control procedures, parameters and methods and other factors that may materially affect scientific and technical information presented in this Form 20-F relating to the Pinos Altos Mine may be found in the Pinos Altos Gold-Silver Mining Project, Chihuahua State, Mexico, Technical Report on the Mineral Resources and Reserves as of December 31, 2008 filed with the Canadian securities regulatory authorities on SEDAR on March 25, 2009.

Meadowbank Mineral Reserves and Mineral Resources

	As at December 31,		
	2010	**2009**	**2008**
Gold			
Proven mineral reserves – tonnes	839,000	600,000	–
Average grade – gold grams per tonne	3.13	4.57	–
Probable mineral reserves – tonnes	33,259,000	31,600,000	32,773,000
Average grade – gold grams per tonne	3.18	3.51	3.45
Total proven and probable mineral reserves – tonnes	**34,098,000**	**32,200,000**	**32,773,000**
Average grade – gold grams per tonne	**3.18**	**3.53**	**3.45**
Total contained gold ounces	**3,486,000**	**3,655,000**	**3,638,000**

Notes:

(1) The 2010 mineral reserve and mineral resource estimates were calculated using a metallurgical gold recovery of 93.1%. The cut-off grade used to determine the open pit reserves varied from 1.27 grams of gold per tonne to 1.30 grams of gold per tonne, depending on the deposit. The estimated operating cost used for the 2010 mineral reserve estimate varied between C$41.99 per tonne and C$42.90 per tonne, depending on the deposit. The Company estimates that a 10% change in the gold price would result in an approximate 2% change in mineral reserves.

(2) In addition to the mineral reserves set out above, at December 31, 2010, the Meadowbank Mine contained indicated mineral resources of 25.8 million tonnes grading 1.67 grams of gold per tonne and inferred mineral resources of 10.2 million tonnes of ore grading 2.15 grams of gold per tonne.

(3) The following table shows the reconciliation of mineral reserves (in nearest thousand tonnes) at the Meadowbank Mine by category at December 31, 2010 with those at December 31, 2009. Revision means additional mineral reserves converted from mineral resources or other categories of mineral reserves and mineral reserves added from exploration activities during 2010.

	Proven	Probable	Total
December 31, 2009	600	31,600	32,200

Mined in 2010	2,570	0	2,570
Revision	2,809	1,659	4,468
December 31, 2010	**839**	**33,259**	**34,098**

(4) Complete information on the verification procedures, the quality assurance program, quality control procedures, parameters and methods and other factors that may materially affect scientific and technical information presented in this Form 20-F relating to the Meadowbank Mine may be found in the Technical Report on the Mineral Resources and Mineral Reserves dated September 30, 2008, Meadowbank Gold Project, Nunavut, Canada filed with Canadian securities regulatory authorities on SEDAR on December 15, 2008.

Meliadine Mineral Reserves and Mineral Resources

	As at December 31,		
	2010	**2009**	**2008**
Gold			
Proven mineral reserves – tonnes	0	–	–
Average grade – gold grams per tonne	–	–	–
Probable mineral reserves – tonnes	9,467,000	–	–
Average grade – gold grams per tonne	8.54	–	–
Total proven and probable mineral reserves – tonnes	**9,467,000**	–	–
Average grade – gold grams per tonne	**8.54**	–	–
Total contained gold ounces	**2,600,000**	–	–

Notes:

(1) The 2010 mineral reserve and mineral resource estimates were calculated using a metallurgical gold recovery of 95.6%. The cut-off grade used to determine the open pit reserves was 2.33 grams of gold per tonne, undiluted (2.03 grams of gold per tonne, diluted), and the cut-off grade used to determine the underground reserves was 6.3 grams of gold per tonne, undiluted (4.88 grams of gold per tonne, diluted). The estimated operating cost used for the 2010 mineral reserve estimate was C$103.14 per tonne for open pit and C$165.65 per tonne for underground. The Company estimates that a 10% change in the gold price would result in an approximate 2% change in mineral reserves.

(2) In addition to the mineral reserves set out above, at December 31, 2010, the Meliadine project contained indicated mineral resources of 8.8 million tonnes grading 5.21 grams of gold per tonne and inferred mineral resources of 11.8 million tonnes of ore grading 6.94 grams of gold per tonne.

(3) The breakdown of mineral reserves between planned open pit operations and underground operations at the Meliadine project (with tonnage and contained ounces rounded to the nearest thousand) is:

Category	**Mining Method**	**Tonnes**	**Gold Grade (g/t)**	**Contained Gold (oz)**
Probable mineral reserve	Open pit	4,287,000	6.91	953,000
Probable mineral reserve	Underground	5,180,000	9.89	1,647,000
Total probable mineral reserve		**9,467,000**	**8.54**	**2,600,000**

(4) Complete information on the verification procedures, the quality assurance program, quality control procedures, parameters and methods and other factors that may materially affect scientific and technical information presented in this Form 20-F relating to the Meliadine project may be found in the Technical Report on the December 31, 2010 Mineral Resource and Mineral Reserve Estimate, Meliadine Gold Project, Nunavut, Canada, dated February 16, 2011, filed with the Canadian securities regulatory authorities on SEDAR on March 8, 2011.

Risk Mitigation

The Company 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. The Company's operating and technical personnel have a solid track record of developing and operating precious metal mines and several of the Company's mines have been recognized for excellence in this regard with various safety and development awards. 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.

The Company 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".

Glossary of Selected Mining Terms

"alteration"	Any physical or chemical change in a rock or mineral subsequent to formation. Milder and more localized than metamorphism.
"anastomosing"	A network of branching and rejoining fault or vein surfaces or surface traces.
"andesite"	A dark-coloured igneous, calc-alkaline volcanic rock, of intermediate composition (containing between 52-63% silica).
"assay"	An analysis to determine the presence, absence or concentration of one or more chemical components.
"bedrock"	The solid rock underlying surface deposits.
"breccia"	Said of rock formations consisting mostly of angular fragments hosted by a fine-grained matrix.
"brittle"	Of minerals, proneness to fracture under low stress. A quality affecting behaviour during comminution of ore, whereby one species fractures more readily than others in the material being crushed.
"bulk mining"	A mining method in which large quantities of low-grade ore are mined without an attempt to segregate the high-grade portions.
"byproduct metal"	A secondary or additional metal recovered from the processing of rock.
"carbon-in-leach process"	A process step in which granular activated carbon particles much larger than the ground ore particles are introduced into the ore pulp. Cyanide leaching and precious metal adsorption onto the activated carbon occur simultaneously. The loaded activated carbon is mechanically screened to separate it from the barren ore pulp and processed to remove the precious metals and prepare it for reuse.
"carbon-in-pulp (CIP) circuit"	A process by which soluble gold within a finely ground slurry is recovered by adsorption onto coarser activated carbon. A CIP circuit comprises a series of tanks through which leached slurry flows. Gold is captured onto captive activated carbon that will periodically be moved counter-currently from tank to tank. Head tank carbon is extracted periodically to further recover adsorbed gold before being returned to the circuit tails tank.
"clast"	A fragment of mineral, rock or organic structure that has been moved individually from its place of origin.
"concentrate"	The clean product recovered in froth flotation.
"conglomerate"	A sedimentary rock consisting of rounded, water-worn pebbles or boulders cemented into a solid mass.
"counter-current decantation"	Clarifying wash water and concentrating tailings by use of several thickeners in series. The water flows in the opposite direction from the solids. The final products are slurry that is removed as fluid mud and clear water that is reused in the circuit.
"crosscut"	A horizontal opening driven from a shaft at or near right angles to the strike of a vein or other orebody.
"cut-off grade"	(A) In respect of mineral resources, the lowest grade below which the mineralized rock currently cannot reasonably be expected to be economically extracted. (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.

"deposit"	A mineralized body that has been physically delineated by sufficient drilling, trenching and/or underground work and found to be of sufficient average grade of metal or metals to warrant further exploration and/or development expenditures; such a deposit does not qualify as a commercially mineable orebody or as containing mineral reserves, until final legal, technical and economic factors have been resolved.
"development"	The preparation of a mining property or area so that an orebody can be analyzed and its tonnage and quality estimated. Development is an intermediate stage between exploration and mining.
"diamond drill hole"	A borehole drilled using a bit inset with diamonds as the rock-cutting tool. The bit cuts a circular channel around a core of rock that can be recovered to provide a more-or-less continuous and complete columnar sample of the rock penetrated.
"dilution"	The effect of waste rock or low-grade ore being included in mined ore, increasing tonnage mined and lowering the overall ore grade.
"dip"	The angle at which a surface is inclined from the horizontal.
"discordant"	Said of a contact between an igneous intrusion and the country rock that is not parallel to the foliation or the bedding planes of the latter.
"disseminated"	Said of a mineral deposit (especially of metals) in which the desired minerals occur as scattered particles in the rock, but in sufficient quantity to make the deposit an ore. Some disseminated deposits are very large.
"drift"	A horizontal underground opening that follows along the length of a vein or rock formation, as opposed to a crosscut that crosses the rock formation.
"ductile"	Of rock, able to sustain, under a given set of conditions, 5% to 10% deformation before fracturing or faulting.
"dyke"	An earthen embankment, as around a drill sump or tank, or to impound a body of water or mill tailings. Also, a tabular body of igneous rock that cuts across the structure of adjacent rocks.
"electrowinning"	An electrochemical process in which a metal dissolved within an electrolyte is plated onto an electrode. Used to recover metals such as copper and gold from solution in the leaching of concentrates, etc.
"envelope"	1. The outer or covering part of a fold, especially of a folded structure that includes some sort of structural break. 2. A metamorphic rock surrounding an igneous intrusion. 3. In a mineral, an outer part different in origin from an inner part.
"epigenetic"	An orebody formed by hydrothermal fluids and gases that were introduced into the host rocks from elsewhere, filling cavities in the host rock.
"epithermal"	A hydrothermal mineral deposit formed within one kilometre of the Earth's

surface and in the temperature range of 50 to 200 degrees Celsius, occurring mainly as veins. Also, said of that depositional environment.

"extensional-shear vein" A vein put in place in an extension fracture caused by the deformation of a rock.

"fault" A fracture or a fracture zone in crustal rocks along which there has been displacement of the two sides relative to one another parallel to the fracture. The displacement may be a few inches or many kilometres long.

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"feasibility study" 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 about whether 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 an effective method of mineral processing has been determined. It includes a financial analysis based on reasonable assumptions of technical, engineering, legal, operating, economic, social and environmental factors and the evaluation of other relevant factors that 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.

"flotation" A process for concentrating minerals based on the selective adhesion of certain minerals to air bubbles in a mixture of water and ground ore. When the right chemicals are added to a frothy water bath of ore that has been ground to the consistency of talcum powder, the minerals will float to the surface. The metal-rich flotation concentrate is then skimmed off the surface.

"foliation" A general term for a planar arrangement of textural or structural features in any type of rock, especially the planar structure that results from flattening of the constituent grains of a metamorphic rock.

"fracture" A general term for any break in a rock, whether or not it causes displacement, due to mechanical failure by stress. Fractures include cracks, joints and faults.

"free gold" Gold not combined with other substances.

"glacial till" Dominantly unsorted and unstratified drift, generally unconsolidated, deposited directly by and underneath a glacier without subsequent reworking by meltwater, and consisting of a heterogeneous mixture of clay, silt, sand, gravel and boulders ranging widely in size and shape. Also referred to as "till" and ice-laid drift.

"grade" The relative quality of the percentage of metal content in a mineralized body, i.e., grams of gold per tonne of rock.

"head grade" The average grade of ore fed into a mill.

"hectare" A metric measurement of area. 1 hectare = 10,000 square meters = 2.47 acres.

"horst"	An up-faulted block of rock.
"hydrothermal alteration"	Alteration of rocks or minerals by reaction with hydrothermal fluids.
"indicated mineral resource"	The 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 and 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. While this term is recognized and required by Canadian regulations, the SEC does not recognize it. **Investors are cautioned not to assume that any part or all of the mineral deposits in this category will ever be converted into mineral reserves.**

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"inferred mineral resource"	The 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. While this term is recognized and required by Canadian regulations, the SEC does not recognize it. **Investors are cautioned not to assume that any part or all of the mineral deposits in this category will ever be converted into mineral reserves. Investors are cautioned not to assume that part of or all of an inferred mineral resource exists, or is economically or legally mineable.**
"infill drilling"	Drilling within a defined mineralized area to improve the definition of known mineralization.
"intrusive"	A body of igneous rock formed by the consolidation of magma intruded below surface into other rocks, in contrast to lavas, which are extruded upon the Earth's surface.
"iron formation"	A chemical sedimentary rock, typically thin-bedded or finely laminated, containing at least 15% iron of sedimentary origin and commonly containing layers of chert.
"kilometre"	A metric measurement of distance. 1.0 kilometre = 0.62 miles.
"lens"	Generally used to describe a body of ore that is thick in the middle and tapers towards the ends, resembling a convex lens.
"lithologic groups"	Geological groups.
"lode"	A mineral deposit consisting of a zone of veins, veinlets or disseminations.
"longitudinal retreat"	An underground mining method where the ore is excavated in horizontal slices along the orebody and the stoping starts below and advances upwards. The ore is recovered underneath in the stope.

"massive"	Said of a mineral deposit, especially of sulphides, characterized by a great concentration of ore in one place, as opposed to a disseminated or vein-like deposit. Said of any rock that has a homogeneous texture or fabric over a large area, with an absence of layering or any similar directional structure.
"matrix"	The non-valuable minerals in an ore, i.e., gangue.
"measured mineral resource"	The part of a mineral 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 and 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. While this term is recognized and required by Canadian regulations, the SEC does not recognize it. **Investors are cautioned not to assume that any part or all of the mineral deposits in this category will ever be converted into mineral reserves.**
"Merrill-Crowe process"	A separation technique for removing gold from a cyanide solution. The solution is separated from the ore by methods such as filtration and counter-current decantation, and then the gold is precipitated onto zinc dust. Silver and copper may also precipitate. The precipitate is filtered to capture the gold slimes, which are further refined, e.g., by smelting, to remove the zinc and by treating with nitric acid to dissolve the silver.

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"mesothermal deposit"	A mineral deposit formed at moderate temperature and pressure by deposition from hydrothermal fluids along a fissure or other opening in rock at an intermediate depth.
"metallurgical properties"	Properties characterizing metals and minerals behaviour under various processing techniques.
"metamorphism"	The process by which the form or structure of sedimentary or igneous rocks is changed by heat and pressure.
"mill"	A mineral treatment plant in which crushing, wet grinding and further treatment of ore is conducted.
"mineral reserve"	The economically mineable part of a mineral resource. The economics of the mineral reserve should be demonstrated by a 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 is justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined.
"mineral resource"	A concentration or occurrence of natural solid inorganic material or natural solid 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.
"muck"	Finely blasted rock (ore or waste) underground.

"net smelter return royalty"	A phrase used to describe a royalty payment made by a producer of metals based on gross metal production from the property, less deduction of certain limited costs including smelting, refining, transportation and insurance costs.
"ounce"	A measurement of mass. 1 troy ounce = 31.1035 grams.
"outcrop"	An exposure of bedrock at the surface.
"oxidation"	A chemical reaction caused by exposure to oxygen, which results in a change in the chemical composition of a mineral.
"oxidative"	Descriptive of an oxidation reaction.
"phenocryst"	A term for large crystals or mineral grains occurring in the matrix or groundmass of a porphyry.
"plunge"	The inclination of a fold axis or other linear structure from a horizontal plane, measured in the vertical plane.
"polydeformed"	A rock that has been subjected to more than one instance of folding, faulting, shearing, compression or extension as a result of various tectonic forces.
"porphyritic"	Rock texture in which one or more minerals has a larger grain size than the accompanying minerals.
"porphyry"	Any igneous rock in which relatively large crystals, called phenocrysts, are set in a fine-grained groundmass.
"pressure oxidation process"	A process by which sulphide minerals are oxidized in order to expose gold that is encapsulated in the mineral lattice. The main component of a pressure oxidation circuit consists of one or more pressurized vessels (autoclaves). Oxygen level, process temperature and acidity are the primary control parameters of such units.
"probable mineral reserve"	The economically mineable part of an indicated mineral resource demonstrated by a feasibility study.

"proven mineral reserve"	The economically mineable part of a measured mineral resource demonstrated by a feasibility study.
"pyroclastic"	Produced by explosive or aerial ejection of ash, fragments and glassy material from a volcanic vent. Term applicable to the rocks and rock layers as well as to the textures so formed.
"recovery"	A term used in process metallurgy to indicate the proportion of valuable material obtained in the processing of an ore. It is generally stated as a percentage of valuable metal in the ore that is recovered compared to the total valuable metal present in the ore before processing.
"reverse circulation drilling"	A type of drilling into rock using a solid bit to produce a hole and deliver rock chips (rather than core) to surface for analysis. Less expensive and faster than diamond drilling but not as accurate.
"run-of-mine ore"	The mined ore as it is delivered, prior to sorting, stockpiling or treatment.
"schist"	A strongly foliated crystalline rock that can be readily split into think flakes or slabs due to the well developed parallelism of more than 50% of the

	minerals present in it.
"scrubber"	A device for separating particulate material from a waste gas stream.
"semi-autogenous grinding" or **"SAG"**	A method of grinding rock whereby larger chunks of the rock itself and steel balls form the grinding media.
"shear" or **"shearing"**	The deformation of rocks by lateral movement along innumerable parallel planes, generally resulting from pressure and producing such metamorphic structures as cleavage and schistosity.
"sill"	An intrusive sheet of igneous rock of roughly uniform thickness that has been forced between the bedding planes of existing rock.
"slurry"	Fine rock particles in circulating water.
"stope development"	Driving subsidiary openings to prepare blocks of ore for extraction by stoping.
"strike"	The bearing of the outcrop of an inclined bed, vein or fault plane on a horizontal surface; the direction of a horizontal line perpendicular to the direction of the dip.
"stringers"	Mineral veinlets or filaments occurring in a discontinuous subparallel pattern in a host rock.
"sublevel retreat"	An underground mining method in which the ore is excavated in horizontal slices along the orebody, starting below and advancing upwards. The ore is recovered underneath in the stope.
"tabular"	Said of a feature having two dimensions that are much larger or longer than the third, such as a dyke.
"tailings"	Material rejected from the mill after most of the recoverable valuable minerals have been extracted.
"tailings dam"	A natural or man-made confined area suitable for depositing tailings.
"tailings pond"	A low-lying depression used to confine tailings, the prime function of which is to allow enough time for metals to settle out or for cyanide to be naturally destroyed before the water is discharged into the local watershed.
"tenement"	A synonym of mineral title.
"thickness"	The distance at right angles between the hanging wall and the footwall of a lode or lens.
"tonne"	A metric measurement of mass. 1 tonne = 1,000 kilograms = 2,204.6 pounds.

"transfer fault"	A structure that can accommodate lateral variations of deformation and strain.
"transverse open stoping"	An underground mining method in which the ore is excavated in horizontal slices perpendicular to the orebody length and the stoping starts below and advances upwards. The ore is recovered underneath the stope through a drawpoint system.

"twinned drill hole"	A borehole drilled very close to an original hole in the same direction and dip in order to verify the results from the original drill hole.
"vein"	Minerals filling a fissure, fault or crack in rock.
"wacke"	A "dirty" sandstone that consists of a mixture of poorly sorted mineral and rock fragments in an abundant matrix of clay and fine silt.
"winze"	An internal mine shaft.
"Zadra elution circuit"	The process in this part of a gold mill strips gold and silver from carbon granules and puts them into solution.
"zone"	An area of distinct mineralization, i.e., a deposit.

ITEM 4A UNRESOLVED STAFF COMMENTS

None.

ITEM 5 OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Results of Operations

Revenues from Mining Operations

In 2010, revenue from mining operations increased 132% to $1,423 million from $614 million in 2009. The increase in revenue was mainly driven by the increase in gold production from the Company's Goldex, Kittila, Lapa, Pinos Altos and Meadowbank mines. In addition, higher sales prices were realized on gold, silver, zinc and copper.

In 2010, sales of precious metals accounted for 93% of revenues, up from 87% in 2009 and 78% in 2008. The increase in the percentage of revenues from precious metals when compared to 2009 is largely due to the increase in gold production and prices. Revenue from mining operations are accounted for net of related smelting, refining, transportation and other charges. The table below sets out net revenue, production volumes and sales volumes by metal:

	2010	2009	2008
		(thousands)	
Revenues from mining operations:			
Gold	$ 1,216,249	$ 474,875	$ 227,576
Silver	104,544	59,155	59,398
Zinc	77,544	57,034	54,364
Copper	22,219	22,571	27,600
Lead	1,965	127	–
	$ 1,422,521	$ 613,762	$ 368,938
Production volumes:			
Gold (ounces)	987,609	492,972	276,762
Silver (000s ounces)	5,305	4,035	4,079
Zinc (tonnes)	62,544	56,186	65,755
Copper (tonnes)	4,224	6,671	6,922
Sales volumes:			
Gold (ounces)	973,057	463,660	258,601
Silver (000s ounces)	4,722	3,871	4,023
Zinc (tonnes)	59,566	58,391	62,653
Copper (tonnes)	4,223	6,689	6,913

Revenue from gold sales increased by $741.4 million, or 156%, in 2010. Gold production increased to 987,609 ounces in 2010, up

100% from 492,972 ounces in 2009. This increase is attributable to the full year of commercial production at the Kittila, Lapa and Pinos Altos Mines during 2010 and the commencement of production at the Meadowbank Mine during March 2010. Realized gold prices increased 22% in 2010 to $1,250 per ounce from $1,024 per ounce in 2009.

Silver revenue increased by $45.4 million, or 77%, in 2010 when compared to 2009 due to an increase in the realized sales price and increased production. Revenue from zinc sales increased by $20.5 million, or 36%, in 2010 when compared to 2009. The increase in zinc revenue was mainly due to an increase in realized zinc sales prices. Revenue from

copper sales was relatively constant when compared to the previous year. However, the realized sales prices for copper in 2010 were 33% higher than 2009, which was offset by lower copper production.

Interest and Sundry Income

Interest and sundry income consists mainly of interest on cash balances and premiums on call options written on available-for-sale securities held by the Company. Interest and sundry income was $10.3 million in 2010 compared to $12.6 million in 2009.

Available-for-sale Securities

From time to time, the Company takes minority equity positions in other mining and exploration companies. As part of the Company's procedures to assess whether the value of its available-for-sale securities portfolio was reasonable for accounting purposes, it was determined (in accordance with the requirements of ASC 320 Investments – Debt and Equity Securities, prior authoritative literature: FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities") that a non-cash write-down was required in 2008. These write-downs do not necessarily reflect management's long-term outlook on the value of the securities, but rather an "other-than-temporary" impairment as defined in ASC 320. In 2010 and 2009, this determination resulted in no write-downs relating to its various investments as compared to $74.8 million of write-downs in 2008.

In 2010, the sale of various available-for-sale securities resulted in a gain before taxes of $19.5 million compared to $10.1 million in 2009. Also during 2010, there was a net gain on the acquisition of Comaplex, of $57.5 million. The gain was driven by the mark-to-market gain on the shares of Comaplex purchased prior to the announcement of the acquisition that were accumulated within other comprehensive income and have now reversed through the Consolidated Statements of Income and Comprehensive Income, partially offset by the costs of acquisition.

Production Costs

In 2010, total production costs were $677.5 million compared to $306.3 million in 2009. This increase is due to significantly higher (100%) production with the full year of production at the Kittila, Lapa and Pinos Altos Mines and ten months of production at the Meadowbank Mine which achieved commercial production during March 2010. The table below sets out the components of production costs:

	2010	2009	2008
	(thousands)		
Production Costs			
LaRonde	$ 189,146	$ 164,221	$ 166,496
Goldex	61,561	54,342	20,366
Kittila	87,740	42,464	–
Lapa	66,199	33,472	–
Pinos Altos	90,293	11,819	–
Meadowbank	182,533	–	–
Production costs per Consolidated Statement of Income	$ 677,472	$ 306,318	$ 186,862

Production costs at the LaRonde Mine during 2010 were $189.1 million, an increase of approximately 15% as compared to 2009. During 2010, LaRonde processed an average of 7,102 tonnes of ore per day, compared to 6,975 tonnes of ore per day during 2009. Minesite costs per tonne were C$79 in the fourth quarter of 2010, compared to C$69 in the fourth quarter of 2009. For the full year, the minesite costs per tonne were C$75 compared with C$72 per tonne in 2009. The increase in minesite costs per tonne during 2010 is attributable to a general cost escalation in the mining industry (including labour and input costs).

Production costs at the Goldex Mine were $61.6 million compared to $54.3 million in 2009. The increase is due to increased production and a stronger Canadian dollar. During 2010, Goldex processed an average of 7,621 tonnes of ore

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per day, above the 2009 average production of 7,164 tonnes of ore per day and design capacity of 7,000 tonnes per day. Minesite costs per tonne were C$21 in the fourth quarter of 2010 compared to C$23 in the fourth quarter of 2009. For the full year, the minesite costs per tonne were C$22 compared with C$23 per tonne in 2009.

Both the Kittila and Lapa Mines achieved commercial production in May 2009. The Pinos Altos Mine achieved commercial production in November 2009.

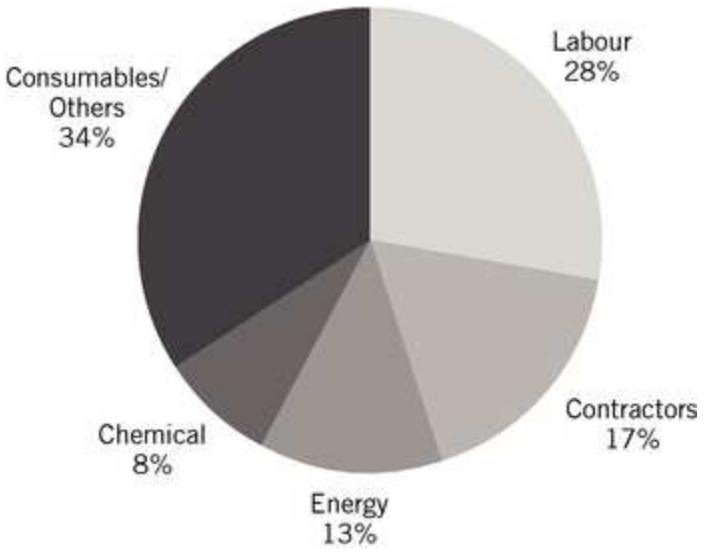
Production costs at the Kittila Mine during 2010 were $87.7 million compared to $42.5 million in 2009. The increase is mainly due to a full year of production in 2010. During 2010, Kittila processed an average of 2,631 tonnes of ore per day, above the 2009 average production of 2,057 tonnes of ore per day due to the 2009 ramping-up period. The processing design capacity of the Kittila mill is approximately 3,000 tonnes per day. The underachievement in actual processing versus capacity was mainly due to the bottleneck effect caused by the autoclave problems and shutdowns of the mill. Minesite costs per tonne were €79 in the fourth quarter of 2010 compared to €46 in the fourth quarter of 2009. For the full year, the minesite costs per tonne were €66, compared with €54 per tonne in 2009. The increase in minesite costs per tonne during 2010 is attributable to the combination of labour and contractor cost increase, autoclave issues as well as the commencement of underground production which was ramped-up during 2010.

Production costs at the Lapa Mine during 2010 amounted to $66.2 million compared to $33.5 million in 2009. The increase is mainly due to a full year of production in 2010. During 2010, Lapa processed an average of 1,512 tonnes of ore per day, above the 2009 average production of 1,232 tonnes of ore per day due to the 2009 ramping-up period. The processing design capacity of the Lapa mill is approximately 1,500 tonnes per day. Minesite costs per tonne were C$115 in the fourth quarter of 2010 compared to C$148 in the fourth quarter of 2009. For the full year, the minesite costs per tonne were C$114, compared with C$140 per tonne in 2009. The decrease in minesite costs per tonne during 2010 is attributable to the achievement of design efficiencies.

Production costs at the Pinos Altos Mine during 2010 were $90.3 million compared to $11.8 million in 2009. The increase is mainly due to a full year of production in 2010 versus two months of production in 2009. During 2010, Pinos Altos processed an average of 3,638 tonnes of ore per day, above the 2009 average production of 1,625 tonnes of ore per day due to the ramping-up period, but below design capacity of 4,000 tonnes per day. Minesite costs per tonne were $35 in the fourth quarter of 2010, compared to $27 in the fourth quarter of 2009. For the full year, the minesite costs per tonne were $35 compared with $27 per tonne in 2009. The increase in minesite costs per tonne during 2010 is mainly attributable to the additional hiring of contractors, the commencement of underground production during 2010, and the tailings filter issue.

During March 2010, the Meadowbank Mine achieved commercial production. Total production costs since March 1, 2010 were $182.5 million. The daily average of ore processing amounted to 6,653 tonnes per day, below its design capacity of 8,500 tonnes per day as the Meadowbank Mine continues to ramp up.

Total Production Costs by Category



In 2010, total cash costs per ounce of gold increased to $451 from $346 in 2009 and $162 in 2008. The total cash costs per ounce of $451 represents a weighted average over all the Company's producing mines. In 2010, the LaRonde Mine total cash costs per ounce were negative $7, the Goldex Mine total cash costs per ounce were $335, the Kittila Mine total cash costs per ounce were $657, the Lapa Mine total cash costs per ounce were $529, the Pinos Altos Mine total cash

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costs per ounce were $425 and the Meadowbank Mine total cash costs per ounce were $693. Total cash costs per ounce are comprised of minesite costs incurred during the period and, for the LaRonde and Pinos Altos Mines, reduced by their related net byproduct revenue. Total cash costs per ounce are affected by various factors such as the quantity of gold produced, operating costs, Canadian dollar/US dollar exchange rates, Euro/US dollar exchange rates and Mexican peso/US dollar exchange rates and, at the LaRonde and Pinos Altos mines, the quantity of byproduct metals produced and byproduct metal prices. For 2010, the Company decided to report total cash costs using the more common industry practice of deferring certain stripping costs that can be attributed to future production. The methodology is in line with the Gold Institute Production Cost Standard. The purpose of adjusting for these stripping costs is to enhance the comparability of cash costs to the majority of the Company's peers within the mining industry. The previous period's cash costs have also been adjusted to allow for comparability.

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 believes that this generally accepted industry measure is a realistic indication of operating performance and is useful in allowing year-over-year comparisons. This measure is calculated by adjusting production costs as shown in the Consolidated Statements of Income and Comprehensive Income for net byproduct revenues, royalties, inventory adjustments, certain stripping costs that can be attributed to future production and asset retirement provisions and then dividing by the number of ounces of gold produced. Total cash costs per ounce is intended to provide investors with information about the cash generating capabilities of mining operations. Management uses this measure to monitor the performance of mining operations. Since market prices for gold are quoted on a per ounce basis, using this per ounce measure allows management to assess a mine's cash generating capabilities at various gold prices. Management is aware that this per ounce measure of performance is affected by fluctuations in byproduct metal prices and exchange rates. Management compensates for the limitations inherent in this measure by using it in conjunction with minesite costs per tonne (discussed below) as well as other data prepared in accordance with US GAAP. Management also performs sensitivity analyses in order to quantify the effects of fluctuating metal prices and exchange rates.

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

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

Total Production Costs by Mine

	2010	2009	2008
	(thousands, except as noted)		
Total production costs per Consolidated Statements of Income and Comprehensive Income	$ 677,472	$ 306,318	$ 186,862
Attributable to LaRonde	189,146	164,221	166,496
Attributable to Goldex	61,561	54,342	20,366
Attributable to Lapa	66,199	33,472	–
Attributable to Kittila	87,740	42,464	–
Attributable to Pinos Altos	90,293	11,819	–
Attributable to Meadowbank	182,533	–	–
Total	$ 677,472	$ 306,318	$ 186,862

Reconciliation of Total Cash Costs per Ounce of Gold to Production Costs by Mine

LaRonde Total Cash Costs per Ounce	**2010**	**2009**	**2008**
	(thousands, except as noted)		
Production costs per Consolidated Statements of Income and Comprehensive Income	$ 189,146	$ 164,221	$ 166,496
Adjustments:			
Byproduct metal revenues, net of smelting, refining and marketing charges	(192,155)	(138,262)	(142,337)
Inventory and other adjustments [(i)]	3,287	(3,809)	45
Non-cash reclamation provision	(1,344)	(1,198)	(1,194)
Cash operating costs	$ (1,066)	$ 20,952	$ 23,010
Gold production (ounces)	162,806	203,494	216,208
Total cash costs (per ounce) [(iii)]	$ (7)	$ 103	$ 106

Goldex Total Cash Costs per Ounce	**2010**	**2009**	**2008**
	(thousands, except as noted)		
Production costs per Consolidated Statements of Income and Comprehensive Income	$ 61,561	$ 54,342	$ 20,366
Adjustments:			
Byproduct metal revenues, net of smelting, refining and marketing charges	727	–	–
Inventory and other adjustments [(i)]	(253)	383	(448)

Non-cash reclamation provision	(216)	(196)	(72)
Cash operating costs	$ 61,819	$ 54,529	$ 19,846
Gold production (ounces)	184,386	148,849	47,347
Total cash costs (per ounce) [iii]	$ 335	$ 366	$ 419

Lapa Total Cash Costs per Ounce	**2010**	**2009**	**2008**
	(thousands, except as noted)		
Production costs per Consolidated Statements of Income and Comprehensive Income	$ 66,199	$ 33,472	$ –
Adjustments:			
Byproduct metal revenues, net of smelting, refining and marketing charges	644	–	–
Inventory and other adjustments [(i)]	(4,683)	6,072	–
Non-cash reclamation provision	(57)	(25)	–
Cash operating costs	$ 62,103	$ 39,519	$ –
Gold production (ounces)	117,456	52,602	–
Total cash costs (per ounce) [(iii)]	$ 529	$ 751	$ –

Kittila Total Cash Costs per Ounce	**2010**	**2009**	**2008**
	(thousands, except as noted)		
Production costs per Consolidated Statements of Income and Comprehensive Income	$ 87,740	$ 42,464	$ –
Adjustments:			
Byproduct metal revenues, net of smelting, refining and marketing charges	252	–	–
Inventory and other adjustments [(i)]	(4,774)	1,565	–
Non-cash reclamation provision	(334)	(254)	–
Cash operating costs	$ 82,884	$ 43,775	$ –
Gold production (ounces)	126,205	65,547	–
Total cash costs (per ounce) [(iii)]	$ 657	$ 668	$ –

Pinos Altos Total Cash Costs per Ounce	**2010**	**2009**	**2008**
	(thousands, except as noted)		
Production costs per Consolidated Statements of Income and Comprehensive Income	$ 90,293	$ 11,819	$ –
Adjustments:			
Byproduct metal revenues, net of smelting, refining and marketing charges	(25,052)	(625)	–
Inventory adjustments [(i)]	2,925	(5,356)	–
Non-cash reclamation provision	(858)	(100)	–

Stripping costs (capitalized vs expensed) [ii]		(11,857)		(253)		–
Cash operating costs	$	55,451	$	5,485	$	–
Gold production (ounces)		130,431		9,634		–
Total cash costs (per ounce) [iii]	$	425	$	570	$	–

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Meadowbank Total Cash Costs per Ounce	**2010**	**2009**	**2008**
	(thousands, except as noted)		
Production costs per Consolidated Statements of Income and Comprehensive Income	$ 182,533	$ –	$ –
Adjustments:			
Byproduct metal revenues, net of smelting, refining and marketing charges	(584)	–	–
Inventory adjustments [(i)]	6,911	–	–
Non-cash reclamation provision	(1,315)	–	–
Stripping costs (capitalized vs expensed) [(ii)]	(4,321)	–	–
Cash operating costs	$ 183,224	$ –	$ –
Gold production (ounces)	264,576	–	–
Total cash costs (per ounce) [(iii)]	$ 693	$ –	$ –

Reconciliation of Minesite Costs per Tonne to Production Costs by Mine

LaRonde Minesite Costs per Tonne	**2010**	**2009**	**2008**
	(thousands, except as noted)		
Production costs	$ 189,146	$ 164,221	$ 166,496
Adjustments:			
Inventory and other adjustments [(iv)]	3,287	234	45
Non-cash reclamation provision	(1,344)	(1,198)	(1,194)
Minesite operating costs (US$)	$ 191,089	$ 163,257	$ 165,347
Minesite operating costs (C$)	$ 194,993	$ 184,233	$ 176,893
Tonnes of ore milled (000s tonnes)	2,592	2,546	2,639
Minesite costs per tonne (C$) [(v)]	$ 75	$ 72	$ 67

Goldex Minesite Costs per Tonne	**2010**	**2009**	**2008**
Production costs	$ 61,561	$ 54,342	$ 20,366
Adjustments:			
Inventory and other adjustments [(iv)]	(253)	383	(448)
Non-cash reclamation provision	(216)	(196)	(72)
Minesite operating costs (US$)	$ 61,092	$ 54,529	$ 19,846

Minesite operating costs (C$)	$ 62,545	$ 60,986	$ 23,224
Tonnes of ore milled (000s tonnes)	2,782	2,615	851
Minesite costs per tonne (C$) [v]	$ 22	$ 23	$ 27

Lapa Minesite Costs per Tonne	2010	2009	2008
Production costs	$ 66,199	$ 33,472	$ –
Adjustments:			
Inventory and other adjustments [iv]	(4,683)	6,072	–
Non-cash reclamation provision	(57)	(26)	–
Minesite operating costs (US$)	$ 61,459	$ 39,518	$ –
Minesite operating costs (C$)	$ 62,771	$ 42,055	$ –
Tonnes of ore milled (000s tonnes)	552	299	–
Minesite costs per tonne (C$) [v]	$ 114	$ 140	$ –

Kittila Minesite Costs per Tonne	2010	2009	2008
Production costs	$ 87,740	$ 42,464	$ –
Adjustments:			
Inventory and other adjustments [iv]	(4,774)	1,565	–
Non-cash reclamation provision	(334)	(254)	–
Minesite operating costs (US$)	$ 82,632	$ 43,775	$ –
Minesite operating costs (€)	€ 63,464	€ 30,568	€ –
Tonnes of ore milled (000s tonnes)	960	563	–
Minesite costs per tonne (€) [v]	€ 66	€ 54	€ –

Pinos Altos Minesite Costs per Tonne	2010	2009	2008
Production costs	$ 90,293	$ 11,819	$ –
Adjustments:			
Inventory and other adjustments [iv]	2,925	(5,356)	–
Non-cash reclamation provision	(858)	(100)	–
Stripping costs (capitalized vs expensed) [ii]	(11,857)	(253)	–
Minesite operating costs (US$)	$ 80,503	$ 6,110	$ –
Tonnes of ore milled (000s tonnes)	2,318	227	–
Minesite costs per tonne (US$) [v]	$ 35	$ 27	$ –

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Meadowbank Minesite Costs per Tonne	2010	2009	2008
Production costs	$ 182,533	$ –	$ –
Adjustments:			
Inventory and other adjustments [iv]	6,911	–	–
Non-cash reclamation provision	(1,315)	–	–
Stripping costs (capitalized vs expensed) [ii]	(4,321)	–	–
Minesite operating costs (US$)	$ 183,808	$ –	$ –
Minesite operating costs (C$)	$ 190,980	$ –	$ –
Tonnes of ore milled (000s tonnes)	2,001	–	–
Minesite costs per tonne (C$) [v]	$ 95	$ –	$ –

Notes:

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

(ii) The Company has decided to report total cash costs per ounce using the more common industry practice of deferring certain stripping costs that can be attributed to future production. The methodology is in line with the Gold Institute Production Cost Standard. The purpose of adjusting for these stripping costs is to enhance the comparability of cash costs to the majority of the Company's peers within the mining industry. The previous period's cash costs have been adjusted for comparability purposes.

(iii) 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. The Company believes that this generally accepted industry measure is a realistic indication of operating performance and is useful in allowing year over year comparisons. This measure is calculated by adjusting Production Costs as shown in the Consolidated Statements of Income and Comprehensive Income for net byproduct metals revenues, stripping costs, royalties, inventory adjustments and asset retirement provisions. This measure is intended to provide investors with information about the cash generating capabilities of the Company's mining operations. Management uses this measure to monitor the performance of the Company's mining operations. Since market prices for gold are quoted on a per ounce basis, using this per ounce measure allows management to assess a mine's cash generating capabilities at various gold prices. Management is aware that this per ounce measure of performance can be impacted by fluctuations in byproduct metal prices and exchange rates. Management compensates for the limitation inherent with this measure by using it in conjunction with the minesite costs per tonne measure (discussed below) as well as other data prepared in accordance with US GAAP. Management also performs sensitivity analyses in order to quantify the effects of fluctuating metal prices and exchange rates.

(iv) This inventory adjustment reflects production costs associated with unsold concentrates.

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

The Company's operating results and cash flow are significantly affected by changes in the US dollar/Canadian dollar exchange rate since four operating mines are located in Canada. 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 past several years. During the period from January 1, 2005 to December 31, 2010, the noon buying rate, as reported by the Bank of Canada has fluctuated from C$1.30 per US$1.00 to C$0.91 per US$1.00. In addition, a significant portion of the Company's expenditures at the Kittila Mine and the Pinos Altos Mine are denominated in Euros and Mexican pesos, respectively. Each of these currencies has varied significantly against the US dollar over the past several years as well.

Exploration and Corporate Development Expense

Exploration drilling during 2010 resulted in an increase of 2.9 million ounces of gold contained in mineral reserves at the end of the year due to conversion from the mineral resource category. In spite of this conversion, the mineral resources continued to grow marginally over 2009 levels at several of the mines by approximately 0.3 million ounces.

Set out below is a summary of the significant exploration and corporate development activities undertaken in 2010:

- Canadian regional exploration expenditures were $28.3 million in 2010, an increase of $17.2 million compared to 2009. This increase was mainly attributable to the exploration activities at the Meliadine property since it was acquired by the Company in July 2010. Results on the Meliadine property have been very encouraging, especially

on the Tiriganiaq, F zone, Wolf and Wesmeg zones. In addition, aggressive exploration activities were focused a few kilometres west of the LaRonde Mine at the Company's Ellison and Bousquet Zone 5 projects.

- During 2010, approximately $8.3 million of regional exploration expenses were incurred on the Pinos Altos Mine property in Mexico. The most concentrated drill programs in 2010 focused on the potential to develop satellite deposits including Cubiro, Sinter and San Eligio.
- The Company incurred exploration expenditures of $7.0 million during 2010 in Nevada, a decrease of $0.1 million compared to 2009. In Nevada, exploration activities during 2010 were concentrated on the West Pequop property located in the northeastern region of the state.
- During 2010, regional exploration expenditures in northern Finland were $4.6 million, a decrease of $0.8 million compared to 2009. The Company continued its aggressive exploration program at the Suurikuusikko structures around the Kittila Mine.
- The Company's corporate development team continued to be active in 2010 in evaluating many new properties and possible acquisition opportunities, resulting in a doubling of the corporate development expense when compared to 2009. During 2010, the team was significantly involved with the Meliadine acquisition.

The table below sets out exploration expense by region and total corporate development expense:

	2010	2009	2008
	(thousands)		
Canada (except Meliadine)	$ 18,423	$ 11,194	$ 7,966
Meliadine	9,923	–	–
Latin America	8,268	9,212	7,426
United States	7,042	7,176	9,347
Europe	4,569	5,325	7,017
Corporate development expense	6,733	3,372	2,948
	$ 54,958	$ 36,279	$ 34,704

General and Administrative Expenses

General and administrative expenses increased to $94.3 million in 2010 from $63.7 million in 2009. This was attributable to the increase of Quebec regional general and administrative expenses as this regional support division focused on new development projects in 2010 as compared to supporting the Company's construction projects in 2009, resulting in a $9.7 million increase from year to year. In addition, there was an increase in stock option expense due to a higher volume of stock options granted and an increase in the Black-Scholes calculated value of the options granted. Of the total general and administrative expenses, stock-based compensation was $38.1 million and $27.1 million in 2010 and 2009, respectively.

Provincial Capital Taxes

These taxes are assessed on the Company's capitalization (paid-up capital and debt) less certain allowances and tax credits for exploration expenses incurred. Provincial capital taxes decreased to a recovery of $6.1 million in 2010 compared to an expense of $5.0 million in 2009 due to the reinstatement of previously disallowed Quebec resource credits. Ontario capital tax was eliminated on July 1, 2010, while Quebec capital tax was eliminated at the end of 2010. Therefore, the provincial capital tax expense is expected to be nil in 2011 and going forward.

Amortization Expense

The consolidated amortization expense for the year increased to $192.5 million in 2010, compared to $72.5 million in 2009, largely as a result of a full year of production at the Kittila, Lapa and Pinos Altos Mines during 2010 and the commencement of commercial production at the Meadowbank Mine during March 2010. Amortization expense commences once a mine achieves commercial production.

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Interest Expense

In 2010, interest expense increased to $49.5 million from $8.4 million in 2009 and $3.0 million in 2008. The table below shows the components of interest expense:

	2010	2009	2008
	(thousands)		
Stand-by fees on credit facilities	$ 8,159	$ 2,730	$ 1,163
Amortization of credit facilities financing and note issuance costs	3,507	2,392	1,192
Government interest, penalties and other	2,165	3,326	597
Interest on credit facilities	10,795	15,470	4,584
Interest on notes	29,423	–	–
Interest capitalized to construction in progress	(4,556)	(15,470)	(4,584)
	$ 49,493	$ 8,448	$ 2,952

Foreign Currency Translation Gain

The foreign currency translation loss was $19.5 million in 2010, compared to a loss of $39.8 million in 2009. The significant negative effect of exchange rates is attributable to the weakening of the US dollar against the Canadian dollar and the Euro during 2010. The loss is mainly due to the impact on the foreign currency future tax liabilities and is partially off-set by the impact on cash balances in Canadian dollars and Swedish krona, the currency in which the Company's Swedish subsidiaries pay tax.

Income and Mining Taxes

In 2010, the effective accounting income and mining tax expense rate was 23.7%, compared to 19.9% in 2009 and 23.8% in 2008. There was one unusual item recognized in 2010, which reduced the effective tax rate from the statutory tax rate. During the second quarter of 2010, the Company executed the newly enacted Quebec foreign currency election to commence using the US dollar as its functional currency for Quebec income tax purposes. As the related tax legislation was enacted in the second quarter of 2010, this election applies to taxation years ended December 31, 2008 and subsequent. This election resulted in a deferred tax benefit of $21.8 million for the period ended December 31, 2010.

The beneficial unusual item above is partially offset by permanent differences, principally stock-based compensation that is not deductible for tax purposes in Canada and non-taxable foreign exchange losses. In addition, Quebec mining duties (current and deferred) increase the effective tax rate.

Supplies Inventory

The supplies inventory balance as of December 31, 2010 increased significantly to $149.6 million, compared to the December 31, 2009 balance of $100.9 million. This increase is mainly attributable to the build-up of supplies inventory at the Meadowbank Mine due to a full year of production and an increased consumption of supplies (including fuel) due to operating conditions and increased maintenance requirements. In addition, supplies inventory at the Pinos Altos Mine increased to support underground mining operations and operations at the Creston Mascota deposit.

During July 2010, the Company acquired Comaplex, whose sole asset at the time it was acquired was the Meliadine property located in Nunavut, Canada, 290 kilometres southeast of the Company's existing Meadowbank Mine. The Company expects to achieve efficiencies by leveraging experience gained from the development of the Meadowbank Mine, if it determines to build a mine at Meliadine. This acquisition was accounted for as a business combination under US GAAP and resulted in the recognition of $200.1 million in goodwill.

Liquidity and Capital Resources

At the end of 2010, the Company's cash and cash equivalents, short-term investments and restricted cash totalled $104.6 million, compared to $163.6 million at the end of 2009. This decrease, which resulted from investing and financing activities, was partially

offset by operating activities. In 2010, cash used in investing activities decreased to

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$523.3 million from $587.6 million in 2009. The investing activities in 2010 mainly consisted of project capital expenditures at the Meadowbank Mine, the LaRonde Mine extension, the Creston Mascota deposit and sustaining capital expenditures at all of the Company's operating mines. Cash flow provided by operating activities increased significantly to $483.5 million in 2010 from $115.1 million in 2009 mainly due to the full year of production from the Kittila, Lapa and Pinos Altos Mines and ten months of production from the Meadowbank Mine. In addition, higher realized sales prices for all metals, especially gold, also contributed to the increase of cash flow provided by operating activities. In 2010, cash used in financing activities increased to $21.9 million compared to 2009 when cash provided from financing activities was $559.8 million. The cash provided from financing activities in 2009 was mainly attributable to the bank debt drawdowns of $625.0 million.

In 2010, the Company invested $511.6 million of cash in new projects and sustaining capital expenditures. Major expenditures in 2010 included $173.9 million on construction at the Meadowbank Mine, $62.0 million on construction at the LaRonde Mine extension, $43.4 million on construction at the Creston Mascota deposit and $225.0 million for sustaining capital expenditures at the LaRonde, Goldex, Kittila, Lapa and Pinos Altos Mines. The remaining capital expenditures to complete all of the Company's projects are expected to be funded by cash provided by operating activities and cash on hand. A significant portion of the Company's cash and cash equivalents are denominated in US dollars.

During 2010, the Company received net proceeds on available-for-sale securities equal to $36.6 million compared to $48.3 million during 2009. Also during 2010, the Company purchased available-for-sale securities for $42.5 million compared to $6.4 million in 2009. This was mainly due to the 12.7% ownership position acquired in Queenston Mining Incorporated during the fourth quarter of 2010.

In 2010, the Company declared its 29 th consecutive annual dividend. The dividend increased significantly to $0.64 per share from $0.18 per share in 2009. During the first quarter of 2010, the Company paid out its 2009 dividend, amounting to $26.8 million. Although the Company expects to continue paying dividends, future dividends will be at the discretion of the Board and will be subject to factors such as income, financial condition and capital requirements. Also in 2010, the Company issued common shares for gross proceeds of $84.7 million. This was mainly due to stock option exercises and issuances under the Company's employee share purchase plan.

In 2010, the Company increased amounts available from the syndicate of banks that comprised its lenders from an aggregate of $900 million to $1.2 billion in a transaction under which the Company also terminated one of its bank credit facilities (see note 4 to the Company's audited consolidated financial statements).

As at December 31, 2010, the Company had drawn $50.0 million from its bank credit facility. In addition, the amounts available under the credit facility are reduced by letters of credit drawn under the facility. Letters of credit outstanding under the credit facility at December 31, 2010 totalled $29.4 million. Accordingly, the amount available to be borrowed as at December 31, 2010, was approximately $1.12 billion. The credit facility requires the Company to maintain specified financial ratios and meet financial condition covenants. These financial condition covenants were met as of December 31, 2010.

In June 2009, the Company entered into a C$95 million financial security guarantee issuance agreement with Export Development Canada (the "EDC Facility"). Under the agreement, which matures in June 2014, Export Development Canada agreed to provide guarantees in respect of letters of credit issued on behalf of the Company in favour of certain beneficiaries in respect of obligations relating to the Meadowbank Mine. As at December 31, 2010, outstanding letters of credit drawn under the EDC Facility totalled C$75.6 million.

On April 7, 2010, the Company closed a note offering with institutional investors in the United States and Canada for a private placement of $600 million of guaranteed senior unsecured notes due in 2017, 2020 and 2022 (the "Notes"). The Notes have a weighted average maturity of 9.84 years and weighted average yield of 6.59%. Proceeds from the offering of Notes were used to repay amounts under the Company's then outstanding credit facilities.

Agnico-Eagle's contractual obligations as at December 31, 2010 are set out below:

Contractual Obligations	Total	Less than 1 Year	1-3 Years	4-5 Years	More than 5 Years
			(millions)		
Letter of credit obligations	$ 2.3	$ –	$ 2.3	$ –	$ –
Reclamation obligations [1]	179.6	2.0	4.7	6.4	166.5
Purchase commitments	61.8	10.3	13.7	8.9	28.9
Pension obligations [2]	5.8	0.1	1.5	1.0	3.7
Capital and operating leases	64.2	14.5	31.0	13.8	4.9
Long-term debt repayment obligations [3]	650.0	–	–	50.0	600.0
Total [4]	$ 963.7	$ 26.9	$ 52.7	$ 80.1	$ 804.0

Notes:

(1) Mining operations are subject to environmental regulations that 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 ASC 410-20 – Asset Retirement Obligations (prior authoritative literature: FASB Statement No. 143, "Accounting for Asset Retirement Obligations"). See Note 5(a) to the audited consolidated financial statements.

(2) The Company has retirement compensation arrangement plans (the "RCA Plans") with certain executives. The RCA Plans provide pension benefits to each of these 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 Plans are secured by letter of credit from a Canadian chartered bank. The figures presented in this table have been actuarially determined.

(3) For the purposes of the Company's obligations to repay amounts outstanding under its credit facility, the Company has assumed that the indebtedness will be repaid at the current expiry date of the credit facility.

(4) The Company's estimated future positive cash flows are expected to be sufficient to satisfy the obligations set out above.

Off-Balance Sheet Arrangements

The Company has the following off-balance sheet arrangements: operating leases (see Note 13(b) to the audited consolidated financial statements) and $111.3 million of outstanding letters of credit for environmental and site restoration costs, custom credits, government grants and other general corporate purposes (see Note 12 to the audited consolidated financial statements). If the Company were to terminate these off-balance sheet arrangements, the penalties or obligations would be insignificant based on the Company's liquidity position, as outlined in the table below.

2011 Liquidity and Capital Resources Analysis

The Company believes that it has sufficient capital resources to satisfy its 2011 mandatory expenditure commitments (including the future obligations set out above) and discretionary expenditure commitments. The following table sets out expected future capital requirements and resources for 2011:

		Amount
		(millions)
2011 Mandatory Commitments:		
Contractual obligations (from table above)	$	27
Dividend payable (declared in 2010)		108
Goldex government grant		3
Total 2011 mandatory expenditure commitments	$	138
2011 Discretionary Commitments:		
Budgeted capital expenditures	$	313
Total 2011 mandatory and discretionary expenditure commitments	**$**	**451**
2011 Capital Resources:		
Cash, cash equivalents and short term investments (at December 31, 2010)	$	102
Estimated 2011 operating cash flow		476
Working capital (at December 31, 2010) (excluding cash, cash equivalents and short-term investments)		269
Available under the Credit Facilities		1,121
Total 2011 Capital Resources	**$**	**1,968**

While the Company believes its capital resources will be sufficient to satisfy all 2011 commitments (mandatory and discretionary), the Company may choose to decrease certain of its discretionary expenditure commitments, which includes its construction projects and future dividends, should extremely negative financial circumstances arise in the future.

Outlook

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

Gold Production Growth

LaRonde Mine Extension

In 2011, payable gold production at the LaRonde Mine is expected to be approximately 157,200 ounces of gold, as the gold grade of the stopes scheduled to be mined does not increase until late in the year, when the deeper, gold-rich ore of the LaRonde Mine extension will be accessed. Total cash costs per ounce at the LaRonde Mine in 2011 are expected to be approximately $54 reflecting the assumption of significantly higher silver and copper prices (byproduct metal revenue) going forward.

Over the 2012 to 2015 period, annual average gold production is expected to be approximately 290,000 ounces. Over the same

period, total cash costs per ounce are expected to average approximately $381 as byproduct revenues are projected to decline significantly, largely due to lower zinc grades at depth. However, depending on prevailing byproduct prices over the next several years, the potential exists to extend the life of the upper mine by mining lower grade (predominantly zinc)

ore that becomes economic. The effect of this would likely be lower total cash costs per ounce due to the byproduct metal revenue.

Goldex Mine

The Goldex Mine is anticipated to produce approximately 183,500 ounces of gold in 2011 at estimated total cash costs per ounce of approximately $349. This is in line with the total cash costs per ounce incurred in 2010 and compares favourably to 2009, which reflects the ongoing optimization efforts at the mine and improved throughput.

Over the period of 2012 through 2015, annual average gold production of approximately 179,000 ounces is expected, with total cash costs per ounce estimated to average approximately $344.

Due to exploration success in 2010, it is possible that the mine life may be extended as the deeper D-Zone is explored and quantified. Beginning in 2011, it is expected that a ramp will be driven below the current workings to facilitate additional drilling which would be incorporated in a feasibility study considering the extraction of this zone. The study is expected to be completed in mid-2013.

Kittila Mine

In 2011, the Kittila Mine is expected to produce approximately 149,700 ounces of gold, while from 2012 through 2015, it is expected to produce an average of 173,000 ounces per year. Total cash costs per ounce in 2011 are expected to be approximately $548 per ounce. From 2012 through 2015, total cash costs per ounce are expected to average approximately $501.

Reflecting the continued growth of the Kittila orebody, a feasibility study regarding an initial expansion is underway. The study, which will evaluate the potential for an expansion of at least 50% in throughput, is expected to be completed in the third quarter of 2011.

Lapa Mine

Gold production during 2011 is expected to be approximately 124,800 ounces at estimated total cash costs per ounce of approximately $518. Over the period of 2012 to 2014, annual average gold production of approximately 119,000 ounces is expected, with total cash costs per ounce expected to average $535. According to the current mine plan, the last year of the mine's life will be a partial year in 2015. However, the Company will continue its exploration program at Lapa in 2011 and plans to extend the underground exploration drift to facilitate drilling along the trend to the east and at depth. These areas have not previously been explored. The drilling is intended to investigate the possibility of extending the mine life.

Pinos Altos Mine

Total gold production in 2011 is expected to be approximately 199,000 ounces at estimated total cash costs per ounce of approximately $406. Over the period of 2012 to 2015, the mine (including production from the Creston Mascota deposit) is expected to produce an average of 230,000 ounces of gold per year. From 2012 through 2015, total cash costs per ounce are expected to average approximately $334.

Construction on the satellite Creston Mascota deposit was completed with the first gold production occurring during the fourth quarter of 2010. Commercial production at this heap leach operation is expected to be achieved in the first quarter of 2011.

The Company is evaluating alternatives with respect to increasing the underground mine capacity at Pinos Altos either through an additional production ramp or a production shaft. The study is expected to be completed near the end of 2011. In 2011, studies are continuing in regards to the development of several other satellite deposits on the Pinos Altos concession package including the Sinter, Cubiro and San Eligio zones. Exploration activities in 2011 will focus on conversion of current gold resources to reserves and extending the mine life.

Meadowbank Mine

Gold production in 2011 is expected to be approximately 361,600 ounces at estimated total cash costs per ounce of approximately $597. The mine is expected to produce an average of 399,000 ounces of gold per year from 2012 to 2015. From 2012 through 2015, total cash costs per ounce are expected to average approximately $511.

The Meadowbank Mine is still early in its life cycle (commercial production achieved March 2010) and as such continues to go through start-up issues that are not uncommon for a large, complex and remote mine. The 2011 production forecast

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reflects continued progress in resolving these start-up issues, and the installation of a permanent secondary crushing unit during the third quarter, which is expected to resolve crushing issues, thereby reaching design capacity of 8,500 tonnes per day.

In early 2011, the kitchen facilities to support the employee camp at the Meadowbank Mine sustained extensive damage as a result of a fire. The fire was contained to the kitchen and there were no injuries sustained. Although processing and mining operations continue, the Company is assessing the potential impact on short-term production of any temporary reduction in personnel.

During the 2011 drilling season, conversion and expansion of the indicated and inferred resource around the southern end of the Goose deposit will remain the priority. In addition, the exploration program in 2011 will continue to focus on resource-to-reserve conversion and the expansion of resources and reserves at the Vault deposit where recent exploration has suggested that additional mineralization may have the potential to extend the life of the mine.

Meliadine Project

In July 2010, Agnico-Eagle completed the acquisition of the Meliadine project near Rankin Inlet, Nunavut.

The initial reserve estimate is 2.6 million ounces of gold from 9.5 million tonnes grading 8.5 grams per tonne. It is expected that this reserve will continue to grow rapidly as the large gold resource is drilled extensively over the next 12 months. Pending further drilling, feasibility study and a determination by the company to commence mining operations, this large gold deposit could have first production as early as late in 2015 or early 2016. Approximately $65 million is expected to be spent on Meliadine in 2011.

Growth Summary

With the achievement of commercial production of the Goldex Mine in 2008, Kittila, Lapa and Pinos Altos Mines in 2009 and the Meadowbank Mine in March 2010, the Company has completed its transformation from a one-mine operation to a six-mine company resulting in record gold reserves and record annual financial and operating results. As the Company begins the next five-year growth phase from its expanded production platform, it will continue to deliver on its vision and growth strategy. In 2010, gold production increased significantly by 100% from 2009 levels to 987,609 ounces and in 2011, the Company is anticipating that total gold production will grow to between approximately 1.13 and 1.23 million ounces. Based on exploration results to date and planned exploration programs in 2011, the Company believes it is well positioned to potentially have several five-million-ounce gold deposits. The Company's goal is to increase gold reserves from its existing portfolio of mines and development projects, exceeding 22 million ounces by year-end 2011. Further internal growth opportunities are expected to add to production post-2011. In summary, the Company anticipates that the main contributors to the targeted increase in gold production, gold reserves, and increases to gold resources, could include:

- Continued conversion of Agnico-Eagle's current gold resources to reserves
- Increased production from LaRonde as the mine accesses the deeper higher grade orebody
- At least 50% throughput expansion at the Kittila Mine, reflecting continued growth of orebody
- Resource conversion and continued expansion along strike at Meliadine project
- Expansion at depth and along strike of D zone at Goldex
- Resource expansion and scoping study at Bousquet Zone 5 deposit
- Extension of the Westwood deposit on the Ellison property, immediately west of LaRonde and Bousquet
- Resource conversion at Lapa Zulapa Corridor target and extension of the Lapa Contact zone
- Extension at depth and along strike at Goose Island and Goose South at Meadowbank
- Extension to the south and east at the Vault deposit at Meadowbank
- Extensions at depth at the Sinter and Cubiro zones at Pinos Altos

Financial Outlook

Mining Revenue and Production Costs

In 2011, the Company expects to continue to generate strong cash flow as production volumes are expected to increase by approximately 18% to between 1.13 million ounces and 1.23 million ounces due to relatively steady production at the LaRonde, Goldex, Pinos Altos and Lapa Mines and the ramping up to designed capacity at the Kittila and Meadowbank Mines. Metal prices will have a large impact on financial results and, although the Company cannot predict the prices that will be realized in 2011, gold prices in early 2011 (to March 18, 2011) have remained strong. On March 18, 2011, the gold spot price closed at an all time record high of $1,438 per ounce.

The table below sets out actual production for 2010 and estimated production in 2011.

	2011 Estimate	2010 Actual
Gold (ounces)	1,175,800	987,609
Silver (000s ounces)	6,224	5,305
Zinc (tonnes)	71,800	62,544
Copper (tonnes)	4,386	4,224

For 2011, the Company is expecting total cash costs per ounce at the LaRonde Mine to be $54 compared to negative $7 in 2010. In calculating estimates of total cash costs per ounce, net silver, zinc and copper revenue is treated as a reduction of production costs, and therefore production and price assumptions for these metals play an important role in these estimates for the LaRonde Mine, due to its large byproduct production. An increase in byproduct metal prices above forecast levels would result in improved cash costs for the LaRonde Mine. In addition, the Pinos Altos Mine contains significant byproduct silver.

In 2011, total cash costs per ounce at the Goldex, Kittila, Lapa, Pinos Altos and the Meadowbank Mines are expected to be $349, $548, $518, $406 and $597, respectively. As production costs at the LaRonde, Goldex, Lapa and Meadowbank Mines are denominated mostly in Canadian dollars, the production costs at the Kittila Mine are denominated mostly in Euros and the production costs at the Pinos Altos Mine are denominated mostly in Mexican pesos, the Canadian dollar/US dollar, Euro/US dollar and Mexican peso/US dollar exchange rates also affect the estimates. The foreign exchange rates have been trending unfavorably for the Company as the US dollar has depreciated relative to these currencies since late 2010.

The table below sets out the metal price assumptions and exchange rate assumptions used in deriving the estimated total cash costs per ounce for 2011 (production estimates for each metal are shown in the table above) as well as the market average closing prices for each variable for the period of January 1 to March 18, 2011.

	Cash Cost Assumptions	Market Average
Silver (per ounce)	$ 22.00	$ 31.01
Zinc (per tonne)	$ 2,100	$ 2,402
Copper (per tonne)	$ 8,000	$ 9,661
C$/US$ exchange rate	$ 1.0300	$ 0.9871
Euro/US$ exchange rate	$ 0.7692	$ 0.7350

The table below sets out the estimated approximate sensitivity of the Company's 2011 estimated total cash costs per ounce to a change in metal price and exchange rate assumptions:

Change in variable		Impact on total cash costs
		($/oz.)
1% C$/US$	$	5
1% Euro/US$	$	1
$100/per tonne of Zinc	$	6
$1/oz Silver	$	5
$200/per tonne of Copper	$	1

Note:

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

Exploration Expense

In 2011, Agnico-Eagle expects expenditures of $105 million on grassroots exploration and corporate development, comprised mostly of grassroots exploration outside of the Company's currently contemplated mining areas in Canada, Latin America, Finland and the United States. Exploration is success driven and thus these estimates could change materially based on the success of the various exploration programs. In addition, when it is determined that a mining property can be economically developed as a result of established proven and probable reserves, the costs of exploration to further delineate the ore body on such property are capitalized. In 2011, the Company expects to capitalize $40 million on exploration related to further delineating ore bodies and converting resources into reserves.

Other Expenses

Cash general and administrative expenses are not expected to increase materially in 2011; however non-cash variances may occur as a result of variances in the Black-Scholes pricing of any stock options granted by the Company in 2011. In 2011, provincial capital taxes are expected to be nil since the Ontario provincial capital tax was eliminated on July 1, 2010 and Quebec capital tax was eliminated at the end of 2010. Amortization is expected to be approximately $227 million mainly due to the first full year of amortization of the Meadowbank Mine. Interest expense in 2011 is expected to be approximately $49 million due to the long-term debt and standby fees associated with the $1.2 billion credit facility. The Company's effective tax rate is expected to be approximately 30% to 35% in 2011 compared to an effective rate of 23.7% in 2010. The lower effective rate in 2010 was due to the factors mentioned in "– Results of Operations – Income and Mining Taxes" above.

Capital Expenditures

Agnico-Eagle's gold growth program remains well funded. Capital expenditures, including construction and development costs, sustaining capital and capitalized exploration costs, are expected to total approximately $313 million in 2011. During 2011, the Company expects to generate internal cash flow from the sale of 1.13 – 1.23 million ounces of gold and the associated byproduct metals. The breakdown of the 2011 capital expenditures program is as follows:

- $55 million in capital expenditures related to construction and development at the LaRonde Mine extension;
- $41 million in sustaining capital expenditures related to the LaRonde Mine;
- $6 million in capital expenditures related to construction and development at the Creston Mascota deposit at the

Pinos Altos Mine;

- $26 million in sustaining capital expenditures related to the Pinos Altos Mine;

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- $52 million in sustaining capital expenditures related to the Kittila Mine;
- $26 million in sustaining capital expenditures related to the Goldex Mine;
- $53 million in sustaining capital expenditures related to the Meadowbank Mine;
- $14 million in sustaining capital expenditures related to the Lapa Mine; and
- $40 million in capitalized exploration expenditures.

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

Outstanding Securities

The following table sets out the maximum number of common shares that would be outstanding if all dilutive instruments outstanding at March 18, 2011 were exercised:

Common shares outstanding at March 18, 2011	168,944,915
Employee stock options	9,082,770
Warrants	8,600,000
	186,627,685

Critical Accounting Estimates

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

The Company believes the following critical accounting policies relate to its more significant judgments and estimates used in the preparation of its audited consolidated financial statements. Management has discussed the development and selection of the following critical accounting policies with the Audit Committee of the Board and the Audit Committee has reviewed the Company's disclosure in this 20-F.

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 development is 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 tonnage of proven and probable mineral 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 achieving of commercial production, the capitalized construction costs are transferred to the various categories of plant and equipment.

Mineral exploration costs are charged to income in the year in which they are incurred. When it is determined that a mining property can be economically developed as a result of established proven and probable reserves, the costs of further exploration and development to further delineate the ore body on such property are capitalized. The establishment of proven and probable reserves is based on results of final feasibility studies, which indicate whether a property is economically feasible. Upon commencement of the commercial production of a development project, these costs are transferred to the appropriate asset category and are amortized to income using the unit-of-production method mentioned above. Mine development costs, net of salvage values, relating to a property that 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 periodically reviewed for possible impairment, when impairment factors exist, based on the future undiscounted net cash flows of the operating mine or 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 mineral reserves. To the extent that economic value exists beyond the proven and probable mineral reserves of an operating mine or development property, this value is included as part of the estimated future cash flows. Estimated future cash flows also involve estimates regarding metal prices (considering current and historical prices, price trends and related factors), production levels, capital and reclamation costs, and related income and mining taxes, all based on detailed engineering life-of-mine plans. Cash flows are subject to risks and uncertainties and changes in the estimates of the cash flows may 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 doré bars is recorded when the refined gold and silver is sold and delivered to the customer. Generally, all the gold and silver in the form of doré 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, copper and lead in the concentrate are set based on the prevailing spot market metal prices on a specified future date, which is 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 metals sales are shown net of smelter charges as part of revenues from mining operations.

Reclamation Costs

On an annual basis, the Company assesses cost estimates and other assumptions used in the valuation of Asset Retirement Obligations ("ARO") at each of its mineral properties to reflect events, changes in circumstances and new information available. Changes in these cost estimates and assumptions have a corresponding impact on the fair value of the ARO which has a material balance. For closed mines, any change in the fair value of AROs results in a corresponding charge or credit within other expenses, whereas at operating mines the charge is recorded as an adjustment to the carrying amount of the corresponding asset. The Company did record some adjustments for changes in estimates of the AROs at our operating mines in 2010. AROs arise from the acquisition, development, construction and operation of mining property, plant and equipment, due to government controls and regulations that protect the environment on the closure and reclamation of mining properties. The major parts of the carrying amount of AROs relate to tailings and heap leach pad closure/rehabilitation; demolition of buildings/mine facilities; ongoing water treatment; and ongoing care and maintenance of closed mines. The fair values of AROs are measured by discounting the expected cash flows using a discount factor that reflects the credit-adjusted risk-free rate of interest. The Company prepares estimates of the timing

and amount of expected cash flows when an ARO is incurred. Expected cash flows are updated to reflect changes in facts and circumstances. The principal factors that can cause expected cash flows to change are: the construction of new processing facilities; changes in the quantities of material in reserves and a corresponding change in the life of mine plan; changing ore characteristics that impact required environmental protection measures and related costs; changes in water quality that impact the extent of water treatment required; and changes in laws and regulations governing the protection of the environment. When expected cash flows increase, the revised cash flows are discounted using a current discount factor, whereas when expected cash flows decrease, the reduced cash flows are discounted using the historical discount factor used in the original estimation of the expected cash flows, in either case, any change in the fair value of the ARO is recorded. Agnico-Eagle records the fair value of an ARO when it is incurred. AROs are adjusted to reflect the passage of time (accretion), which is calculated by applying the discount factor implicit in the initial fair value measurement to the beginning-of-period carrying amount of the AROs. For producing mines, accretion expense is recorded in the cost of goods sold each period. Upon settlement of an ARO, Agnico-Eagle records a gain or loss if the actual cost differs from the carrying amount of the ARO. Settlement gains/losses are recorded in other (income) expense. Other environmental remediation costs that are not AROs as defined by ASC 410 – Asset Retirement and Environmental Obligations (Prior authoritative literature: FASB Statement No. 143, Accounting for Asset Retirement Obligations) are expensed as incurred.

Future Tax Assets and Liabilities

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

The Company's operations involve dealing with uncertainties and judgments in the application of complex tax regulations in multiple jurisdictions. The final taxes paid are dependent upon many factors, including negotiations with taxing authorities in various jurisdictions and resolution of disputes arising from federal, provincial, state and international tax audits. The Company recognizes the effect of uncertain tax positions and records tax liabilities for anticipated tax audit issues in Canada and other tax jurisdictions where it is more likely than not based on technical merits that the position would not be sustained. The Company recognizes the amount of any tax benefits that have greater than 50 percent likelihood of being ultimately realized upon settlement.

Changes in judgment related to the expected ultimate resolution of uncertain tax positions are recognized in the year of such change. Accrued interest and penalties related to unrecognized tax benefits are recorded in income tax expense in the current year. The Company adjusts these reserves in light of changing facts and circumstances; however, due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the Company's current estimate of the tax liabilities. If the Company's estimate of tax liabilities proves to be less than the ultimate assessment, an additional charge to expense would result. If the estimate of tax liabilities proves to be greater than the ultimate assessment, a tax benefit would result.

On December 12, 2008, the Company executed a Canadian federal tax election to commence using the US dollar as its functional currency for federal Canadian income tax purposes. As the related tax legislation was enacted in the first quarter of 2009, this election applies to taxation years ended December 31, 2008 and subsequent. This election resulted in a deferred tax benefit of $21.0 million for the year ended December 31, 2009.

During the second quarter of 2010, the Company executed the newly enacted Quebec foreign currency election to commence using the U.S. dollar as its functional currency for Quebec income tax purposes. As the related tax legislation was enacted in the second quarter of 2010, this election applies to taxation years ended December 31, 2008 and subsequent. This election resulted in a deferred tax benefit of $21.8 million for the year ended December 31, 2010.

Financial Instruments

Agnico-Eagle uses derivative financial instruments, primarily option and forward contracts, to manage exposure to fluctuations of base metal prices, interest rates and foreign currency exchange rates and may use such means to manage exposure to certain input costs as well. Agnico-Eagle does not hold financial instruments or derivative financial instruments for trading purposes.

The Company recognizes all derivative financial instruments in the consolidated financial statements at fair value regardless of the purpose or intent for holding the instrument. Changes in the fair value of derivative financial instruments are either recognized periodically in income or in shareholders' equity as a component of accumulated other comprehensive income (loss), depending on the nature of the derivative financial instrument and whether it qualifies for

hedge accounting. Financial instruments designated as hedges are tested for effectiveness on a quarterly basis. Gains and losses on those contracts that are proven to be effective are reported as a component of the related transaction.

Stock-Based Compensation

The Company's Employee Stock Option Plan provides for the granting of options to directors, officers, employees and service providers to purchase common shares. Options have exercise prices equal to market price on the day prior to the date of grant. The fair value of these options is recognized in the consolidated statement of income or in the consolidated balance sheet if capitalized as part of property, plant and mine development over the applicable vesting period as a compensation cost. Any consideration paid by employees on exercise of options or purchase of common shares is credited to share capital.

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 factored into the Company's reported diluted income per share.

Commercial Production

The Company assesses each mine construction project to determine when a mine moves into the production stage. The criteria used to assess the start date are determined based on the nature of each mine construction project, such as the complexity of a plant and its location. The Company considers various relevant criteria to assess when the mine is substantially complete and ready for its intended use and moved into the production stage. The criteria considered include: (1) the completion of a reasonable period of testing of mine plant and equipment; (2) the ability to produce minerals in saleable form (within specifications); and (3) the ability to sustain ongoing production of minerals. When a mine construction project moves into the production stage, the capitalization of certain mine construction costs ceases and costs are either capitalized to inventory or expensed, except for sustaining capital costs related to property, plant and equipment and underground mine development or reserve development.

Stripping Costs

Pre-production stripping costs are capitalized until an "other than *de minimis* " level of mineral is produced, after which time such costs are either capitalized to inventory or expensed. The Company considers various relevant criteria to assess when an "other than *de minimis* " level of mineral is produced. The criteria considered include: (1) the number of ounces mined compared to total ounces in mineral reserves; (2) the quantity of ore mined compared to the total quantity of ore expected to be mined over the life of the mine; (3) the current stripping ratio compared to the expected stripping ratio over the life of the mine; and (4) the ore grade compared to the expected ore grade over the life of the mine. Please refer to notes (ii) and (iii) of the "Reconciliation of Total Cash Costs per Ounce of Gold to Production Costs by Mine" section above for a discussion of stripping costs with regards to "cash costs".

SUMMARIZED QUARTERLY DATA

CONSOLIDATED FINANCIAL DATA

	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009	Total 2009
	(thousands of United States dollars, except where noted)				
Income contribution analysis					
LaRonde Mine	$ 37,647	$ 50,652	$ 40,276	$ 59,425	$ 188,000
Goldex Mine	$ 18,466	$ 19,107	$ 16,687	$ 33,891	88,151
Kittila Mine	–	$ 3,145	$ 884	$ 14,964	18,993
Lapa Mine	–	$ (833)	$ 2,751	$ 8,019	9,937
Pinos Altos Mine	–	–	–	2,363	2,363
Operating margin	56,113	72,071	60,598	118,662	307,444
Amortization	12,130	15,470	23,200	21,661	72,461
Corporate expenses	14,647	38,016	44,007	30,275	126,945
Income (loss) before tax	29,336	18,585	(6,609)	66,726	108,038
Tax provision (recovery)	(25,005)	17,358	10,357	18,790	21,500
Net income (loss) for the period	$ 54,341	$ 1,227	$ (16,966)	$ 47,936	$ 86,538
Net income (loss) per share – basic	$ 0.35	$ 0.01	$ (0.11)	$ 0.31	$ 0.55
Net income (loss) per share – diluted	$ 0.35	$ 0.01	$ (0.11)	$ 0.30	$ 0.55
Cash flows					
Operating cash flow	$ 48,823	$ 26,369	$ (13,787)	$ 53,701	$ 115,106
Investing cash flow	$ (155,422)	$ (155,730)	$ (136,756)	$ (139,703)	$ (587,611)
Financing cash flow	$ 216,447	$ 88,247	$ 217,590	$ 37,534	$ 559,818
Realized prices					
Gold (per ounce)	$ 969	$ 962	$ 939	$ 1,153	$ 1,024
Silver (per ounce)	$ 13.53	$ 14.32	$ 15.59	$ 19.17	$ 15.54
Zinc (per tonne)	$ 1,213	$ 1,698	$ 1,932	$ 2,506	$ 1,808
Copper (per tonne)	$ 4,110	$ 5,832	$ 7,580	$ 7,469	$ 6,140
Payable production: (1)					
Gold (ounces)					
LaRonde Mine	51,339	58,034	47,726	46,395	203,494

Goldex Mine	35,959	35,645	31,169	46,076	148,849
Kittila Mine	4,514	13,771	18,284	35,269	71,838
Lapa Mine	–	11,603	18,409	22,590	52,602
Pinos Altos Mine	–	–	3,175	13,014	16,189
	91,812	119,053	118,763	163,344	492,972

Silver (ounces in thousands)					
LaRonde Mine	1,029	1,034	995	861	3,919
Pinos Altos Mine	–	–	16	100	116
	1,029	1,034	1,011	961	4,035
Zinc (LaRonde Mine) (tonnes)	13,291	14,928	12,516	15,451	56,186
Copper (LaRonde Mine) (tonnes)	1,682	2,066	1,400	1,523	6,671
Payable metal sold:					
Gold (ounces)					
LaRonde Mine	53,516	59,608	48,959	42,751	204,834
Goldex Mine	30,901	33,501	32,572	48,241	145,215
Kittila Mine	–	6,780	21,946	30,635	59,361
Lapa Mine	–	3,167	14,669	23,885	41,721
Pinos Altos Mine	–	–	594	11,935	12,529
	84,417	103,056	118,740	157,447	463,660

Notes:

(1) Payable mineral production means the quantity of mineral produced during a period contained in products that are or will be sold by the Company, whether such products are sold during the period or held as inventory at the end of the period.

CONSOLIDATED FINANCIAL DATA

	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010	Total 2010
	(thousands of United States dollars, except where noted)				
Income contribution analysis					
LaRonde Mine	$ 45,387	$ 43,614	$ 48,722	$ 65,517	$ 203,240
Goldex Mine	26,423	42,635	44,349	50,122	163,529
Kittila Mine	11,470	16,625	26,838	17,467	72,400
Lapa Mine	21,273	20,204	17,764	25,477	84,718
Pinos Altos Mine	12,631	22,626	15,089	34,998	85,344
Meadowbank Mine	2,171	35,179	49,042	49,426	135,818
Operating margin	119,355	180,883	201,804	243,007	745,049
Amortization	30,503	44,003	48,145	69,835	192,486
Corporate expenses	47,578	28,331	(9,818)	51,269	117,360
Income before tax	41,274	108,549	163,477	121,903	435,203
Tax provision	18,942	8,189	42,016	33,940	103,087
Net income for the period	$ 22,332	$ 100,360	$ 121,461	$ 87,963	$ 332,116
Net income per share – basic	$ 0.14	$ 0.64	$ 0.73	$ 0.53	$ 2.05
Net income per share – diluted	$ 0.14	$ 0.63	$ 0.71	$ 0.51	$ 2.00
Cash flows					
Operating cash flow	$ 74,491	$ 161,574	$ 156,829	$ 90,576	$ 483,470
Investing cash flow	$ (119,329)	$ (116,826)	$ (163,798)	$ (123,353)	$ (523,306)
Financing cash flow	$ (1,646)	$ (10,422)	$ 531	$ (10,408)	$ (21,945)
Realized prices					
Gold (per ounce)	$ 1,111	$ 1,222	$ 1,235	$ 1,387	$ 1,250
Silver (per ounce)	$ 17.87	$ 19.29	$ 20.53	$ 31.96	$ 22.56
Zinc (per tonne)	$ 2,235	$ 1,890	$ 2,151	$ 2,391	$ 2,165
Copper (per tonne)	$ 7,288	$ 6,581	$ 8,689	$ 10,311	$ 8,182
Payable production: [(1)]					
Gold (ounces)					
LaRonde Mine	45,036	41,533	37,832	38,405	162,806

Goldex Mine	42,269	48,334	50,672	43,111	184,386
Kittila Mine	24,547	31,593	40,344	29,721	126,205
Lapa Mine	31,553	28,927	27,687	29,289	117,456
Pinos Altos Mine	26,228	29,665	35,248	39,289	130,431
Creston Mascota Mine	–	–	–	666	666

Meadowbank Mine	18,599	77,676	93,395	75,990	265,659
	188,232	257,728	285,178	256,471	987,609
Silver (ounces in thousands)					
LaRonde Mine	875	860	1,080	766	3,581
Pinos Altos Mine	222	248	290	427	1,185
Creston Mascota Mine	–	–	–	493	493
Meadowbank Mine	2	12	18	14	46
	1,099	1,120	1,388	1,698	5,305
Zinc (LaRonde Mine) (tonnes)	14,224	18,465	14,915	14,939	62,544
Copper (LaRonde Mine) (tonnes)	1,052	1,056	1,181	935	4,224
Payable metal sold:					
Gold (ounces)					
LaRonde Mine	45,240	41,666	36,979	39,896	163,781
Goldex Mine	37,863	48,310	49,117	48,067	183,357
Kittila Mine	30,674	28,588	41,655	28,722	129,639
Lapa Mine	34,193	31,920	25,846	31,177	123,136
Pinos Altos Mine	20,965	30,634	31,759	39,156	122,514
Meadowbank Mine	7,103	70,182	93,495	79,849	250,629
	176,038	251,300	278,851	266,867	973,056

Notes:

(1) Payable mineral production means the quantity of mineral produced during a period contained in products that are or will be sold by the Company, whether such products are sold during the period or held as inventory at the end of the period.

FIVE YEAR FINANCIAL AND OPERATING SUMMARY

FINANCIAL DATA

	2010	2009	2008	2007	2006
	(thousands of United States dollars, except where noted)				
Revenues from mining operations	$ 1,422,521	$ 613,762	$ 368,938	$ 432,205	$ 464,632
Interest, sundry income and gain on available-for-sale securities	94,879	26,314	(37,465)	29,230	45,915
	1,517,400	640,076	331,473	461,435	510,547
Costs and expenses	1,082,197	532,038	235,482	302,157	249,904
Income before income taxes	435,203	108,038	95,991	159,278	260,643
Income and mining taxes expense (recovery)	103,087	21,500	22,824	19,933	99,306
Net income	$ 332,116	$ 86,538	$ 73,167	$ 139,345	$ 161,337
Net income per share – basic	$ 2.05	$ 0.55	$ 0.51	$ 1.05	$ 1.40
Net income per share – diluted	$ 2.00	$ 0.55	$ 0.50	$ 1.04	$ 1.35
Operating cash flow	$ 483,470	$ 115,106	$ 121,175	$ 246,329	$ 227,015
Investing cash flow	$ (523,306)	$ (587,611)	$ (917,549)	$ (373,099)	$ (299,723)
Financing cash flow	$ (21,945)	$ 559,818	$ 558,072	$ 126,508	$ 297,816
Dividends declared per share	$ 0.64	$ 0.18	$ 0.18	$ 0.18	$ 0.12
Capital expenditures	$ 511,641	$ 657,175	$ 908,853	$ 523,793	$ 149,185
Average gold price per ounce realized	$ 1,250	$ 1,024	$ 879	$ 748	$ 622
Average exchange rate – C$ per $	C$ 1.0301	C$ 1.1415	C$ 1.0669	C$ 1.0738	C$ 1.1344
Weighted average number of common shares outstanding (in thousands)	162,343	155,942	144,741	132,768	115,461
Working capital (including undrawn credit lines)	$ 1,491,471	$ 598,581	$ 508,335	$ 751,587	$ 839,898
Total assets	$ 5,500,351	$ 4,427,357	$ 3,378,824	$ 2,735,498	$ 1,521,488
Long-term debt	$ 650,000	$ 715,000	$ 200,000	$ –	$ –
Shareholders' equity	$ 3,665,450	$ 2,751,761	$ 2,517,756	$ 2,058,934	$ 1,252,405
Operating Summary					
LaRonde Mine					
Revenues from mining operations	$ 392,386	$ 352,221	$ 330,652	$ 432,205	$ 464,632
Production costs	189,146	164,221	166,496	166,104	143,753

Gross profit (exclusive of amortization shown below)	$ 203,240	$ 188,000	$ 164,156	$ 266,101	$ 320,879
Amortization	30,404	28,392	28,285	27,757	25,255
Gross profit	$ 172,836	$ 159,608	$ 135,871	$ 238,344	$ 295,624

Tonnes of ore milled	2,592,252	2,545,831	2,638,691	2,673,463	2,673,080
Gold – grams per tonne	2.17	2.75	2.84	2.95	3.13
Gold production – ounces	162,806	203,494	216,208	230,992	245,826
Silver production – ounces (in thousands)	3,581	3,919	4,079	4,920	4,956
Zinc production – tonnes	62,544	56,186	65,755	71,577	82,183
Copper production – tonnes	4,224	6,671	6,922	7,482	7,289
Total cash costs (per ounce):					
Production costs	$ 1,162	$ 807	$ 770	$ 719	$ 585
Less: Net byproduct revenues	(1,180)	(699)	(658)	(1,082)	(1,240)
Inventory adjustments	19	1	–	4	(31)
Accretion expense and other	(8)	(6)	(6)	(6)	(4)
Total cash costs (per ounce) [(1)]	$ (7)	$ 103	$ 106	$ (365)	$ (690)
Minesite costs per tonne [(1)]	C$ 75	C$ 72	C$ 67	C$ 66	C$ 62

Notes:

(1) Minesite costs per tonne and total cash costs per ounce are non-US GAAP measures of performance that the Company uses to monitor the performance of its operations. See "– Results of Operations – Production Costs" above.

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	2010	2009	2008	2007	2006
	(thousands of United States dollars, except where noted)				
Goldex Mine					
Revenues from mining operations	$ 225,090	$ 142,493	$ 38,286	$ –	$ –
Production costs	61,561	54,342	20,366	–	–
Gross profit (exclusive of amortization shown below)	$ 163,529	$ 88,151	$ 17,920	$ –	$ –
Amortization	21,428	21,716	7,250	–	–
Gross profit	$ 142,101	$ 66,435	$ 10,670	$ –	$ –
Tonnes of ore milled	2,781,564	2,614,645	1,118,543	–	–
Gold – grams per tonne	2.21	1.98	1.86	–	–
Gold production – ounces	184,386	148,849	57,436	–	–
Total cash costs (per ounce):					

Production costs	$	333	$	365	$	430	$	–	$	–
Less:										
Net byproduct revenues		4								
Inventory adjustments		(1)		3		(9)		–		–
Accretion expense and other		(1)		(1)		(2)		–		–
Total cash costs (per ounce) [1]	$	335	$	367	$	419	$	–	$	–
Minesite costs per tonne [1]	C$	22	C$	23	C$	27	C$	–	C$	–
Lapa Mine										
Revenues from mining operations	$	150,917	$	43,409	$	–	$	–	$	–
Production costs		66,199		33,472		–		–		–
Gross profit (exclusive of amortization shown below)	$	84,718	$	9,937	$	–	$	–	$	–
Amortization		31,986		9,906		–		–		–
Gross profit	$	52,732	$	31	$	–	$	–	$	–
Tonnes of ore milled		551,739		299,430		–		–		–
Gold – grams per tonne		8.26		7.29		–		–		–
Gold production – ounces		117,456		52,602		–		–		–
Total cash costs (per ounce):										
Production costs	$	564	$	636	$	–	$	–	$	–
Less:										
Net byproduct revenues		5		–		–		–		–
Inventory adjustments	$	(40)		115		–		–		–
Accretion expense and other		–		–		–		–		–
Total cash costs (per ounce) [1]	$	529	$	751	$	–	$	–	$	–
Minesite costs per tonne [1]	$	114	C$	140	C$	–	C$	–	C$	–

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Kittila Mine										
Revenues from mining operations	$	160,140	$	61,457	$	–	$	–	$	–
Production costs		87,740		42,464		–		–		–

Gross profit (exclusive of amortization shown below)	$	72,400	$	18,993	$	–	$	–	$ –
Amortization		31,488		10,909		–		–	–
Gross profit	$	40,912	$	8,084	$	–	$	–	$ –
Tonnes of ore milled		960,365		563,238		–		–	–
Gold – grams per tonne		5.41		5.02		–		–	–
Gold production – ounces		126,205		71,838		–		–	–
Total cash costs (per ounce):									
Production costs	$	695	$	648	$	–	$	–	$ –
Less:									
Net byproduct revenues		2		–		–		–	–
Inventory adjustments		(38)		24		–		–	–
Accretion expense and other		(2)		(4)		–		–	–
Total cash costs (per ounce) [1]	$	657	$	668	$	–	$	–	$ –
Minesite costs per tonne [1]	€	66	€	54	€	–	€	–	€ –

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	2010	**2009**	**2008**	**2007**	**2006**
	(thousands of United States dollars, except where noted)				
Pinos Altos Mine					
Revenues from mining operations	$ 175,637	$ 14,182	$ –	$ –	$ –
Production costs	90,293	11,819	–	–	–
Gross profit (exclusive of amortization shown below)	$ 85,344	$ 2,363	$ –	$ –	$ –
Amortization	21,577	1,524	–	–	–
Gross profit	$ 63,767	$ 839	$ –	$ –	$ –
Tonnes of ore milled	2,318,266	227,394	–	–	–
Gold – grams per tonne	1.95	1.08	–	–	–
Gold production – ounces	130,431	16,189	–	–	–
Total cash costs (per ounce):					

Production costs	$	692	$	1,227	$	–	$	–	$	–	
Less: Net byproduct revenues		(192)		(65)	$	–	$	–	$	–	
Inventory adjustments		22		(556)		–		–		–	
Accretion expense and other		(6)		(10)		–		–		–	
Stripping Costs (capitalized vs. expensed)		(91)		–		–		–		–	
Total cash costs (per ounce) [1]	$	425	$	596	$	–	$	–	$	–	
Minesite costs per tonne [1]	$	35	$	28							
Meadowbank Mine											
Revenues from mining operations	$	318,351	$	–	$	–	$	–	$	–	
Production costs		182,533		–		–		–		–	
Gross profit (exclusive of amortization shown below)	$	135,818	$	–	$	–	$	–	$	–	
Amortization		55,604		–		–		–		–	
Gross profit	$	80,214	$	–	$	–	$	–	$	–	
Tonnes of ore milled		2,000,792		–		–		–		–	
Gold – grams per tonne		4.34		–		–		–		–	
Gold production – ounces		265,659		–		–		–		–	
Total cash costs (per ounce):											
Production costs	$	690	$	–	$	–	$	–	$	–	
Less: Net byproduct revenues		(2)		–		–		–		–	
Inventory adjustments		26		–		–		–		–	
Accretion expense and other		(5)		–		–		–		–	
Stripping Costs (capitalized vs. expensed)		(16)		–		–		–		–	
Total cash costs (per ounce) [1]	$	693	$	–	$	–	$	–	$	–	
Minesite costs per tonne [1]	C$	95	C$	–	C$	–	C$	–	C$	–	

Note:

(1) Minesite costs per tonne and total cash costs per ounce are non-US GAAP measures of performance that the Company uses to monitor the performance of its operations. See "– Results of Operations – Production Costs" above.

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 fifteen 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 fourteen as determined by the Board by resolution passed on February 14, 2011.

The by-laws of Agnico-Eagle provide that directors will hold office for a term expiring at the next annual meeting of shareholders of Agnico-Eagle or until their successors are elected or appointed or the position is vacated. The Board annually appoints the officers of Agnico-Eagle, 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:

Dr. Leanne M. Baker , 58, of Sebastopol, California, is an independent director of Agnico-Eagle. Dr. Baker is Managing Director of Investor Resources LLC, which acts as a consultant to companies in the mining and financial services industries. 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), US Gold Corporation and Kimber Resources Inc. (mining exploration companies traded on the NYSE Arca and the TSX). *Area of expertise:* Corporate Finance and Mineral Economics.

Douglas R. Beaumont, P.Eng. , 78, of Mississauga, Ontario, is an independent director of Agnico-Eagle. Mr. Beaumont, now retired, was most recently Senior Vice-President, Process Technology of 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. *Area of expertise:* Mining and Metallurgy.

Sean Boyd, CA , 52, of Toronto, Ontario, is the Vice-Chairman and Chief Executive Officer and a director of Agnico-Eagle. Mr. Boyd has been with Agnico-Eagle since 1985. Prior to his appointment as Vice-Chairman and Chief Executive Officer in December 2005, Mr. Boyd served as President and Chief Executive Officer from 1998 to 2005, Vice-President and Chief Financial Officer from 1996 to 1998, Treasurer and Chief Financial Officer from 1990 to 1996, Secretary Treasurer during a portion of 1990 and Comptroller from 1985 to 1990. Prior to joining Agnico-Eagle in 1985, he was a staff accountant with Clarkson Gordon (Ernst & Young). Mr. Boyd is a graduate of the University of Toronto (B.Comm.). Mr. Boyd has been a director of Agnico-Eagle since April 14, 1998. *Area of expertise:* Executive Management, Finance.

Martine A. Celej , 45, of Toronto, Ontario, is an independent director of Agnico-Eagle. Ms Celej is currently the Vice-President, Investment Advisor with RBC Dominion Securities and has been in the investment industry since 1989. She is a graduate of Victoria College at the University of Toronto (B.A. (Honours)). Ms Celej became a director of Agnico-Eagle on February 14, 2011. *Area of expertise:* Investment Management.

Clifford J. Davis , 68, of Kemble, Ontario, is an independent director of Agnico-Eagle. Mr. Davis is a mining industry veteran and formerly a member of the senior management teams of New Gold Inc., Gabriel Resources Ltd. and TVX Gold Inc. Mr. Davis is a graduate of the Royal School of Mines, Imperial College, London University (B.Sc., Mining Engineering). Mr. Davis has been a director of Agnico-Eagle since June 17, 2008 and is also a director and member of the Compensation Committee, Nominating and Corporate Governance Committee and Audit Committee of Zenyatta Ventures Ltd. *Area of expertise:* Mining.

Robert J. Gemmell , 54, of Toronto, Ontario, is an independent director of Agnico-Eagle. Now retired, Mr. Gemmell spent 25 years as an investment banker in the United States and in Canada. Most recently, he was President and Chief Executive Officer of Citigroup Global Markets Canada and its predecessor companies (Salomon Brothers Canada and Salomon Smith Barney Canada) from 1996 to 2008. In addition, he was a member of the Global Operating Committee of Citigroup Global Markets from 2006 to 2008. Mr. Gemmell is a graduate of Cornell University (B.A.), Osgoode Hall Law School (LL.B) and the Schulich School of Business (M.B.A.). Mr. Gemmell became a director of Agnico-Eagle on January 1, 2011. *Area of expertise:* Corporate Finance and Business Strategy.

Bernard Kraft, CA , 80, of Toronto, Ontario, is an independent director of Agnico-Eagle. Mr. Kraft is a 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 recognized as a Designated Specialist in Investigative and Forensic Accounting by the Canadian Institute of Chartered Accountants. Mr. Kraft is a member of the Canadian Institute

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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, and is also a director and a member of the Audit Committee and Compensation Committee of Estrella Gold Corporation, a director and a member of the Audit Committee, Governance Committee and Health, Safety and Environment Committee of St. Andrews Goldfields Limited and a director and a member of the Audit Committee of Harte Gold Corp. *Area of expertise:* Audit and Accounting.

Mel Leiderman, CA, TEP, ICD.D , 58, of Toronto, Ontario, is an independent director of Agnico-Eagle. Mr. Leiderman is the managing partner of the Toronto accounting firm Lipton LLP, Chartered Accountants. He is a graduate of the University of Windsor (B.A.) and is a certified director of the Institute of Corporate Directors (ICD.D). He has been a director of Agnico-Eagle since January 1, 2003. *Area of expertise:* Audit and Accounting.

James D. Nasso, ICD.D , 77, of Toronto, Ontario, is Chairman of the Board of Directors and an independent director of Agnico-Eagle. Mr. Nasso is now retired and is a graduate of St. Francis Xavier University (B.Comm.). Mr. Nasso has been a director of Agnico-Eagle since June 27, 1986. *Area of expertise:* Management and Business Strategy.

Dr. Sean Riley , 57, of Antigonish, Nova Scotia, is an independent director of Agnico-Eagle. Dr. Riley has served as President of St. Francis Xavier University since 1996. Prior to 1996, his career was in finance and management, first in corporate banking and later in manufacturing. Dr. Riley is a graduate of St. Francis Xavier University (B.A. (Honours)) and of Oxford University (M. Phil, D. Phil, International Relations)). Dr. Riley became a director of Agnico-Eagle on January 1, 2011. *Area of Expertise* : Management and Business Strategy.

J. Merfyn Roberts, CA , 60, of London, England, is an independent director of Agnico-Eagle. Mr. Roberts has been a fund manager and investment advisor for more than 25 years and has been closely associated with the mining industry. Mr. Roberts is a graduate of Liverpool University (B.Sc., Geology) and Oxford University (M.Sc., Geochemistry) and is a member of the Institute of Chartered Accountants in England and Wales. He has been a director of Agnico-Eagle since June 17, 2008, and is also a director and a member of the Audit Committee and Compensation and Corporate Governance Committee of Eastern Platinum Limited, a director and a member of the Remuneration Committee and Audit Committee of Rambler Metals and Mining plc and a director of Mena Hydrocarbons Inc. *Area of expertise:* Investment Management.

Eberhard Scherkus, P.Eng. , 59, 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, as Vice-President, Operations from 1996 to 1998, as a manager of Agnico-Eagle LaRonde Division from 1986 to 1996 and as a project manager from 1985 to 1986. Mr. Scherkus is a graduate of McGill University (B.Sc.), a member of the Association of Professional Engineers of Ontario and past president of the Quebec Mining Association. Mr. Scherkus has been a director of Agnico-Eagle since January 17, 2005. *Area of expertise:* Executive Management, Mining.

Howard R. Stockford, P.Eng. , 69, of Toronto, Ontario, is an independent director of Agnico-Eagle. Mr. Stockford is a retired mining executive with almost 50 years of experience in the industry. Most recently he was Executive Vice-President of Aur Resources Inc. ("Aur") and a director of Aur from 1984 until August 2007, when it was taken over by Teck Cominco Limited. Mr. Stockford has previously served as President of the Canadian Institute of Mining, Metallurgy and Petroleum and is a member of the Association of Professional Engineers of Ontario, the Prospectors and Developers Association of Canada and the Society of Economic Geologists. Mr. Stockford is a graduate of the Royal School of Mines, Imperial College, London University, U.K. (B.Sc., Mining Geology). Mr. Stockford has been a director of Agnico-Eagle since May 6, 2005, and is also a director, a member of the Audit Committee and Governance and Nominating Committee and the Chairman of the Technical Committee of Victory Nickel Inc. *Area of expertise:* Executive Management, Mining.

Pertti Voutilainen, M.Sc., M.Eng. , 69, of Espoo, Finland, is an independent director of Agnico-Eagle. Mr. Voutilainen is a mining industry veteran. Most recently, he was the Chairman of the board of directors of Riddarhyttan Resources AB. Previously, Mr. Voutilainen was the Chairman of the board of directors and Chief Executive Officer of 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. Mr. Voutilainen holds the honorary title of Mining Counselor (Bergsrad), which was awarded to him by the President of the Republic of Finland in 2003. Mr. Voutilainen is a graduate of 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. *Area of expertise:* Mining and Finance.

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

Ammar Al-Joundi , 47, of Toronto, Ontario, is Senior Vice-President, Finance and Chief Financial Officer of Agnico-Eagle. Mr. Al-Joundi joined Agnico-Eagle as Senior Vice-President, Chief Financial Officer in 2010. Prior to joining Agnico-Eagle, Mr. Al-Joundi spent 11 years at Barrick Gold Corporation in various senior financial roles including Senior Vice-President of Finance, Senior Vice-President of Business Strategy and Capital Allocation and two years as Executive Director and CFO of Barrick South America. Prior to that, Mr. Al-Joundi spent eight years as an investment banker with Citibank Canada. Mr. Al-Joundi is a graduate of the Ivey Business School (M.B.A.) at the University of Western Ontario and is a graduate of the University of Toronto (B.Eng., Mechanical Engineering).

Donald G. Allan , 55, 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. , 54, 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 Agnico-Eagle's Manager, Corporate Development from January 1999 and 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.).

Louise Grondin, Ing. P.Eng. , 57, of Toronto, Ontario, is Senior Vice-President, Environment and Sustainable Development of Agnico-Eagle, a position she has held since January 1, 2011. Prior to that, Ms. Grondin was Vice President, Environment and Sustainable Development and before that she was the 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 is a graduate of the University of Ottawa (B.Sc.) and McGill University (M.Sc.).

Tim Haldane, P.Eng. , 54, of Sparks, Nevada, is Senior Vice-President, Latin America of Agnico-Eagle. Prior to joining Agnico-Eagle in May 2006, 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 30 years of experience in the precious metals and base metals industries.

R. Gregory Laing, B.A., LL.B. , 52, 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. from October 2003 to June 2005 and General Counsel, Vice President, Legal and Corporate Secretary of TVX Gold Inc. from October 1995 to January 2003. He worked as a corporate securities lawyer for two prominent Toronto law firms prior to that. Mr. Laing is a director of Andina Minerals Inc. (a mining exploration company), a TSX Venture Exchange listed company and Hy Lake Gold Inc. (a mining exploration company), traded on the Canadian National Stock Exchange.

Daniel Racine, Ing., P.Eng. , 47, of Oakville, Ontario, is Senior Vice-President, Operations of Agnico-Eagle, a position he has held since June 2008. Prior to his appointment, he served Agnico-Eagle in various capacities for 22 years, including Vice-President, Operations, 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 , 48, of Oakville, Ontario, is Senior Vice-President, Technical Services of Agnico-Eagle, a position he has held since June 2008. Prior to his appointment, he served Agnico-Eagle in various capacities for more than 22 years, most recently as Vice-President, Metallurgy & Marketing, General Manager, Metallurgy & Marketing and 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, P.Eng. , 47, of Toronto, Ontario, is Senior Vice-President, Investor Relations of Agnico-Eagle, a position he has held since January 1, 2011. Prior to that he was Vice-President, Investor Relations. He started work in investor relations at Agnico-Eagle 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 is a graduate of Queen's University (B.Sc.) and the University of Arizona (M.Sc.). Mr. Smith is also a Professional Engineer.

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

Compensation of Executive Officers

The senior officers of Agnico-Eagle are:

- Sean Boyd, Vice-Chairman and Chief Executive Officer
- Eberhard Scherkus, President and Chief Operating Officer
- Ammar Al-Joundi, Senior Vice-President, Finance and Chief Financial Officer
- Donald G. Allan, Senior Vice-President, Corporate Development
- Alain Blackburn, Senior Vice-President, Exploration
- Louise Grondin, Senior Vice-President, Environment and Sustainable Development
- Tim Haldane, Senior Vice-President, Latin America
- R. Gregory Laing, General Counsel, Senior Vice-President, Legal and Corporate Secretary
- Daniel Racine, Senior Vice-President, Operations
- Jean Robitaille, Senior Vice-President, Technical Services
- David Smith, Senior Vice-President, Investor Relations

The following Summary Compensation Table sets out compensation during the fiscal year ended December 31, 2010 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 (the "Named Executive Officers") of Agnico-Eagle measured by total compensation earned during the fiscal years ended December 31, 2010, 2009 and 2008.

Summary Compensation Table – Agnico-Eagle Mines Limited

Name and Principal Position	Year	Salary	Share-based Awards	Option-based Awards [2]	Non-Equity Incentive Plan Compensation [1]		Pension Value	All Other Compensation [3]	Total Compensation [4]
					Annual Incentive Plans	Long-Term Incentive Plans			
		(C$)	*(C$)*	*(C$)*	*(C$)*	*(C$)*	*(C$)*	*(C$)*	*(C$)*
Sean Boyd	2010	1,200,000	46,250	4,893,000	1,656,000	n/a	320,034	19,200	8,134,484
Vice-Chairman and	2009	925,000	39,000	6,147,500	1,175,000	n/a	794,877	21,264	9,102,641
Chief Executive Officer	2008	925,000	39,000	3,312,000	740,000	n/a	186,500	21,265	5,223,765
Eberhard Scherkus	2010	775,000	33,000	2,854,250	775,000	n/a	51,758	19,200	4,508,208
President and	2009	660,000	33,000	4,303,250	596,000	n/a	203,100	21,944	5,817,294
Chief Operating Officer	2008	660,000	30,000	2,070,000	372,000	n/a	123,200	21,945	3,227,145
Ammar Al-Joundi [5] Senior Vice-President, Finance and Chief Financial Officer	2010	151,635	7,308	1,615,500[6]	322,000	n/a	nil	5,908	2,102,351
David Garofalo [6]	2010	339,231	nil	1,631,000	nil	n/a	9,378	12,838	1,992,447
Senior Vice-President,	2009	410,000	nil	2,459,000	314,000	n/a	89,274	23,944	3,296,218
Finance and Chief Financial Officer	2008	410,000	nil	1,242,000	167,000	n/a	77,700	23,945	1,920,645
Alain Blackburn	2010	425,000	15,600	1,631,000	344,000	n/a	25,350	19,200	2,460,150
Senior Vice-President,	2009	340,000	15,600	2,459,000	260,000	n/a	70,050	23,444	3,168,094
Exploration	2008	340,000	15,500	1,242,000	135,000	n/a	67,500	22,591	1,822,591
Jean Robitaille	2010	400,000	17,000	1,223,250	246,000	n/a	19,650	20,200	1,926,100
Senior Vice President,	2009	340,000	17,000	1,844,250	175,000	n/a	7,800	20,700	2,404,750
Technical Services	2008	320,000	13,500	828,000	123,000	n/a	4,650	20,700	1,309,850

(1) All amounts earned on non-equity incentive plan compensation were paid during the financial year.

(2) The value of option-based awards, being C$16.31 (2009 – C$24.59; 2008 – C$16.56) per option, was determined using the Black-Scholes option pricing model. The Black-Scholes option pricing model is a commonly used pricing model that assumes the valued option can only be exercised at expiration. All options, other than those granted to Mr. Al-Joundi, were granted at an exercise price of C$56.92 (2009 – C$62.77; 2008 – C$54.42), which was the closing price for the common shares of the Company on the TSX on the day prior to the date of grant. Key additional assumptions used were: (i) the risk free interest rate, which was 1.87% (2009 – 1.3%; 2008 – 3.70%); (ii) current time to expiration of the option which was assumed to be 2.5 years; (iii) the volatility for the common shares of the Company on the TSX, which was 44% (2009 – 64%; 2008 – 44.37%); and (iv) the dividend yield for the common shares of the Company, which was 0.43% (2009 – 0.42%; 2008 – 0.22%).

(3) Consists of premiums paid for term life insurance, automobile allowances and education and fitness benefits for the Named Executive Officers.

(4) The total compensation was paid in Canadian dollars. The Company reports its financial statements in United States dollars. On December 31, 2010 the Noon Buying Rate was C$1.00 equals US$0.9946.

(5) Mr. Al-Joundi joined the Company as Senior Vice-President, Finance and Chief Financial Officer on September 1, 2010 and received a grant of options with a Black-Scholes value of C$21.54 on that date based an exercise price of C$69.44, a risk-free interest rate of 2.53%, a time to expiration of 5 years, a volatility of 34.7% and dividend yield of 1.02%.

(6) Mr. Garofalo resigned as Senior Vice-President, Finance and Chief Financial Officer on July 9, 2010.

Stock Option Plan

Under the 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 options that can be issued in any year is 2% of the Company's outstanding common shares. In addition, a maximum of 25% of the options granted in an option grant vest upon the date they are granted with the remaining options vesting equally on the next three anniversaries of the option grant. The value of options granted to non-executive directors participating in the Stock Option Plan is limited to C$100,000 per year.

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;
- twelve 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 of Directors (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, a minor child, a 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 of Directors and any stock exchange or other authority.

The Board of Directors 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 including amendments of a "housekeeping" nature, amendments necessary to comply with the provisions of applicable law (including, without limitation, the rules, regulations and policies of the TSX), amendments respecting administration of the Stock Option Plan, any amendment to the vesting provisions of the Stock Option Plan or any option, any amendment to the early termination provisions of the Stock Option Plan or any option, whether or not such option is held by an insider, provided such amendment does not entail an extension beyond the original expiry date, the addition or modification of a cashless exercise feature, amendments necessary to suspend or terminate the Stock Option Plan and any other amendment, whether fundamental or otherwise, not requiring shareholder approval under applicable law (including, without limitation, the rules, regulations and policies of the TSX). 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, to extend the term of an option held by an insider, to increase any limit on grants of options to insiders of the Company, to change the participation limits in any given year for non-executive directors, to decrease the prices at which options can be exercised or to amend the amending provisions of the Stock Option Plan 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 Stock Option Plan was amended in 2007 such that where the Company has imposed trading restrictions on directors and officers that fall within ten trading days of the expiry of an option, such option's expiry date shall be the tenth day following the termination of such restrictions. The Stock Option Plan does not expressly entitle participants to convert an 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 2010, no loans, guarantees or other financial assistance was provided under the plan.

The number of common shares reserved for issuance under the Stock Option Plan is 9,366,905 common shares (comprised of 9,082,770 common shares relating to options issued but unexercised and 284,135 common shares relating to options available to be issued), being 5.54% of the Company's 168,944,915 common shares issued and outstanding as at March 18, 2011.

The following table sets out the value vested during the most recently completed financial year of the Company of incentive plan awards granted to the Named Executive Officers.

Incentive Plan Awards Table – Value Vested or Earned During Fiscal Year 2010

Name	Option-Based Awards – Value Vested During the Year	Share-Based Awards – Value Vested During the Year	Non-Equity Incentive Plan Compensation – Value Earned During the Year
	(C$)	*(C$)*	*(C$)*
Sean Boyd	605,250	n/a	1,656,000
Eberhard Scherkus	405,875	n/a	775,000
Ammar Al-Joundi	nil	n/a	322,000
David Garofalo	122,563	n/a	nil
Alain Blackburn	122,563	n/a	344,000
Daniel Racine	190,193	n/a	246,000

The following table sets out the outstanding option awards of the Named Executive Officers as at December 31, 2010.

Outstanding Incentive Plan Awards Table

	Option-Based Awards				Share-Based Awards	
Name	**Number of Securities Underlying Unexercised Options**	**Option Exercise Price**	**Option Expiration Date**	**Value of Unexercised In-The-Money Options [(1)]**	**Number of Shares or Units of Shares that have not Vested**	**Market or Payout Value of Share-Based Awards that have not Vested**
	(#)	*(C$)*		*(C$)*	*(#)*	*(C$)*
Sean Boyd	100,000	48.09	1/2/2012	2,851,000	nil	nil
	200,000	54.42	1/2/2013	4,436,000		
	250,000	62.77	1/2/2014	3,457,500		
	300,000	56.92	1/4/2015	5,904,000		
Eberhard Scherkus	75,000	48.09	1/2/2012	2,138,250	nil	nil
	125,000	54.42	1/2/2013	2,772,500		
	175,000	62.77	1/2/2014	2,420,250		
	175,000	56.92	1/4/2015	3,444,000		
Ammar Al-Joundi	75,000	69.44	9/1/2015	537,000	nil	nil
David Garofalo	nil	n/a	n/a	n/a	nil	nil
Alain Blackburn	39,750	54.42	1/2/2013	881,655	nil	nil
	100,000	62.77	1/2/2014	1,383,000		
	100,000	56.92	1/4/2015	1,968,000		
Jean Robitaille	40,000	48.09	1/2/2012	1,140,400	nil	nil
	50,000	54.42	1/2/2013	1,109,000		
	10,000	66.74	6/26/2013	98,600		
	75,000	62.77	1/2/2014	1,037,250		
	75,000	56.92	1/4/2015	1,476,000		

(1) Based on a closing price of the Company's shares on the TSX of $76.60 on December 31, 2010. On December 31, 2010, the Noon Buying Rate was C$1.00 equals US$0.9946.

The following table shows, as at December 31, 2010, 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.

Equity Compensation Plan Information

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	6,762,704	C$ 56.94	2,771,420
Equity compensation plans not approved by shareholders	nil	nil	nil

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Employee Share Purchase Plan

In 1997, the shareholders of Agnico-Eagle approved the Employee Share Purchase Plan to encourage directors, officers and full-time employees of Agnico-Eagle to purchase common shares of Agnico-Eagle. In 2009, the Employee Share Purchase Plan was amended to prohibit non-executive directors from participating in the plan. Full-time employees who have been continuously employed by Agnico-Eagle or its subsidiaries for at least twelve months are eligible at the beginning of each fiscal year to elect to participate in the Employee Share Purchase Plan. Eligible employees may contribute up to 10% of their basic annual salary through monthly payroll deductions or quarterly payments by cheque. Agnico-Eagle contributes an amount equal to 50% of the individual's contributions and issues common shares which have a market value equal to the total contributions (individual and Company) under the Employee Share Purchase Plan. In 2008, the shareholders of Agnico-Eagle approved an amendment to the Employee Share Purchase Plan to increase the number of shares available under such plan to 5,000,000 common shares. Of the 5,000,000 common shares approved, Agnico-Eagle has, as of March 18, 2011, reserved 2,510,921 common shares for issuance under the Employee Share Purchase Plan.

Pension Plan Benefits

The Company's basic defined contribution pension plan (the "Basic Plan") provides pension benefits to employees of Agnico-Eagle generally, including the Named Executive Officers. Under the Basic Plan, the Company contributes an amount equal to 15% of each designated executive's pensionable earnings (including salary and short-term bonus) to the Basic Plan. The Company's contributions cannot exceed the money purchase limit, as defined in the Income Tax Act (Canada). Upon termination, the Company's contribution to the Basic Plan ceases and the participant is entitled to a pension benefit in the amount of the vested account balance. All contributions to the Basic Plan are invested in a variety of funds offered by the plan administrator, at the direction of the participant.

In addition to the Basic Plan, effective January 1, 2008, in line with the Company's compensation policy that compensation must be competitive in order to help attract and retain the executives needed to lead and grow the Company's business and to address the weakness of the Company's retirement benefits when compared to its peers in the gold production industry, the Company adopted a supplemental defined contribution plan (the "Supplemental Plan") for designated executives at the level of Vice-President or above. On December 31 of each year, the Company credits each designated executive's account an amount equal to 15% of the designated executive's pensionable earnings for the year (including salary and short term bonus), less the Company's contribution to the Basic Plan. In addition, on December 31 of each year, the Company will credit each designated executive's account a notional investment return equal to the balance of such designated executive's account at the beginning of the year multiplied by the yield rate for Government of Canada marketable bonds with average yields over ten years. Upon retirement, after attaining the minimum age of 55, the designated executive's account will be paid out in either (a) five annual installments subsequent to the date of retirement, or (b) by way of lump sum payment, at the executive's option. If the designated executive's employment is terminated prior to reaching the age of 55, such designated executive will receive, by way of lump sum payment, the total amount credited to his or her account.

Individual Retirement Compensation Arrangement Plans (the "RCA Plans") for Messrs. Boyd and 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 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, or unusual payments. Payments under the RCA Plans are secured by a letter of credit from a Canadian chartered bank. Messrs. Boyd and Scherkus may retire early, any time after reaching age 55, with a benefit based on service and final average earnings at the date of retirement, with no early retirement reduction. The Company does not have a policy to grant extra years of service under its pension plans.

The following table sets forth the benefits to Messrs. Boyd and Scherkus and the associated costs to the Company in excess of the costs under the Company's Basic Plan.

Defined Benefit Plans Table

Name	Number of Years of Service (1)	Annual Benefits Accrued		Accrued Obligation at the Start of the Year	Compensatory Change	Non-Compensatory Change	Accrued Obligation at Year End
		At Year End (1)	At age 60				
	(#)	*(C$)*	*(C$)*	*(C$)*	*(C$)*	*(C$)*	*(C$)*
Sean Boyd	25	713,824	955,718	3,986,471	320,034	1,923,659	6,230,164
Eberhard Scherkus	25	345,458	368,800	3,103,450	51,758	1,108,078	4,263,286

(1) As at December 31, 2010

The following tables set forth summary information about the Basic Plan and the Supplemental Plan for each of the Named Executive Officers as at December 31, 2010.

Defined Contributions Plan Table – Basic Plan

Name	Accumulated Value at Start of Year	Compensatory	Non-Compensatory	Accumulated Value at Year End
	(C$)	*(C$)*	*(C$)*	*(C$)*
Sean Boyd	345,477	nil	52,103	397,580
Eberhard Scherkus	323,258	nil	30,115	353,373
David Garofalo (1)	199,891	nil	20,105	219,996
Jean Robitaille	195,503	nil	37,617	233,120
Ammar Al-Joundi	0	nil	22,450	22,450
Alain Blackburn	232,283	nil	55,325	287,608

(1) Mr. Garofalo resigned as Senior Vice-President, Finance and Chief Financial Officer on July 9, 2010.

Defined Contributions Plan Table – Supplemental Plan

Name	Accumulated Value at Start of Year	Compensatory	Non-Compensatory	Accumulated Value at Year End
	(C$)	*(C$)*	*(C$)*	*(C$)*
Sean Boyd (1)	nil	nil	nil	nil
Eberhard Scherkus (1)	nil	nil	nil	nil

David Garofalo [2]	154,824	9,378	13,735	177,937
Jean Robitaille	105,677	19,650	58,509	183,836
Ammar Al-Joundi [3]	nil	nil	nil	nil
Alain Blackburn	120,300	25,350	71,773	217,423

(1) Messrs. Boyd and Scherkus do not participate in the Supplemental Plan.

(2) Mr. Garofalo resigned as Senior Vice-President, Finance and Chief Financial Officer on July 9, 2010.

(3) Mr. Al-Joundi was not eligible to be a member of the Supplemental Plan as of December 31, 2010.

The Compensation Committee did not retain an executive compensation consultant to provide it with recommendations in 2010. The Company's management retained Mercer (Canada) Limited ("Mercer") to provide consulting services with respect to an assessment of its industry peer group's executive compensation plans and the implementation of its new flex benefits program for all employees. The information provided by Mercer was not used by the Compensation Committee or the Board of Directors in recommending or approving, respectively, the compensation of Agnico-Eagle's officers.

Employment Contracts/Termination Arrangements

Agnico-Eagle has employment agreements with all of its executive officers which provide for an annual base salary, bonus and certain pension, health, dental and other insurance and automobile benefits. These amounts may be increased at the discretion of the Board of Directors upon the recommendation of the Compensation Committee. For the current base salary for each Named Executive Officer see "Summary Compensation Table" above. If the individual agreements are terminated other than for cause, death or disability, or upon their resignation following certain events, all of the Named Executive Officers would be entitled to a payment equal to two and one-half times their annual base salary at the date of termination plus an amount equal to two and one-half times their annual bonus (averaged over the preceding two years but not including options) 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:

- termination of employment without cause;
- substantial alteration of responsibilities;
- reduction of base salary or benefits;
- office relocation of greater than 100 kilometres;
- 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, 2010, the severance payments that would be payable to each of the Named Executive Officers would be approximately as follows: Mr. Boyd – $6,586,750; Mr. Scherkus – $3,699,250; Mr. Al-Joundi – $1,554,770; Mr. Blackburn – $1,865,500; and Mr. Robitaille – $1,576,750.

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 tables below summarize the annual retainers (annual retainers for the Chairs of the Board of Directors and other Committees are in addition to the base annual retainer) fees paid to the other directors during the year ended December 31, 2010.

	Compensation during the period between January 1, 2010 and December 31, 2010
Annual Board retainer (base)	C$ 115,000
Additional Annual retainer for Chairman of the Board	C$ 125,000
Additional Annual retainer for Chairman of the Audit Committee	C$ 25,000
Additional Annual retainer for Chairpersons of other Board Committees	C$ 10,000
Meeting attendance fees	

To align the interests of directors with those of shareholders, directors, other than Messrs. Boyd and Scherkus, are required to own the equivalent of at least three years of their annual retainer fee in common shares of Agnico-Eagle. Directors have a period of five years to achieve this ownership level through open market purchases. In addition, each

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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 and are subject to an annual limit of the lesser of: (a) 1% of the common shares outstanding at any point in time; and (b) an annual equity award value per director of C$100,000.

The table below sets out the number and the value of common shares held by each director of the Company as of March 18, 2011 based on the closing price of the common shares of $65.55 on the TSX on such day.

	Aggregate common shares owned by directors and aggregate value thereof as of March 18, 2011	
Name	**Aggregate Common Shares**	**Aggregate Value of Common Shares**
		(C$)
Leanne M. Baker	5,500	360,525
Douglas R. Beaumont	17,960	1,177,278
Sean Boyd	113,902	7,466,276
Martine A. Celej	1,000	65,550
Clifford J. Davis	6,000	393,300
Robert J. Gemmell	5,000	327,750
Bernard Kraft	12,657	829,666
Mel Leiderman	5,500	360,525
James D. Nasso	18,289	1,198,844
Sean Riley	1,000	65,550
John Merfyn Roberts	6,000	393,300
Eberhard Scherkus	71,229	4,669,061
Howard R. Stockford	6,068	397,757
Pertti Voutilainen	12,000	786,600

With respect to the following tables, Ms Celej, Mr. Gemmell and Dr. Riley are not included as they did not become members of the Board of Directors until 2011.

The following table sets out the compensation provided to the members of the Board of Directors, other than Messrs. Boyd and Scherkus, for the Company's most recently completed financial year.

Director Compensation Table

Name	Fees Earned	Share-Based Awards	Option-Based Awards [1][2]	Non-Equity Incentive Plan Compensation	Pension Value	All Other Compensation	Total [3]
	(C$)	*(C$)*	*(C$)*	*(C$)*	*(C$)*	*(C$)*	*(C$)*
Leanne M. Baker	125,000	n/a	99,817	n/a	n/a	n/a	224,817
Douglas R. Beaumont	125,000	n/a	99,817	n/a	n/a	n/a	224,817
Clifford J. Davis	115,000	n/a	99,817	n/a	n/a	n/a	214,817
Bernard Kraft	115,000	n/a	99,817	n/a	n/a	n/a	214,817
Mel Leiderman	140,000	n/a	99,817	n/a	n/a	n/a	239,817
James D. Nasso	240,000	n/a	99,817	n/a	n/a	n/a	339,817
John Merfyn Roberts	115,000	n/a	99,817	n/a	n/a	n/a	214,817
Howard R. Stockford	125,000	n/a	99,817	n/a	n/a	n/a	224,817
Pertti Voutilainen	115,000	n/a	99,817	n/a	n/a	n/a	214,817

(1) For a discussion of the key assumptions underlying the value of the option-based awards see Note 1 to the "Summary Compensation Table".

(2) Option-based awards given to non-executive directors will be limited to the lesser of: (a) 1% of the outstanding shares at any given point in time; and (b) an annual equity award value of C$100,000.

(3) Presented in Canadian dollars. On December 31, 2010 the Noon Buying Rate was C$1.00 equals US$0.9946.

The following table sets out the value vested during the most recently completed financial year of the Company of incentive plan awards granted to the directors of the Company, other than Messrs. Boyd and Scherkus.

Incentive Plan Awards Table – Value Vested During Fiscal Year 2010

Name	Options-Based Awards – Value Vested During the Year	Share-Based Awards – Value Vested During the Year	Non-Equity Incentive Plan Compensation – Value Earned During the Year
	(C$)	*(C$)*	*(C$)*
Leanne M. Baker	115,649[1]	n/a	n/a
Douglas R. Beaumont	105,659	n/a	n/a
Clifford J. Davis	81,901	n/a	n/a
Bernard Kraft	39,659	n/a	n/a
Mel Leiderman	39,659	n/a	n/a
James D. Nasso	71,384	n/a	n/a
John Merfyn Roberts	81,901	n/a	n/a
Howard R. Stockford	39,659	n/a	n/a

Pertti Voutilainen	105,659	n/a	n/a

(1) Value of Dr. Baker's awards are in United States dollars.

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The following table sets out the outstanding option awards of the directors of the Company, other than Messrs. Boyd and Scherkus, as at December 31, 2010.

Outstanding Incentive Plan Awards Table

	Option-Based Awards				Share-Based Awards	
Name	**Number of Securities Underlying Unexercised Options**	**Option Exercise Price**	**Option Expiration Date**	**Value of Unexercised In-The-Money Options [1]**	**Number of Shares or Units of Shares that have not Vested**	**Market or Payout Value of Share-Based Awards that have not Vested**
	(#)	*(C$)*		*(C$)*	*(#)*	*(C$)*
Leanne M. Baker	5,000	41.24[2]	1/2/2012	177,300[2]	nil	nil
	35,000	54.63[2]	1/2/2013	772,450[2]		
	4,000	51.33[2]	1/4/2014	101,480[2]		
	6,120	54.00[2]	1/2/2015	138,924[2]		
Douglas R. Beaumont	25,000	48.09	1/2/2012	712,750	nil	nil
	35,000	54.42	1/2/2013	776,300		
	4,000	62.77	1/2/2014	55,320		
	6,120	56.92	1/2/2015	120,442		
Clifford J. Davis	1,800	33.26	11/3/2013	78,012	nil	nil
	4,000	62.77	1/2/2014	55,320		
	6,120	56.92	1/4/2015	120,442		
Bernard Kraft	8,750	54.42	1/2/2013	194,075	nil	nil
	4,000	62.77	1/2/2014	55,320		
	6,120	56.92	1/4/2015	120,442		
Mel Leiderman	30,000	54.42	1/2/2013	665,400	nil	nil
	4,000	62.77	1/2/2014	55,320		
	6,120	56.92	1/4/2015	120,442		
James D. Nasso	53,000	54.42	1/2/2013	1,175,540	nil	nil
	4,000	62.77	1/2/2014	55,320		
	6,120	56.92	1/4/2015	120,442		
John Merfyn Roberts	7,200	33.26	11/3/2013	312,048	nil	nil
	4,000	62.77	1/2/2014	55,320		
	6,120	56.92	1/4/2015	120,442		
Howard R. Stockford	28,750	54.42	1/2/2013	637,675	nil	nil
	4,000	62.77	1/2/2014	55,320		
	6,120	56.92	1/4/2015	120,442		
Pertti Voutilainen	15,000	48.09	1/2/2012	427,650	nil	nil
	35,000	54.42	1/2/2013	776,300		
	4,000	62.77	1/2/2014	55,320		
	6,120	56.92	1/4/2015	120,442		

(1) Based on a closing price of the Company's shares on the TSX of C$76.60 on December 31, 2010.

(2) Value is in United States dollars and based on a closing price of the Company's shares on the New York Stock Exchange ("NYSE") of US$76.70 on December 31, 2010.

In 2009, shareholders of Agnico-Eagle approved an amendment to the Employee Share Purchase Plan to prohibit participation by non-executive directors, formalizing a practice that had been adopted in April 2008 at the time of certain

undertakings given to RiskMetrics Group. During the year ended December 31, 2010, Agnico-Eagle issued a total of 3,568 common shares to the following executive directors under its Employee Share Purchase Plan as follows:

Mr. Boyd	2,082
Mr. Scherkus	1,486

The following table sets out the attendance of each of the directors to the Board of Directors meetings and the Board Committee meetings held in 2010.

Director	Board Meetings Attended	Committee Meetings Attended
Leanne M. Baker	9 of 9	10 of 10
Douglas R. Beaumont	9 of 9	9 of 9
Sean Boyd	9 of 9	N/A
Clifford J. Davis	9 of 9	9 of 9
David Garofalo (1)	5 of 5	N/A
Bernard Kraft	9 of 9	9 of 9
Mel Leiderman	9 of 9	10 of 10
James D. Nasso	9 of 9	13 of 13
John Merfyn Roberts	9 of 9	9 of 9
Eberhard Scherkus	9 of 9	4 of 4
Howard R. Stockford	9 of 9	9 of 9
Pertti Voutilainen	9 of 9	8 of 8

(1) Mr. Garofalo resigned from the Board of Directors on July 9, 2010.

Indebtedness of Directors, Executive Officers and Senior Officers

There is no outstanding indebtedness to Agnico-Eagle by any of its directors or officers. Agnico-Eagle does not make loans to its 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 its directors and officers in their capacity as directors and officers of the Company. The premium for these policies for the period from December 31, 2010 to December 31, 2011 is C$699,500. The policies provide coverage of up to C$100 million per occurrence to a maximum of C$100 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 Board Mandate and the charters for the Audit Committee, the Compensation Committee, the Corporate Governance Committee and the Health, Safety and

Environment Committee to reflect the new and evolving corporate governance requirements and what it believes to be 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 CSA to disclose its corporate governance practices and provide a description of the Company's system of corporate governance. This Statement of Corporate Governance Practices has been prepared by the Board's Corporate Governance Committee and approved by the Board.

Additional information on each director standing for election, including other public company boards on which they serve and their attendance record for all Board and Committee meetings during 2010, can be found under "– Directors and Senior Management" and "– Compensation of Directors and Other Information".

Director Independence

The Board consists of fourteen directors. The Board has made an affirmative determination that twelve of its fourteen current members are "independent" within the meaning of the CSA rules and the standards of the New York Stock Exchange. With the exception of Messrs. Boyd and 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 Messrs. Boyd and 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 other than directors' fees and option grants for service on the Board. Messrs. Boyd and Scherkus are considered related because they are officers of the Company. All directors, other than Messrs. Boyd and Scherkus, also meet the independence standard as set out in the Sarbanes-Oxley Act of 2002 ("SOX").

The Board regularly meets independently of management at the request of any director or may excuse members of management from all or a portion of any meeting where a potential conflict of interest arises or where otherwise appropriate. The Board is scheduled to meet without management before or after each Board meeting. In addition, after each Board meeting held to consider interim and annual financial statements, the Board meets without management. In 2010, the Board met without management at each Board meeting, being nine separate occasions, including the four regularly 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 any such director may 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 Chief Executive Officer, 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, 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 five-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 on the development of a corporate strategy to achieve those objectives. The Board also reviews the principal risks inherent in the Company's business, including environmental, industrial and financial risks, and assesses the systems to manage these risks. The Board also monitors the performance of senior management against the business plan through a periodic review process (at least every quarter) and reviews and approves promotion and succession matters.

The Board holds management responsible for the development of long-term strategies for the Company. The role of the Board is to review, question, validate and ultimately approve the strategies and policies proposed by management. The Board relies on management to perform the data gathering, analysis and reporting functions which are critical to the Board for effective corporate governance. In addition, the Vice-Chairman and Chief Executive Officer, the President and Chief Operating Officer, the Senior Vice-President, Finance and Chief Financial Officer, the Senior Vice-President, Corporate Development, the Senior Vice-President, Exploration and the Senior Vice-President, Technical Services 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 five-year business plan and budget and significant matters of corporate strategy or policy. The Company's authorization policy and risk management policy ensure compliance with good corporate governance practices. Both policies formalize controls over the management or other employees of the Company by stipulating internal approval processes for transactions, investments, commitments and expenditures and, in the case of the risk management policy, establishing objectives and guidelines for metal price hedging, foreign exchange and short-term investment risk management and insurance. The Board, directly and through its Audit Committee, also assesses the integrity of the Company's internal control and management information systems.

The Board oversees the Company's approach to communications with shareholders and other stakeholders and approves specific communications initiatives from time to time. The Company conducts an active investor relations program. The program involves responding to shareholder inquiries, briefing analysts and fund managers with respect to reported financial results and other announcements by the Company and 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 the 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's mandate is posted on the Company's website at www.agnico-eagle.com .

Position Descriptions

Chief Executive Officer

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

- providing leadership and direction to the other members of Agnico-Eagle's senior management team;
- fostering a corporate culture that promotes ethical practices and encourages individual integrity;

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

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

Chairs of Board Committees

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

- establishing procedures to govern his or her committee's work and ensure the full discharge of its duties;
- chairing every meeting of his or her committee and encouraging 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

The Corporate Governance Committee is responsible for overseeing the development and implementation of orientation programs for new directors and continuing education for all directors.

The Company maintains a collection of director orientation materials, which include the Board Mandate, the charters of the Board's committees, a memorandum on the duties of a director of a public company and a glossary of mining and accounting terms. A copy of such materials is given to each director and updated annually.

The Company holds periodic 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 the Company as they relate to its business. In addition, the Company provides extensive reports on all operations to the directors at each quarterly

Board meeting and conducts yearly site tours for the directors at a different mine site each year.

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The Corporate Governance Committee conducts an annual assessment that addresses the performance of the Board, the Board's committees and the individual directors. These assessments help identify opportunities for continuing Board and director development. In addition, it is open to any director to take a continuing education course related to the skill and knowledge necessary to meet his or her obligations as a director at the expense of the Company.

Ethical Business Conduct

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

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

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

Nomination of Directors

The Corporate Governance Committee, which is comprised entirely of independent directors, is responsible for participating in the recruitment and recommendation of new nominees for appointment or election to the Board. When considering a potential candidate, the Corporate Governance Committee considers the qualities and skills that the Board, as a whole, should have and assesses the competencies and skills of the current members of the Board. Based on the talent already represented on the Board, the Corporate Governance Committee then identifies the specific skills, personal qualities or experiences that a candidate should possess in light of the opportunities and risks facing the Company. The Corporate Governance Committee maintains a list of potential director candidates for its future consideration and may engage outside advisors to assist in identifying potential candidates. Potential candidates are screened to ensure that they possess the requisite qualities, including integrity, business judgment and experience, business or professional expertise, independence from management, international experience, financial literacy, excellent communications skills and the ability to work well in a team situation. The Corporate Governance Committee also considers the existing commitments of a potential candidate to ensure that such candidate will be able to fulfill his or her duties as a Board member.

Compensation

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

Board Committees

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

Audit Committee

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

- the quality and integrity of the Company's financial reports and information;
- the Company's compliance with legal and regulatory requirements;

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

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

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

The Audit Committee is responsible for reviewing all financial statements prior to approval by the Board, all other disclosures containing financial information and all management reports which accompany any financial statements. The Audit Committee is also responsible for all internal and external audit plans, any recommendation affecting the Company's internal controls, the results of internal and external audits and any changes in accounting practices or policies. The Audit Committee reviews any accruals, provisions, estimates or related party transactions that have a significant impact on the Company's financial statements and any litigation, claim or other contingency that could have a material effect upon the Company's financial statements. In addition, the Audit Committee is responsible for assessing management's programs and policies relating to the adequacy and effectiveness of internal controls over the Company's accounting and financial systems. The Audit Committee reviews and discusses with the Chief Executive Officer and Chief Financial Officer the procedures undertaken in connection with their certifications for annual filings in accordance with the requirements of applicable securities regulatory authorities. The Audit Committee is also responsible for recommending to the Board the external auditor to be nominated for shareholder approval who will be responsible for preparing audited financial statements and completing other audit, review or attest services. The Audit Committee also recommends to the Board the compensation to be paid to the external auditor and directly oversees its work. The Company's external auditor reports directly to the Audit Committee. The Audit Committee reports directly to the Board of Directors.

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

The Audit Committee is composed entirely of directors who are unrelated to and independent from the Company (currently, Mr. Leiderman (Chair), Dr. Baker, Mr. Kraft, Mr. Nasso and Mr. Roberts), each of whom is financially literate, as the term is used in the CSA's Multilateral Instrument 52-110 – Audit Committees. In addition, Messrs. Leiderman and Kraft are Chartered Accountants; Mr. Leiderman is currently in private practice and Mr. Kraft, while retired, remains active in the profession and the Board has determined that both of them qualify as audit committee financial experts, as the term is defined in the rules of the SEC. The education and experience of each member of the Audit Committee is set out under "– Directors and Senior Management". Fees paid to the Company's auditors, Ernst & Young LLP, are set out under "Item 10 Additional Information – Audit Fees". The Audit Committee met five times in 2010.

Compensation Committee

The Compensation Committee is responsible for, among other things:

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

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- reviewing and assessing the design and competitiveness of the Company's compensation and benefits programs generally.

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

The Compensation Committee is composed entirely of directors who are unrelated to and independent from the Company (currently, Dr. Baker (Chair), Mr. Beaumont, Mr. Davis, Mr. Leiderman and Mr. Stockford). The Compensation Committee met five times in 2010.

Corporate Governance Committee

The Corporate Governance Committee is responsible for, among other things:

- 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 directors who are unrelated to and independent from the Company (currently, Mr. Beaumont (Chair), Mr. Kraft, Mr. Nasso, Mr. Roberts and Mr. Voutilainen). The Corporate Governance Committee met four times in 2010.

Health, Safety and Environment Committee

The Health, Safety and Environment Committee is responsible for, among other things:

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

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

The Health, Safety and Environment Committee is comprised of four directors who are unrelated to and independent from the Company (currently Mr. Stockford (Chair), Mr. Davis, Mr. Nasso and Mr. Voutilainen) and one non-independent director (Mr. Scherkus, President and Chief Operating Officer of the Company). The Health, Safety and Environment Committee met four times in 2010.

Assessment of Directors

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

Each of the directors participates in a detailed annual assessment of 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 assessment helps identify opportunities for continuing Board and director development and also forms the basis of continuing Board participation.

Employees

As of December 31, 2010, the Company had 4,782 employees comprised of 3,243 permanent employees and 1,539 contractors of which 735 permanent employees were employed at LaRonde, 213 at Goldex, 192 at Lapa, 972 at Pinos Altos, 369 at Kittila, 15 in the Exploration group in Canada and the U.S., 499 for the Meadowbank Mine with 496 at Baker Lake and Meadowbank and 3 in Quebec, 156 at the regional technical office in Abitibi and 94 in Toronto. The number of permanent employees of the Company at the end of 2010, 2009 and 2008 was 3,243, 2,781 and 1,917, respectively.

Share Ownership

As of March 18, 2011, the Named Executive Officers and directors as a group (17 persons) beneficially owned or controlled (excluding options to purchase 2,959,115 common shares, of which 1,913,636 are currently exercisable and 1,045,479 are currently unexercisable) an aggregate of 322,266 common shares or about 0.198% of the 168,944,915 issued and outstanding common shares. See also "– Compensation of Executive Officers".

Security Ownership of Directors and Executive Officers

The following table sets forth certain information concerning the direct and beneficial ownership by each director and Named 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$, except as noted)	Expiry Date
Leanne M. Baker Director	5,500	50,944	5,824 6,120 4,000 35,000	US$76.70 US$54.00 US$51.33 US$54.63	1/4/2016 1/4/2015 1/2/2014 1/2/2013
Douglas R. Beaumont Director	17,960	75,944	5,824 6,120 4,000 35,000 25,000	76.60 56.92 62.77 54.42 48.09	1/4/2016 1/4/2015 1/2/2014 1/2/2013 1/2/2012
Sean Boyd Director, Vice Chairman and Chief Executive Officer	113,902	1,090,000	240,000 300,000 250,000 200,000 100,000	76.60 56.92 62.77 54.42 48.09	1/4/2016 1/4/2015 1/2/2014 1/2/2013 1/2/2012
Martine A. Celej Director	1,000	4,721	4,721	70.26	2/21/2016
Clifford J. Davis Director	6,000	17,744	5,824 6,120 4,000 1,800	76.60 56.92 62.77 33.26	1/4/2016 1/4/2015 1/2/2014 11/3/2013
Robert J. Gemmell Director	5,000	5,824	5,824	76.60	1/4/2016

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Bernard Kraft Director	12,657	24,694	5,824 6,120 4,000 8,750	76.60 56.92 62.77 54.42	1/4/2016 1/4/2015 1/2/2014 1/2/2013
Mel Leiderman Director	5,500	45,944	5,824 6,120 4,000 30,000	76.60 56.92 62.77 54.42	1/4/2016 1/4/2015 1/2/2014 1/2/2013
James D. Nasso Director and Chairman of the Board	18,289	68,944	5,824 6,120 4,000 53,000	76.60 56.92 62.77 54.42	1/4/2016 1/4/2015 1/2/2014 1/3/2013
Sean Riley Director	1,000	5,824	5,824	76.60	1/4/2016
J. Merfyn Roberts Director	6,000	23,144	5,824 6,120 4,000 7,200	76.60 56.92 62.77 33.26	1/4/2016 1/4/2015 1/2/2014 11/3/2013
Eberhard Scherkus Director, President and Chief Operating Officer	71,229	690,000	140,000 175,000 175,000 125,000 75,000	76.60 56.92 62.77 54.42 48.09	1/4/2016 1/4/2015 1/2/2014 1/2/2013 1/2/2012
Howard R. Stockford Director	6,068	44,694	5,824 6,120 4,000 28,750	76.60 56.92 62.77 54.42	1/4/2016 1/4/2015 1/2/2014 1/2/2013
Pertti Voutilainen Director	12,000	65,944	5,824 6,120 4,000 35,000 15,000	76.60 56.92 62.77 54.42 48.09	1/4/2016 1/4/2015 1/2/2014 1/2/2013 1/2/2012
Ammar Al-Joundi Senior Vice-President, Finance and Chief Financial Officer	10,839	135,000	60,000 75,000	76.60 69.44	1/4/2016 9/1/2015
Alain Blackburn Senior Vice-President, Exploration	153	299,750	60,000 100,000 100,000 39,750	76.60 56.92 62.77 54.42	1/4/2016 1/4/2015 1/2/2014 1/2/2013
Jean Robitaille Senior Vice-President, Technical Services	29,169	310,000	60,000 75,000 75,000 10,000 50,000 40,000	76.60 56.92 62.77 66.74 54.42 48.09	1/4/2016 1/4/2015 1/2/2014 6/26/2013 1/2/2013 1/2/2012

Notes:

(1) As of March 18, 2011. 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 named executive officers constitutes less than 0.198% of the issued and outstanding common shares of the Company.

(2) As of March 18, 2011.

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ITEM 7 MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Major Shareholders

To the knowledge of the directors and senior officers of the Company, as of March 18, 2011, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 5% of the voting rights attached to all common shares of the Company other than as set out below:

Major Shareholder	Number of common shares	Percentage of outstanding common shares
T. Rowe Price Associates, Inc. (1)	10,062,745	5.9%
BlackRock, Inc. (2)	16,344,847	9.69%
FMR LLC (3)	11,196,992	6.67%

Notes:

(1) According to reports filed with applicable securities regulators on February 12, 2010 and February 10, 2011, the percentage ownership of common shares of the Company held by T. Rowe Price Associates, Inc. has varied from 5.4% to 5.9%, respectively.

(2) According to reports filed with applicable securities regulators on January 20, 2010, October 8, 2010, January 7, 2011 and February 7, 2011, the percentage ownership of common shares of the Company held by BlackRock, Inc. has varied from 8.7% to 10.16% to 10.31% to 9.69%, respectively.

(3) FMR LLC and FIL Limited (collectively, "Fidelity") filed a report with applicable securities regulators on February 14, 2011 stating that, while they are of the view that they are not acting as a "group" for the purposes of Section 13(d) under the Securities Exchange Act of 1934, they have filed the report on a voluntary basis as if all of the shares are beneficially owned by them on a joint basis. Previously, FMR LLC filed reports with applicable securities regulators on September 9, 2008, February 13, 2009 and February 16, 2010 stating that Fidelity had control over 10.92%, 7.63% and 7.2%, respectively, of the common shares of the Company.

None of the Company's major shareholders have different voting rights than other holders of the Company's common shares.

As of March 18, 2011, there were 3,692 holders of record of Agnico-Eagle's 168,944,915 outstanding common shares, of which 548 holders of record were in Canada and held 120,493,875 common shares or about 71.32% of the outstanding common shares.

The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change in control of the Company. To the 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

The Company has not entered into any material related party transactions since January 1, 2010.

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.

The Company is not aware of any legal or arbitration proceedings which may have, or have had in the recent past, a significant effect on the Company's financial position or profitability.

Dividend Policy

The Company's policy is to pay annual dividends on its common shares and, on December 15, 2010, the Company announced that it had declared an annual dividend of $0.64 per common share, to be paid quarterly with the first quarterly payment of $0.16 per share payable on March 15, 2011. In each of 2010, 2009 and 2008, the dividend paid was $0.18 per common share, in 2007, the dividend paid was $0.12 per common share and, from 2003 to 2006, the dividend paid was $0.03 per common share. Although the Company expects to continue paying an annual cash dividend, future dividends will be at the discretion of the Board and will be subject to such factors as the Company's earnings, financial condition and capital requirements. The Company's bank credit facility contains covenants that restrict the

Company's ability to declare or pay dividends if a default under the bank credit facility has occurred or would result from the declaration or payment of the dividend.

ITEM 9 THE OFFER AND LISTING

Market and Listing Details

The Company's common shares are listed and traded in Canada on the TSX and in the United States on the New York Stock Exchange ("NYSE").

The following table sets forth the high and low sale prices and the average daily trading volume for Agnico-Eagle's common shares on the TSX and the NYSE for each of the fiscal years in the five-year period ended December 31, 2010 and for each quarter during the fiscal years ended December 31, 2009 and 2010.

	TSX (C$)			NYSE ($)		
	High	Low	Average Daily Volume	High	Low	Average Daily Volume
2006	52.03	23.31	911,132	45.67	19.94	2,006,680
2007	55.86	35.70	913,173	59.45	33.25	2,076,082
2008	82.80	26.60	1,184,654	83.45	20.87	3,842,836
2009	77.32	50.80	979,369	74.00	42.65	4,172,474
2010	88.52	53.16	750,312	88.20	49.64	2,508,059
2009						
First Quarter	73.64	55.03	1,249,427	59.19	44.12	5,523,872
Second Quarter	73.71	50.80	944,884	63.29	42.65	3,534,497
Third Quarter	77.32	55.09	748,628	72.32	47.31	3,387,937
Fourth Quarter	76.65	55.52	926,079	74.00	51.38	4,138,909
2010						
First Quarter	64.12	53.16	2,956,480	61.80	49.64	718,042
Second Quarter	68.16	57.05	2,870,655	66.80	55.43	837,814
Third Quarter	73.41	56.08	2,081,771	71.33	54.12	759,806
Fourth Quarter	88.52	70.00	2,151,791	88.20	67.66	698,995

The following table sets forth the high and low sale prices and the average daily trading volume for the Company's common shares on the TSX and the NYSE since January 1, 2010.

	TSX (C$)			NYSE ($)		
	High	Low	Average Daily Volume	High	Low	Average Daily Volume
2010						
January	63.10	54.05	730,988	61.15	50.61	3,060,320
February	64.12	53.16	731,546	61.53	49.64	3,391,420
March	63.45	55.41	695,673	61.80	54.07	2,511,403
April	66.60	57.05	876,604	66.05	56.46	2,650,362
May	68.16	59.28	906,730	66.80	55.44	3,830,699
June	66.98	60.40	739,786	65.37	57.22	2,208,167
July	62.34	56.08	757,084	60.42	54.12	2,103,229
August	70.76	56.84	793,762	66.40	54.75	2,006,524
September	73.41	65.70	728,616	71.33	63.62	2,139,142
October	79.78	70.00	745,442	78.28	67.66	2,298,960
November	84.25	75.61	656,086	84.21	74.75	2,340,004
December	88.52	75.06	699,910	88.20	73.36	1,831,564
2011						
January	72.40	66.78	897,886	77.00	66.79	3,091,655
February	75.39	67.07	766,727	76.49	68.36	2,521,990
March (to March 18)	70.96	62.93	727,632	72.91	63.53	2,276,422

On March 18, 2011 the closing price of the common shares was C$65.55 on the TSX and $66.74 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 and average daily trading volume for the Company's common share purchase warrants (the "Warrants") on the TSX since January 1, 2010.

	TSX ($)		
	High	**Low**	**Average Daily Volume**
2010			
January	25.50	18.50	1,957
February	25.65	18.03	3,336
March	26.22	21.02	1,442
April	29.78	22.25	1,685
May	30.37	22.00	4,500
June	27.50	23.10	6,332
July	22.90	19.00	5,439
August	27.00	20.25	4,236
September	30.30	25.50	15,691
October	34.29	27.50	8,262
November	39.32	32.62	1,738
December	43.88	32.00	2,045
2011			
January	30.15	25.21	5,038
February	31.48	25.00	9,753
March (to March 18)	28.10	21.00	7,644

On March 18, 2011, the closing price of the Warrants was $23.35 on the TSX. The registrar and transfer agent for the Warrants is Computershare Trust Company of Canada, Toronto, Ontario.

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 filed as Exhibit 1.01 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, 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 Company, must disclose in writing to the Company or request to have entered in the minutes of the meetings of directors the nature and extent of his or her interest, and must refrain from attending any part of a meeting of directors during

which the contract or transaction is discussed and from voting in respect of the contract or transaction unless the contract or transaction is: (a) one relating primarily to his or her remuneration as a director of the corporation or an affiliate; (b) one for indemnity of or insurance for directors as contemplated under the OBCA; or (c) 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 Board will from time to time determine the remuneration to be paid to the directors, which will 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 for 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

The Board does not have a mandatory retirement policy for directors based solely on age. Due in part to the Company's practice of conducting annual Board, Committee and individual director evaluations, the Board approved and adopted a resignation policy primarily based on directors' performance, commitment, skills and experience. As set out in greater detail under "Item 6 Directors, Senior Management and Employees – Board Practices – Assessment of Directors", each director's performance is evaluated annually.

Directors' Share Ownership

Directors, other than Messrs. Boyd and 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 five years from the date they first became directors to achieve this ownership level.

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 the 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 are also filed with Canadian securities regulatory authorities and furnished to 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 at least 25% 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. All outstanding common shares of the Company are fully paid and non-assessable. The holders of the common shares are entitled to one vote per share at meetings of shareholders and to receive dividends if, as and when declared by the directors of the Company. In the event of voluntary or involuntary liquidation, dissolution or winding-up of the Company, after payment of all outstanding debts, the remaining assets of the Company available for distribution would be distributed rateably to the holders of the common shares. Holders of the common shares of the Company have no pre-emptive, redemption, exchange or conversion rights. The Company may not create any class or series of shares or make any

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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.

Majority Voting Policy

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

Disclosure of Share Ownership

The *Securities Act* (Ontario) currently provides that the directors and officers of an issuer and its subsidiaries and any 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 (a "significant shareholder"), as well as the directors and officers of any significant shareholder, (each 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 or who enters into, materially amends or terminates an arrangement the effect of which is to alter the insider's economic interest in a security of the issuer or the insider's economic exposure to the issuer. These reports must be filed within five days after the reportable event. The *Securities Act* (Ontario) also requires these reports to be filed by reporting insiders within five days after the applicable event, though are only required by the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, directors, any person or company responsible for a principal business unit and significant shareholders of the Company.

The *Securities Act* (Ontario) also provides that a person or company that acquires (whether or not by way of a take-over bid, offer to acquire or subscription from treasury) 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 certain 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 news release and file a report each time it acquires, in the aggregate, an additional 2% or more of the outstanding securities of the same class and every time there is a change to any material fact in 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(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), imposes reporting requirements on persons who acquire beneficial ownership (as such term is defined in Rule 13d-3 under the Exchange Act) of more than 5% of a class of an equity security registered under Section 12 of the Exchange Act. In general, such persons must file, within ten days after such acquisition, a report of beneficial ownership with the SEC containing the information prescribed by the regulations under Section 13(d) of the Exchange Act and promptly file an amendment to such report to disclose any material change to the information reported, including any acquisition or disposition of 1% or more of the outstanding securities of the registered class. Certain institutional investors that acquire shares in the ordinary course of business and not with the purpose or with the effect of changing or influencing the control of the issuer, are subject to lesser disclosure obligations.

Material Contracts

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

Credit Agreement

The Company entered into a bank credit facility (the "Credit Facility") on June 22, 2010 with a group of financial institutions providing for a $1.2 billion unsecured revolving bank credit facility that replaced the Company's previous unsecured revolving bank credit facilities. The Credit Facility matures and all indebtedness thereunder is due and payable on June 22, 2014. The Company, with the consent of lenders representing at least 66 $^{2}/_{3}$% of the aggregate commitments under the facility, has the option to extend the term of the facility for additional one-year terms. The Credit Facility is available in multiple currencies through prime rate and base rate advances, priced at the applicable rate plus a margin that ranges from 1.50% to 2.50% depending on certain financial ratios and through LIBOR advances, bankers' acceptances and letters of credit, priced at the applicable rate plus a margin that ranges from 2.50% to 3.50% depending on certain financial ratios. The lenders under the Credit Facility are each paid a standby fee at a rate that ranges from 0.750% to 1.050% of the undrawn portion of the facility, depending on certain financial ratios. Payment and performance of the Company's obligations under the Credit Facility are guaranteed by each of its significant subsidiaries and certain of its other subsidiaries (the "Guarantors" and, together with the Company, each an "Obligor").

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

- incur additional indebtedness;
- pay or declare dividends or make other restricted distributions or payments in respect of any shares of the Company's equity securities after a default or an event of default that is continuing or if a default would occur as a result of such distribution;
- make sales or other dispositions of material assets;
- create liens on its existing or future assets, other than permitted liens;
- enter into transactions with affiliates other than the Obligors, except on a commercially reasonable basis as if it were dealing with such person at arm's length;
- make any loans to or investments in businesses other than: those related to mining or a business ancillary or complementary to mining; investments in cash equivalents; or inter-company investments;
- enter into or maintain certain derivative instruments;
- amalgamate or otherwise transfer its assets; and
- carry on business other than those related to mining or a business ancillary or complementary to mining.

The Company is also required to maintain a total net debt to EBITDA ratio below a specified maximum value as well as a minimum tangible net worth. Events of default under the Credit Facility include, among other things:

- the failure to pay principal when due and payable or interest, fees or other amounts payable within five business days of such amounts becoming due and payable;
- the breach by the Company of any financial covenant;
- the breach by any Obligor of any other term, covenant or other agreement that is not cured within 30 business days after written notice of the breach has been given to the Company;
- a default under any other indebtedness of the Obligors if the effect of such default is to accelerate, or to permit the acceleration of, the due date of such indebtedness in an aggregate amount of $50 million or more;
- a change in control of the Company which is defined to occur upon (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 Company 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 Company, or (b) the replacement by way of election or appointment at any time of one-half or more of the total number of the then incumbent members of the board of directors of the Company, or the election or appointment of new directors comprising one-half or more of the total number of members of the board of directors in office immediately following such election or appointment; unless, in any such case, the nomination of such directors for election or their appointment is approved by the board of directors of the Company in office immediately preceding such

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nomination or appointment in circumstances where such nomination or appointment is made other than as a result of a dissident public proxy solicitation, whether actual or threatened; and

- various events relating to the bankruptcy or insolvency or winding-up, liquidation or dissolution or cessation of business of any Obligor.

As at March 18, 2011 there was approximately $32 million in the aggregate drawn under the Credit Facility, including $32 million in letters of credit. A copy of the amended and restated credit agreement is filed as Exhibit 4.01 to this Form 20-F.

Note Purchase Agreement

On April 7, 2010 the Company entered into a note purchase agreement (the "Note Purchase Agreement") with certain institutional investors, providing for the issuance of $115,000,000 6.13% guaranteed senior unsecured notes due 2017, $360,000,000 6.67% guaranteed senior unsecured notes due 2020 and $125,000,000 6.77% guaranteed senior unsecured notes due 2022. Payment and performance of the Company's obligations under the Note Purchase Agreement, the notes issued pursuant thereto and the obligations of the Guarantors under the guarantees are guaranteed by the Guarantors.

The Note Purchase Agreement contains restrictive covenants that limit, among other things, the ability of an Obligor to:

- enter into transactions with affiliates other than the Obligors, except on a commercially reasonable basis upon terms no less favourable to the Obligor than would be obtainable in a comparable arm's length transaction;
- amalgamate or otherwise transfer its assets;
- carry on business other than those related to mining or a business ancillary or complementary to mining;
- engage in any dealings or transactions with any person or entity identified under certain anti-terrorism regulations;
- create liens on its existing or future assets, other than permitted liens;
- incur subsidiary indebtedness where the Obligor is a subsidiary of the Company; and
- make sales or other dispositions of material assets.

The Company is also required to maintain the same financial ratios and the same minimum tangible net worth under the Note Purchase Agreement as under the Credit Facility. Events of default under the Note Purchase Agreement include, among other things:

- the failure to pay principal or make whole amounts when due and payable or interest, fees or other amounts payable within five business days of such amounts becoming due and payable;
- the breach by any Obligor of any other term or covenant that is not cured within 30 business days after the earlier of written notice of the breach having been given to the Company or actual knowledge of the breach is obtained;
- the finding that any representation or warranty made by an Obligor was false or incorrect in any material respect on the date as of which it was made;
- a default under any other indebtedness of the Obligors if the effect of such default is to accelerate, or to permit the acceleration of, the due date of such indebtedness in an aggregate amount of $50 million or more; and
- various events relating to the bankruptcy or insolvency or winding-up, liquidation or dissolution or cessation of business of any Obligor.

The Note Purchase Agreement provides that, upon certain events of default, the notes automatically become due and payable without any further action. In addition, the Note Purchase Agreement contains a "Most Favored Lender" clause which acts to incorporate into the Note Purchase Agreement any grace periods upon an event of default that are shorter in the Credit Facility than in the Note Purchase Agreement. A copy of the Note Purchase Agreement is filed as Exhibit 4.05 to this Form 20-F.

Warrant Indenture

The Company issued common share purchase warrants (the "Warrants") as part of a private placement on December 3, 2008. Effective April 4, 2009, the Warrants were amended and are governed by a warrant indenture (the "Indenture") between the Company and Computershare Trust Company of Canada (the "Trustee").

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Each whole Warrant entitles the holder to purchase one common share of the Company at a price of $47.25, subject to adjustment as summarized below. The Warrants are exercisable at any time prior to 4:30 p.m. (Eastern Standard Time) on December 2, 2013, after which the Warrants will expire and become void and of no effect. Warrants may be surrendered for exercise or transfer at the principal office of the Trustee in Toronto.

The Indenture provides for adjustment in the number of common shares issuable on the exercise of the Warrants and/or the exercise price per Warrant on the occurrence of certain events, including:

- the declaration of a dividend or making of a distribution on the common shares payable in common shares or securities exchangeable for or convertible into common shares to the holders of the common shares in proportion to their respective ownership of common shares;
- the subdivision, consolidation or change of the outstanding common shares into a different number of common shares;
- the fixing of a record date for the issuance of rights, options or warrants to all or substantially all of the holders of the common shares under which such holders are entitled, during a period expiring not more than 45 days after such record date, to subscribe for or purchase common shares, or securities exchangeable for or convertible into common shares, at a price per share to the holder (or at a conversion or exchange price per share) of less than 95% of the Current Market Price (as defined in the Indenture) on such record date; and
- the fixing of a record date for the issue or distribution to all or substantially all of the holders of the common shares of securities of the Company (including rights, options or warrants to purchase any securities of the Company), evidence of the Company's indebtedness or any property or assets (including cash or shares of any other corporation but excluding any dividends paid in accordance with a dividend policy established by the board of directors of the Company) and such issue or distribution does not constitute an event listed in (a) to (c) above.

The Indenture also provides for adjustment in the class and/or number of securities issuable on the exercise of the Warrants and/or exercise price per security in the event of the following additional events: (i) reorganization, reclassification or other change of the common shares into other securities; (ii) consolidation, amalgamation, arrangement or merger of the Company with or into another entity (other than consolidations, amalgamations, arrangements or mergers which do not result in any reclassification of the common shares or a change of the common shares into other shares); (iii) exchange of common shares for other shares or other securities or property, including cash, pursuant to the exercise of a statutory compulsory acquisition right; or (iv) sale, conveyance or transfer of the Company's undertakings or assets as an entirety or substantially as an entirety to another corporation or other entity or the completion of a take-over bid (as such term is defined under the *Securities Act* (Ontario)) resulting in the offeror, together with any persons acting jointly or in concert with the offeror, holding at least two-thirds of the then outstanding common shares in which the holders of common shares are entitled to receive shares, other securities or property, including cash.

No adjustment in the exercise price or the number of common shares purchasable on the exercise of the Warrants will be required to be made unless the cumulative effect of such adjustment or adjustments would change the exercise price by at least one percent or the number of common shares purchasable on exercise by at least one one-hundredth of a share; provided however, that any such adjustment that is not made will be carried forward and taken into account in any subsequent adjustment.

The Company covenanted in the Indenture that, during the period in which the Warrants are exercisable, it will give notice to holders of Warrants of any event that requires or may require an adjustment in any of the exercise rights pursuant to any of the Warrants at least ten days prior to the record date or effective date, as the case may be, of such event.

No fractional common shares will be issuable on the exercise of any Warrants. The Company will not pay cash or other consideration to the holder of a Warrant in lieu of fractional common shares. Holders of Warrants will not have any voting rights or any other rights which a holder of common shares would have (including, without limitation, the right to receive notice of or to attend meetings of shareholders or any right to receive dividends or other distributions). Holders of Warrants will have no pre-emptive rights to acquire securities of the Company.

From time to time, the Company and the Trustee, without the consent of the holders of Warrants, may amend or supplement the Indenture for certain purposes, including curing defects or inconsistencies or making any change that, in the opinion of the Trustee, does not prejudice the rights of the Trustee or the holders of the Warrants. Any amendment or supplement to the Indenture that prejudices the interests of the holders of the Warrants may only be made by "extraordinary resolution", which is defined in the Indenture as a resolution either (i) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 25% of the

then outstanding Warrants (at least 50% for any amendment that would increase the exercise price per security, decrease the number of securities issuable upon the exercise of Warrants or shorten the term of the Warrants), or such lesser percentage constituting a quorum for this purpose under the Indenture, and passed by the affirmative vote of holders of Warrants representing not less than 66 $^{2}/_{3}$% of the then outstanding Warrants represented at the meeting and voted on the poll on such resolution; or (ii) adopted by an instrument in writing signed by the holders of Warrants representing not less than 66 $^{2}/_{3}$% of the then outstanding Warrants.

The Warrants may not be exercised by or on behalf of a U.S. person (a "U.S. Person"), as defined in Rule 902(k) of Regulation S under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), a person in the United States or for the account or benefit of a U.S. Person or a person in the United States (each a "Restricted Person") unless registered under the U.S. Securities Act and the securities laws of all applicable states of the United States or an exemption from such registration requirements is available. The Company does not intend to register the Warrants, or the common shares issuable upon exercise of the Warrants, in the United States. The Company and Trustee will not accept subscriptions for common shares pursuant to the exercise of Warrants from any holder of Warrants who does not certify that it is not a Restricted Person.

Notwithstanding the foregoing, a Warrant may be exercised by or on behalf of Restricted Person if:

(a) the Warrant is a U.S. Warrant (as defined in the Indenture) and is exercised by an Initial U.S. Holder (as defined in the Indenture);

(b) the Warrant is a U.S. Warrant and the holder delivers a letter in the form of Schedule B to the Indenture to the Trustee; or

(c) the holder delivers to the Trustee a written opinion of United States counsel reasonably acceptable to the Company to the effect that either the Warrants and the common shares have been registered under the U.S. Securities Act or, that upon exercise of the Warrant, the common shares may be issued to the holder without registration under the U.S. Securities Act and any applicable securities laws of any state of the United States.

Warrants may not be transferred except under circumstances that will not result in a violation of the U.S. Securities Act, any applicable state securities laws or any applicable Canadian securities laws. Warrants may only be transferred:

(a) outside the United States in accordance with Regulation S under the U.S. Securities Act; or

(b) in the United States in compliance with the exemption from registration provided by Rule 144 under the U.S. Securities Act, if available, or in another transaction that does not require registration under the U.S. Securities Act.

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 Executive Officers – Stock Option Plan". A copy of the Stock Option Plan is filed as Exhibit 4.02 to this Form 20-F.

Employee Share Purchase Plan

The Company has an Employee Share Purchase Plan for officers and full-time employees of the Company. See "Item 6 Directors, Senior Management and Employees – Compensation of Executive Officers – Employee Share Purchase Plan". A copy of the Employee Share Purchase Plan is filed as Exhibit 4.03 to this Form 20-F.

Exchange Controls

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

Restrictions on Share Ownership by Non-Canadians

There are no limitations under the laws of Canada or in the constating documents of the Company on the right of foreigners to hold or vote securities of the Company, except that the *Investment Canada Act* may require review and approval by the Minister of Industry (Canada) of certain acquisitions of "control" of the Company by a "non-Canadian". The threshold for

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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 permanent resident of Canada, 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 CSA and the NYSE and by the SEC under its rules and those mandated by SOX. Today, the Company believes that it 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 the vast majority of the NYSE corporate governance requirements to which the Company would be subject if it were a U.S. corporation, the Company's governance practices differ from those required of U.S. domestic issuers in only the following respects. The NYSE rules for U.S. domestic issuers require shareholder approval of all equity compensation plans (as defined in the NYSE rules) regardless of whether new issuances, treasury shares or shares that the Company has purchased in the open market are used. The TSX rules require shareholder approval of share compensation arrangements involving new issuances of shares, and of certain amendments to such arrangements, but do not require such approval if the compensation arrangements involve only shares purchased by the company in the open market. The NYSE rules for U.S. domestic issuers also require shareholder approval of any transaction or series of related transactions that results in the issuance of common shares, or securities convertible into or exercisable for common shares, that has, or will have upon issuance, voting power equal to or in excess of 20% of the voting power outstanding prior to the transaction or if the issuance of common shares, or securities convertible into or exercisable for common shares, is, or will be upon issuance, equal to or in excess of 20% of the number of common shares outstanding prior to the transaction. The TSX rules require shareholder approval of acquisition transactions resulting in dilution in excess of 25%. The TSX also has broad general discretion to require shareholder approval in connection with any issuances of listed securities. The Company complies with the TSX rules.

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* (1980) (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.

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 federal 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 (including an individual or estate) who is entitled to benefits under the Treaty 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 dividends may be exempt from such withholding in the case of some U.S. holders such as qualifying pension funds and charities. A U.S. holder who is not entitled to benefits under the Treaty (or to the benefits of the Dividends Article of the Treaty) will generally be subject to Canadian withholding tax at the rate of 25% on such dividends.

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 unless, at the time of disposition, the shares are "taxable Canadian property" (as defined in the Act) and such gains are not exempted from such income tax by virtue of the Treaty. Where the shares are listed on a designated stock exchange (which includes the TSX and the NYSE) at the time of disposition, the shares will not generally be taxable Canadian property, unless at any time in the 60-month period immediately preceding the disposition (i) 25% or more of the shares of any class or series of the capital stock of the Company was owned by or belonged to one or more of the U.S. holder and persons with whom the U.S. holder did not deal at arm's length, and (ii) more than 50% of the fair market value of the shares was derived directly or indirectly from one or more of real or immovable property situated in Canada, Canadian resource properties, timber resource properties or options in respect of the foregoing or interests therein. In certain circumstances, the shares may be deemed to be taxable Canadian property of a U.S. holder. A U.S. holder who is entitled to benefits under the Treaty will be so exempted under the Treaty where the value of the shares of the Company at

the time of disposition is not derived 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 and certain other rights in respect of natural resources situated in Canada.

United States Federal Income Tax Considerations

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

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

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

This summary does not describe United States federal estate and gift tax considerations, nor does it describe regional, state and local tax considerations within the United States. The following summary does not purport to be a comprehensive description of all of the possible tax considerations that may be relevant to a decision to purchase, hold or dispose of the common shares. In particular, this summary only deals with a holder who will hold the common shares as a capital asset and who does not own, directly or indirectly, 10% or more of our voting shares or of any of our direct or indirect subsidiaries. This summary does not address all of the tax consequences that may be relevant to holders in light of their particular circumstances, including but not limited to application of alternative minimum tax or rules applicable to taxpayers in special circumstances. Special rules may apply, for instance, to tax-exempt entities, banks, insurance companies, S corporations, dealers in securities or currencies, persons who will hold common shares as a position in a "straddle", hedge, constructive sale or "conversion transaction" for U.S. tax purposes, persons who have a "functional currency" other than the U.S. dollar or persons subject to U.S. taxation as expatriates. Furthermore, in general, this discussion does not address the tax consequences applicable to holders that are treated as partnerships or other pass-through entities for United States 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 a portion of the gross amount (after giving effect to the Canadian withholding tax as potentially reduced by the Treaty). United States corporations that hold the common shares generally will not be entitled to the dividends received deduction that applies to dividends received from United States corporations. To the extent a distribution exceeds E&P, it will be treated first as a return of capital to the extent of the U.S. Stockholder's adjusted basis and then as gain from the sale of a capital asset.

In the case of certain non-corporate U.S. Stockholders including individuals and certain estates and trusts, gains recognized prior to 2013 from the sale of a capital asset held for longer than 12 months are taxable at a maximum federal income tax rate of 15%, while gains from the sale of a capital asset that do not meet such holding period are taxable at the rates applicable to ordinary income. Certain dividends paid prior to 2013 to certain non-corporate U.S. Stockholders,

including individuals and certain estates and trusts, generally are also subject to the 15% maximum rate. The reduced tax rates generally are available only with respect to dividends received from U.S. corporations, and from non-U.S. corporations (a) that are eligible for the benefits of a comprehensive income tax treaty with the United States that the U.S. Treasury Department determines to be satisfactory and that contains an exchange of information program, or (b) whose stock is readily tradeable on an established securities market in the United States. In addition, the reduced tax rates are not available with respect to dividends received from a foreign corporation that was a passive foreign investment company in either the taxable year of the distribution or the preceding taxable year. Special rules may apply, however, to cause such dividends to be taxable at the higher rates applicable to ordinary income. For example, the reduced tax rates are not available with respect to a dividend on shares where the U.S. Stockholder does not continuously own such shares for more than 60 days during the 120-day period beginning 60 days before the ex-dividend date. Many other complex and special rules may apply as a condition to, or as a result of, the application of the reduced tax rate on dividends. U.S. Stockholders are advised to consult their own tax advisors.

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

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

Capital Gains

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

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

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

Passive Foreign Investment Company Considerations

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

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

If a U.S. Stockholder makes a Mark-to-Market Election, the U.S. Stockholder would generally be required to include in its income the excess of the fair market value of the common shares as of the close of each taxable year over the U.S. Stockholder's adjusted basis therein. If the U.S. Stockholder's adjusted basis in the common shares is greater than the fair market value of the common shares as of the close of the taxable year, the U.S. Stockholder may deduct such

excess, but only up to the aggregate amount of ordinary income previously included as a result of the Mark-to-Market Election, reduced by any previous deduction taken. The U.S. Stockholder's adjusted basis in its common shares will be increased by the amount of income or reduced by the amount of deductions resulting from the Mark-to-Market Election.

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

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

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

Information Reporting; Backup Withholding Tax

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

Recently enacted legislation requires U.S. individuals to report an interest in any "specified foreign financial asset" if the aggregate value of such assets owned by the U.S. individual exceeds $50,000 (or such higher amount as the IRS may prescribe in future guidance). Stock issued by a foreign corporation is treated as a specified foreign financial asset for this purpose.

Audit Fees

Fees paid to Ernst & Young LLP for 2010 and 2009 are set out below.

	Year Ended December 31,	
	2010	**2009**
	(C$ thousands)	
Audit fees	2,264	1,735
Audit-related fees	18	18
Tax consulting fees	103	233
All other fees	97	64
Total	2,482	2,050

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 2009. These services consisted of the audit or review, as required, of financial statements included in the prospectuses, the review of 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 compliance with Section 404 of SOX.

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

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

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

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

Available Documents

The Company's filings with the SEC, including exhibits and schedules filed with this Form 20-F, may be reviewed and copied at prescribed rates at the SEC's public reference room located at 100 F Street, N.E., Washington, D.C. 20549. 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 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 CSA and these can be accessed electronically at the CSA's System for Electronic Document Analysis and Retrieval web site at www.sedar.com.

The Company's filings with the SEC and CSA may also be accessed electronically from the Company's website at www.agnico-eagle.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 Canadian dollar/US dollar and Euro/US dollar exchange rates. For the purpose of the sensitivities set out in the table below, Agnico-Eagle used the following metal price and exchange rate assumptions:

- Gold – $1,050 per ounce;
- Silver – $22.00 per ounce;
- Zinc – $2,100 per tonne;
- Copper – $7,000 per tonne;
- Canadian dollar/US dollar – C$1.03 per $1.00; and
- Euro/US dollar – $1.30 per €1.00.

Changes in the market price 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 exchange rates are due to factors such as

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supply and demand for currencies and economic conditions in each country or currency area. In 2010, the ranges of metal prices and exchange rates were:

- Gold: $1,058 – $1,421 per ounce averaging $1,225 per ounce;
- Silver: $15.14 – $30.70 per ounce averaging $20.19 per ounce;
- Zinc: $1,596 – $2,686 per tonne averaging $2,159 per tonne;
- Copper: $6,068 – $9,650 per tonne averaging $7,543 per tonne;
- Canadian dollar/US dollar: C$0.9980 – C$1.0758 per $1.00 averaging C$1.0302 per $1.00; and
- Euro/US dollar: $1.1923 – $1.4514 per €1.00 averaging $1.3266 per €1.00.

The following table sets out the estimated impact on 2011 total cash costs per ounce 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 2010 price ranges shown above, a 10% change in assumed metal prices and exchange rates is reasonably likely in 2011.

Changes in variable		**Impact on total cash costs per ounce**
Canadian dollar/US dollar	$	49
Euro/US dollar	$	7
Zinc	$	13
Silver	$	12
Copper	$	2

In order to mitigate the impact of fluctuating precious and base metal prices, the Company occasionally enters into derivative transactions under its Metal Price Risk Management Policy, approved by the Board. The Company's policy and practice is not to sell forward its gold production. However, the policy does allow the Company to use other hedging strategies where appropriate to mitigate foreign exchange and base metal pricing risks. The Company occasionally buys put options, enters into price collars and enters into forward contracts to protect minimum base metal prices while maintaining full exposure to gold price. In 2009, the Risk Management Committee approved the strategy of using short-term call options in an attempt to enhance the realized base metal prices. The Company's policy does not allow speculative trading.

The Company receives payment for all of its metal sales in US dollars and pays most of its operating and capital costs in Canadian dollars, Euros or Mexican pesos. This gives rise to significant currency risk exposure. From time to time 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 its 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, Euro or Mexican peso denominated assets and liabilities into US dollars), as these do not give rise to cash exposure. The Company's foreign currency derivative strategy includes the use of purchased puts, sold calls, collars and forwards. The Company's policy does not allow speculative trading.

Cost Inputs

The Company also considers and may enter into risk management strategies to mitigate price risk on certain consumables (including, but not limited to, energy). These strategies have largely been confined to longer term purchasing contracts but may include financial and derivative instruments.

Interest Rates

The Company's current exposure to market risk for changes in interest rates relates primarily to the drawdown on the credit facility

and its investment portfolio. Drawdowns on the credit facility are used, primarily, to fund a portion of the

capital expenditures related to the Company's development projects and working capital requirements. As at December 31, 2010, the Company had drawn down $50 million on the credit facility. In addition, the Company usually invests its cash in investments with short maturities or with frequent interest reset terms and a credit rating of R1-High or better. As a result, the Company's interest income fluctuates with short-term market conditions. As at December 31, 2010, short-term investments amounted to $6.6 million.

Amounts drawn under the credit facility are subject to floating interest rates based on benchmark rates available in the United States and Canada or on LIBOR. In the past, the Company has entered into derivative instruments to hedge against unfavorable changes in interest rates. The Company will continue to monitor its interest rate exposure and may enter into such agreements to manage its exposure to fluctuating interest rates. In 2010, there were no interest rate derivative instruments in place.

Financial Instruments

The Company, from time to time, enters into contracts to limit the risk associated with decreased byproduct metal prices, increased foreign currency costs (including capital expenditures) and input costs. The contracts act as economic hedges of underlying exposures 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, collars and forwards.

Using financial instruments creates various financial risks. Credit risk is the risk that the counterparties to financial contracts will fail to perform on an obligation to the Company. Credit risk is partially mitigated by dealing with high quality counterparties such as major banks. Market liquidity risk is the risk that a financial position cannot be liquidated quickly. The Company primarily mitigates market liquidity risk by spreading out the maturity of financial 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 will affect income. For a description of the accounting treatment of derivative contracts, please see "Item 5 Operating and Financial Review and Prospects – Critical Accounting Estimates – Financial Instruments".

ITEM 12 DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

None/not applicable.

PART II

ITEM 13 DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None/not applicable.

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

None/not applicable.

ITEM 15 CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures

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

Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2010, the Company's disclosure controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that information the Company is required to disclose in reports that the Company files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's report on internal control over financial reporting

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

The Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2010. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control-Integrated Framework* . Based upon its assessment, management concluded that, as of December 31, 2010, the Company's internal control over financial reporting was effective.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2010 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which appears herein.

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

Attestation report of the registered public accounting firm

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

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Changes in internal control over financial reporting

Management regularly reviews its system of internal control over financial reporting and makes 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 was no change in the Company's internal control over financial reporting that occurred during the period covered by this Annual Report on Form 20-F that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 15T CONTROLS AND PROCEDURES

Not applicable.

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. Bernard 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, without charge, upon request from the Corporate Secretary, Agnico-Eagle Mines Limited, Suite 400, 145 King Street East, Toronto, Ontario M5C 2Y7 (telephone 416-947-1212).

ITEM 16C PRINCIPAL ACCOUNTANT FEES AND SERVICES

The Audit Committee establishes the independent auditors' compensation. In 2003, the Audit Committee 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, 2010 and 2009 can be found under "Item 10 Additional Information – Audit Fees". All fees paid to Ernst & Young LLP in 2010 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, 2010 for which audited financial statements appear in this Annual Report on Form 20-F.

ITEM 16D EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

None/Not applicable.

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

None/Not applicable.

ITEM 16F CHANGES IN REGISTRANT'S CERTIFYING ACCOUNTANT

None/Not applicable.

ITEM 16G CORPORATE GOVERNANCE

See "Item 10 Additional Information – Corporate Governance" which is incorporated by reference into this Item 16G.

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PART III

ITEM 17 FINANCIAL STATEMENTS

The Company has elected to provide financial statements and related information pursuant to Item 18.

ITEM 18 FINANCIAL STATEMENTS

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the effectiveness of Agnico-Eagle Mines Limited's internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Agnico-Eagle Mines Limited's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's report on internal control over financial reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, Agnico-Eagle Mines Limited maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on the COSO criteria.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Agnico-Eagle Mines Limited as of December 31, 2010 and 2009, 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, 2010 and our report dated March 28, 2011, expressed an unqualified opinion thereon.

Toronto, Canada
March 28, 2011

/s/ ERNST & YOUNG LLP
Chartered Accountants
Licensed Public Accountants

MANAGEMENT CERTIFICATION

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

The Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2010. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control-Integrated Framework* . Based upon its assessment, management concluded that, as of December 31, 2010, the Company's internal control over financial reporting was effective.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2010 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Toronto, Canada
March 28, 2011

By: /s/ SEAN BOYD

Sean Boyd
Vice Chairman and Chief Executive Officer

By: /s/ AMMAR AL-JOUNDI

Ammar Al-Joundi
Senior Vice-President, Finance and Chief Financial Officer

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, 2010 and 2009, 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, 2010. 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, 2010 and 2009, and the consolidated results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2010, in conformity with United States generally accepted accounting principles.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Agnico-Eagle Mines Limited's internal control over financial reporting as of December 31, 2010, 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 28, 2011 expressed an unqualified opinion thereon.

Toronto, Canada
March 28, 2011

/s/ ERNST & YOUNG LLP
Chartered Accountants
Licensed Public Accountants

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements of Agnico-Eagle are expressed in thousands of United States dollars ("US dollars", "US$" or "$"), except where noted, and have been prepared in accordance with US GAAP. Certain information in the consolidated financial statements is presented in Canadian dollars ("C$"). 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 arrangements or economic interests of which the Company is the primary beneficiary.

Cash and cash equivalents

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

Inventories

Inventories consist of ore stockpiles, concentrates, doré bars and supplies. Amounts are removed from inventory based on average cost. The current portion of stockpiles, ore on leach pads and inventories are determined based on the expected amounts to be processed within the next 12 months. Stockpiles, ore on leach pads and inventories not expected to be processed within the next 12 months are classified as long-term.

Stockpiles

Stockpiles consist of coarse ore that has been mined and hoisted from underground or delivered from an open pit that 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 tonnage, 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. Ore stockpiles are 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 ore.

Mining costs include all costs associated with mining operations and are allocated to each tonne of stockpiled ore. Costs fully absorbed into inventory values include direct and indirect materials and consumables, direct labour, utilities and amortization of mining assets incurred up to the point of stockpiling the ore. Royalty expenses and production taxes are included in production costs, but are not capitalized into inventory. Stockpiles are not intended to be long-term inventory items and are generally processed within twelve months of extraction, with the exception of the Goldex and Pinos Altos Mine ore stockpiles. Due to the structure of the Goldex and Pinos Altos ore bodies, a significant amount of drilling and blasting is incurred in the early years of its mine life, which results in a long-term stockpile. 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 as a result.

Pre-production stripping costs are capitalized until an "other than *de minimis* " level of mineral is produced, after which time such costs are either capitalized to inventory or expensed. The Company considers various relevant criteria to assess when an "other than *de minimis* " level of mineral is produced. The criteria considered include: (1) the number of ounces mined compared to total ounces in mineral reserves; (2) the quantity of ore mined compared to the total quantity of ore expected to be mined over the life of the mine; (3) the current stripping ratio compared to the expected stripping ratio over the life of the mine; and (4) the ore grade compared to the expected ore grade over the life of the mine.

Concentrates and doré bars

Concentrates and doré bar inventories consist of concentrates and doré bars for which legal title has not yet passed to third-party smelters. Concentrates and doré bar 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.

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 that 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 significant 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 tonnage of proven and probable mineral 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 achievement of commercial production, the capitalized construction costs are transferred to the various categories of plant and equipment.

Mineral exploration costs are charged to income in the year in which they are incurred. When it is determined that a mining property can be economically developed as a result of established proven and probable reserves, the costs of further exploration and development to further delineate the ore body on such property are capitalized. The establishment of proven and probable reserves is based on results of final feasibility studies, which indicate whether a property is economically feasible. Upon commencement of the commercial production of a development project, these costs are transferred to the appropriate asset category and are amortized to income using the unit-of-production method mentioned above. Mine development costs, net of salvage values, relating to a property that 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 or 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 proven and probable reserves. To the extent that economic value exists beyond the proven and probable reserves of an operating mine or development property, this value is included as part of the estimated future cash flows. Estimated future cash flows also involve estimates regarding metal prices (considering current and historical prices, price trends and related factors), production levels, capital and reclamation costs, and related income and mining taxes, all based on detailed engineering

life-of-mine plans. Cash flows are subject to risks and uncertainties and changes in the estimates of the cash flows may affect the recoverability of long-lived assets.

Goodwill

Business combinations are accounted for using the purchase method whereby assets and liabilities acquired are recorded at their fair values as of the date of acquisition and any excess of the purchase price over such fair values is recorded as goodwill. As of the date of acquisition, goodwill is allocated to reporting units by determining estimates of the fair value of each reporting unit and comparing this amount to the fair values of assets and liabilities in the reporting unit. Goodwill is not amortized.

The Company performs goodwill impairment tests on an annual basis as well as when events and circumstances indicate that the carrying amounts may no longer be recoverable. In performing the impairment tests, the Company estimates the fair values of its reporting units that include goodwill and compares those fair values to the reporting units' carrying amounts. If a reporting unit's carrying amount exceeds its fair value, the Company compares the implied fair value of the reporting unit's goodwill to the carrying amount, and any excess of the carrying amount of goodwill over the implied fair value is charged to income.

Financial instruments

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

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

Revenue recognition

Revenue is recognized when the following conditions are met:

(a) persuasive evidence of an arrangement to purchase exists;

(b) the price is determinable;

(c) the product has been delivered; and

(d) collection of the sales price is reasonably assured.

Revenue from gold and silver in the form of doré bars is recorded when the refined gold or silver is sold and delivered to the customer. Generally, all the gold and silver in the form of doré bars recovered in the Company's milling process 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, which is 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 metals 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 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 hedge transactions.

Reclamation costs

On an annual basis, the Company assesses cost estimates and other assumptions used in the valuation of Asset Retirement Obligations ("ARO") at each of its mineral properties to reflect events, changes in circumstances and new information available. Changes in these cost estimates and assumptions have a corresponding impact on the fair value of the ARO. For closed mines, any change in the fair value of AROs results in a corresponding charge or credit within other expense, whereas at operating mines the charge is recorded as an adjustment to the carrying amount of the corresponding asset. AROs arise from the acquisition, development, construction and normal operation of mining property, plant and equipment, due to government controls and regulations that protect the environment on the closure and reclamation of mining properties. The major parts of the carrying amount of AROs relate to tailings and heap leach pad closure/rehabilitation; demolition of buildings/mine facilities; ongoing water treatment; and ongoing care and maintenance of closed mines. The fair values of AROs are measured by discounting the expected cash flows using a discount factor that reflects the credit-adjusted risk-free rate of interest. The Company prepares estimates of the timing and amount of expected cash flows when an ARO is incurred. Expected cash flows are updated to reflect changes in facts and circumstances. The principal factors that can cause expected cash flows to change are: the construction of new processing facilities; changes in the quantities of material in reserves and a corresponding change in the life of mine plan; changing ore characteristics that have an impact on required environmental protection measures and related costs; changes in water quality that have an impact on the extent of water treatment required; and changes in laws and regulations governing the protection of the environment. When expected cash flows increase, the revised cash flows are discounted using a current discount factor; whereas when expected cash flows decrease, the reduced cash flows are discounted using the historical discount factor used in the original estimation of the expected cash flows, and then in both cases any change in the fair value of the ARO is recorded. Agnico-Eagle records the fair value of an ARO when it is incurred. AROs are adjusted to reflect the passage of time (accretion), which is calculated by applying the discount factor implicit in the initial fair value measurement to the beginning-of-period carrying amount of the AROs. For producing mines, accretion expense is recorded in the cost of goods sold each period. Upon settlement of an ARO, Agnico-Eagle records a gain or loss if the actual cost differs from the carrying amount of the ARO. Settlement gains/losses are recorded in other (income) expense. Other environmental remediation costs that are not AROs as defined by Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 410-20 — Asset Retirement Obligations (Prior authoritative literature: FASB Statement No. 143) are expensed as incurred.

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.

The Company's operations involve dealing with uncertainties and judgments in the application of complex tax regulations in multiple jurisdictions. The final taxes paid are dependent upon many factors, including negotiations with taxation authorities in various jurisdictions and resolution of disputes arising from federal, provincial, state and international tax audits. The Company recognizes the effect of uncertain tax positions and records tax liabilities for anticipated tax audit issues in Canada and other tax jurisdictions where it is more likely than not based on technical merits that the position would not be sustained. The Company recognizes the amount of any tax benefits that have a greater than 50 percent likelihood of being ultimately realized upon settlement.

Changes in judgment related to the expected ultimate resolution of uncertain tax positions are recognized in the year of such changes. Accrued interest and penalties related to unrecognized tax benefits are recorded in income tax expense when incurred. The Company adjusts these reserves in light of changing facts and circumstances; however, due to the

complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the Company's current estimate of the tax liabilities. If the Company's estimate of tax liabilities proves to be less than the ultimate assessment, an additional charge to expense would result. If the estimate of tax liabilities proves to be greater than the ultimate assessment, a tax benefit would result.

Stock-based compensation

Agnico-Eagle has two stock-based compensation plans. The Employee Stock Option Plan and the Employee Share Purchase Plan are described in note 7(a) and note 7(b), respectively, to the consolidated financial statements. The Company issues common shares to settle its obligations under both plans.

The Employee Stock Option Plan provides for the granting of options to directors, officers, employees and service providers to purchase common shares. Options have exercise prices equal to the market price on the day prior to the date of grant. The fair value of these options is recognized in the consolidated statement of income or in the consolidated balance sheet if capitalized as part of property, plant and mine development over the applicable vesting period as a compensation cost. Any consideration paid by employees on exercise of options or purchase of common shares is credited to share capital.

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 factored into the Company's reported diluted net income per share.

Net income per share

Basic net income per share is calculated on net income for the year using the weighted average number of common shares outstanding during the year. The weighted average number of common shares used to determine diluted net income per share includes an adjustment, using the treasury stock method, for stock options outstanding and warrants outstanding. 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 net income per share computation.

Pension costs and obligations and post-retirement benefits

Effective July 1, 1997, Agnico-Eagle's defined benefit pension plan for active employees (the "Employees Plan") was converted to a defined contribution plan. Employees who retired prior to that date remained in the Employees Plan. During 2008, however, the Employees Plan was closed as a result of annuities having been purchased for all remaining members. In addition, Agnico-Eagle provides a non-registered supplementary executive retirement defined benefit plan for its senior officers (the "Executives Plan"). The Executives Plan benefits are generally based on the employees' years of service and level of compensation. Pension expense related to the Executives 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.

In Canada, 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.

Commercial production

The Company assesses each mine construction project to determine when a mine moves into the production stage. The criteria used to assess the start date are determined based on the nature of each mine construction project, such as the complexity of a plant and its location. The Company considers various relevant criteria to assess when the mine is substantially complete and ready for its intended use and moved into the production stage. The criteria considered include: (1) the completion of a reasonable period of testing of mine plant and equipment; (2) the ability to produce minerals in saleable form (within specifications); and (3) the ability to sustain ongoing production of minerals. When a mine construction project moves into the production stage, the capitalization of certain mine construction costs ceases and costs are either capitalized to inventory or expensed, except for sustaining capital costs related to property, plant and equipment and underground mine development or reserve development.

Other accounting developments

Recently adopted accounting pronouncements

Subsequent events

In May 2009, the FASB issued ASC 855-10-05 — Subsequent Events (Prior authoritative literature: FASB Statement No. 165, "Subsequent Events") to establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The Company adopted the disclosure requirements beginning in the interim period ended June 30, 2009. In February 2010, the FASB issued an Accounting Standards Update ("ASU") to amend ASC 855 — Subsequent Events, which no longer requires SEC registrants to disclose the date through which management evaluated subsequent events in the financial statements. As a result of the ASU, the Company's considerations with respect to evaluating subsequent events will be consistent with those before the issuance of the subsequent events accounting guidance.

Variable interest entities

In June 2009, the ASC guidance for consolidation accounting was updated to require an entity to perform a qualitative analysis to determine whether the enterprise's variable interest gives it a controlling financial interest in a VIE. This qualitative analysis identifies the primary beneficiary of a VIE as the entity that has both of the following characteristics: (i) the power to direct the activities of a VIE that most significantly impact the entity's economic performance and (ii) the obligation to absorb losses or receive benefits from the entity that could potentially be significant to the VIE. The updated guidance also requires ongoing reassessments of the primary beneficiary of a VIE. Adoption of the updated guidance, effective for the Company's fiscal year beginning January 1, 2010, had no impact on the Company's consolidated financial position, results of operations or cash flows.

Fair value accounting

In January 2010, the ASC guidance for fair value measurements and disclosure was updated to require additional disclosures related to:

(i) transfers in and out of Level 1 and 2 fair value measurements; and

(ii) enhanced detail in the Level 3 reconciliation.

The guidance was amended to provide clarity about:

(i) the level of disaggregation required for assets and liabilities; and

(ii) the disclosures required for inputs and valuation techniques used to measure fair value for both recurring and nonrecurring measurements that fall in either Level 2 or Level 3 (Note 15).

The updated guidance is effective for the Company's fiscal year beginning January 1, 2010, with the exception of the Level 3 disaggregation, which is effective for the Company's fiscal year beginning January 1, 2011. There was no impact from adopting this guidance on the Company's consolidated financial position, results of operations or cash flows.

Recently issued accounting pronouncements and developments

Under the SEC Staff Accounting Bulletin 74, the Company is required to disclose information related to new accounting standards that have not yet been adopted. The Company is currently evaluating the impact that the adoption of these standards will have on the Company's consolidated financial position, results of operations and disclosures.

Business combinations

In December 2010, the ASC guidance for business combinations was updated to clarify existing guidance which requires a public entity to disclose pro forma revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual period only. The update also expands the supplemental pro forma disclosures required to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The updated guidance is effective for the Company's fiscal year beginning January 1, 2011. The Company is evaluating the potential impact of adopting this guidance on the Company's consolidated financial position, results of operations and cash flows.

Fair value accounting

In January 2010, the ASC guidance for fair value measurements and disclosure was updated to require enhanced detail in the Level 3 reconciliation. The updated guidance is effective for the Company's fiscal year beginning January 1, 2011. The Company expects minimal impact from adopting this guidance.

International Financial Reporting Standards

Based on recent announcements from the CSA and the SEC, it is currently anticipated that as a Canadian issuer and existing US GAAP filer, the earliest date at which the Company will be required to adopt International Financial Reporting Standards ("IFRS") as its principal basis of accounting is for the year ending December 31, 2015. Therefore, financial statement comparative figures prepared under IFRS would be required for fiscal year 2013. A decision to voluntarily adopt IFRS at a date earlier than potentially required has not been made.

An IFRS project group and a steering committee have been established by the Company and a high level project plan has been formulated. The implementation of IFRS will be done through three distinct phases:

(i) diagnostics;

(ii) detailed IFRS analysis and conversion; and

(iii) implement IFRS in daily business.

The first phase is complete and the second phase was started in 2009. A report has been finalized with the primary objective to understand, identify and assess the overall effort required by the Company to produce financial information in accordance with IFRS. The key areas for the diagnostics work was to review the 2007 consolidated financial statements of the Company and obtain a detailed understanding of the differences between IFRS and US GAAP to be able to identify potential system and process changes required as a result of converting to IFRS.

Comparative figures

Certain items in the comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2010 consolidated financial statements.

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

	As at December 31,	
	2010	**2009**
ASSETS		
Current		
Cash and cash equivalents	$ 95,560	$ 160,280
Short-term investments	6,575	3,313
Restricted cash (note 14)	2,510	—
Trade receivables (note 1)	112,949	93,571
Inventories:		
Ore stockpiles	67,764	41,286
Concentrates and doré bars	50,332	31,579
Supplies	149,647	100,885
Available-for-sale securities (note 2(b))	99,109	111,967
Other current assets (note 2(a))	89,776	61,159
Total current assets	674,222	604,040
Other assets (note 2(c))	61,502	33,641
Future income and mining tax assets (note 8)	—	27,878
Goodwill (note 9)	200,064	—
Property, plant and mine development, net (note 3)	4,564,563	3,581,798
	$ 5,500,351	$ 4,247,357

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

	As at December 31,	
	2010	**2009**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (note 10)	$ 170,967	$ 155,432
Dividends payable	108,009	28,199
Income taxes payable	14,450	4,501
Interest payable	9,743	1,666
Fair value of derivative financial instruments (note 15)	142	662
Total current liabilities	303,311	190,460
Long term debt (note 4)	650,000	715,000
Reclamation provision and other liabilities (note 5)	145,536	96,255
Future income and mining tax liabilities (note 8)	736,054	493,881
SHAREHOLDERS' EQUITY		
Common shares (notes 6(a, b, c and d))	3,078,217	2,378,759
Stock options (note 7(a))	78,554	65,771
Warrants (note 6(c))	24,858	24,858
Contributed surplus	15,166	15,166
Retained earnings	440,265	216,158
Accumulated other comprehensive income (loss) (note 6(e))	28,390	51,049
Total shareholders' equity	3,665,450	2,751,761
	$ 5,500,351	$ 4,247,357
Contingencies and commitments (notes 5, 8, 12 and 13(b))		

On behalf of the Board:

Sean Boyd C.A., Director

Mel Leiderman C.A., Director

See accompanying notes

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

	Year Ended December 31,		
	2010	**2009**	**2008**
REVENUES			
Revenues from mining operations (note 1)	$ 1,422,521	$ 613,762	$ 368,938
COSTS, EXPENSES AND OTHER INCOME			
Production	677,472	306,318	186,862
Exploration and corporate development	54,958	36,279	34,704
Amortization of property, plant and mine development	192,486	72,461	36,133
General and administrative	94,327	63,687	47,187
Write-down of available-for-sale securities	—	—	74,812
Gain on derivative financial instruments	(7,612)	(3,592)	(4,481)
Provincial capital tax	(6,075)	5,014	5,332
Interest expense (note 4)	49,493	8,448	2,952
Interest and sundry income	(10,254)	(12,580)	(7,240)
Gain on acquisition of Comaplex, net of transaction costs (note 9)	(57,526)	—	—
Gain on sale of available-for-sale securities (note 2(a))	(19,487)	(10,142)	(25,626)
Foreign currency translation (gain) loss	19,536	39,831	(77,688)
Income before income and mining taxes	435,203	108,038	95,991
Income and mining taxes (note 8)	103,087	21,500	22,824
Net income for the year	$ 332,116	$ 86,538	$ 73,167
Net income per share — basic (note 6(f))	$ 2.05	$ 0.55	$ 0.51
Net income per share — diluted (note 6(f))	$ 2.00	$ 0.55	$ 0.50
Comprehensive income:			
Net income for the year	$ 332,116	$ 86,538	$ 73,167
Other comprehensive income (loss):			
Unrealized gain (loss) on hedging activities	—	16,287	(8,888)
Unrealized gain (loss) on available-for-sale securities	64,649	76,037	(911)
Adjustments for derivative instruments maturing during the year	—	(7,399)	—
Adjustments for realized loss (gain) on available-for-sale securities due to dispositions and write-downs during the year	(19,487)	(10,142)	8,997

Net amount reclassified to income due to acquisition of business (note 9)	(64,508)	—	—
Change in unrealized gain (loss) on pension liability	(4,093)	(727)	1,822
Tax effect of other comprehensive income items	780	(2,399)	2,084
Other comprehensive income (loss) for the year	(22,659)	71,657	3,104
Comprehensive income for the year	$ 309,457	$ 158,195	$ 76,271

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	Accumulated Other Comprehensive Income (Loss)
Balance December 31, 2007	142,403,379	$ 1,931,667	$ 23,573	$ —	$ 15,166	$ 112,240	$ (23,712)
Shares issued under Employee Stock Option Plan (note 7(a))	1,340,484	41,392	—	—	—	—	—
Stock options	—	—	17,479	—	—	—	—
Shares issued under the Incentive Share Purchase Plan (note 7 (b))	154,998	9,545	—	—	—	—	—
Shares issued under flow-through share private placement (note 6(b))	779,250	22,042	—	—	—	—	—
Shares issued under the Company's dividend reinvestment plan	30,807	2,210	—	—	—	—	—
Shares issued under public offering (note 6 (d))	900,000	34,200	—	—	—	—	—
Shares issued under private placement of units (note 6(c))	9,200,000	258,691	—	24,858	—	—	—
Net income for the year	—	—	—	—	—	73,167	—
Dividends declared ($0.18 per share) (note 6(a))	—	—	—	—	—	(27,866)	—
Other comprehensive income for the year	—	—	—	—	—	—	3,104
Balance December 31, 2008	154,808,918	2,299,747	41,052	24,858	15,166	157,541	(20,608)
Shares issued under Employee Stock Option Plan (note 7(a))	1,238,000	48,313	—	—	—	—	—
Stock options	—	—	24,719	—	—	—	—
Shares issued under the Incentive Share Purchase Plan (note 7	196,649	11,290	—	—	—	—	—

(b))							
Shares issued under flow-through share private placement (note 6(b))	358,900	19,153	—	—	—	—	—
Shares issued under the Company's dividend reinvestment plan	18,764	912	—	—	—	—	—
Shares issued for purchase of mining property (note 6(c))	33,825	894	—	—	—	—	—
Net income for the year	—	—	—	—	—	86,538	—
Dividends declared ($0.18 per share) (note 6(a))	—	—	—	—	—	(27,921)	—
Other comprehensive income for the year	—	—	—	—	—	—	71,657
Restricted share unit plan (note 7(c))	(29,882)	(1,550)	—	—	—	—	—

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

	Common Shares						
	Shares	Amount	Stock Options Outstanding	Warrants	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)
Balance December 31, 2009	156,625,174	$ 2,378,759	$ 65,771	$ 24,858	$ 15,166	$ 216,158	$ 51,049
Shares issued under Employee Stock Option Plan (note 7(a))	1,627,766	104,111	—	—	—	—	—
Stock options	—	—	12,783	—	—	—	—
Shares issued under the Incentive Share Purchase Plan (note 7 (b))	229,583	14,963	—	—	—	—	—
Shares issued under the Company's dividend reinvestment plan	25,243	1,404	—	—	—	—	—
Shares issued for purchase of mining property (note 6(c))	10,225,848	579,800	—	—	—	—	—
Net income for the year	—	—	—	—	—	332,116	—
Dividends declared ($0.64 per share) (note 6(a))	—	—	—	—	—	(108,009)	—
Other comprehensive income for the year	—	—	—	—	—	—	(22,659)
Restricted share unit plan (note 6(a))	(13,259)	(820)	—	—	—	—	—
Balance December 31, 2010	168,720,355	$ 3,078,217	$ 78,554	$ 24,858	$ 15,166	$ 440,265	$ 28,390

See accompanying notes

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

	As at December 31,		
	2010	**2009**	**2008**
Operating activities			
Net income for the year	$ 332,116	$ 86,538	$ 73,167
Add (deduct) items not affecting cash:			
Amortization of property, plant and mine development	192,486	72,461	36,133
Future income and mining taxes	66,928	20,309	16,681
Loss (gain) on available-for-sale securities and derivative financial instruments, net	(20,007)	(20,677)	49,186
Stock-based compensation	41,635	28,753	16,061
Gain on acquisition of Comaplex (note 9)	(64,508)	—	—
Foreign currency translation loss (gain)	19,536	39,831	(77,688)
Other	13,535	5,321	4,642
Changes in non-cash working capital balances			
Trade receivables	(19,378)	(47,930)	33,779
Income taxes (payable)/recoverable	9,949	(313)	4,814
Inventories	(91,306)	(90,772)	(45,904)
Other current assets	(28,729)	4,834	(24,334)
Accounts payable and accrued liabilities	23,136	28,552	34,492
Prepaid royalty	—	(13,321)	—
Interest payable	8,077	1,520	146
Cash provided by operating activities	483,470	115,106	121,175
Investing activities			
Additions to property, plant and mine development	(511,641)	(657,175)	(908,853)
Sale of Stornoway Diamond Corporation debentures (note 11)	—	—	10,720
Decrease (increase) in short-term investments	(3,262)	(3,313)	78,770
Net proceeds on available-for-sale securities	36,586	48,258	43,583
Purchase of available-for-sale securities	(42,479)	(6,380)	(113,225)
Decrease (increase) in restricted cash	(2,510)	30,999	(28,544)
Cash used in investing activities	(523,306)	(587,611)	(917,549)

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

	As at December 31,		
	2010	2009	2008
Financing activities			
Dividends paid	(26,830)	(27,132)	(23,779)
Repayment of capital lease obligations	(16,019)	(13,177)	(16,178)
Sale-leaseback financing	14,017	21,389	—
Proceeds from long-term debt	1,311,000	625,000	300,000
Repayment of long-term debt	(1,376,000)	(110,000)	(100,000)
Credit facility financing costs	(12,772)	(4,784)	(3,094)
Common shares issued	84,659	68,522	376,265
Warrants issued	—	—	24,858
Cash provided by (used in) financing activities	(21,945)	559,818	558,072
Effect of exchange rate changes on cash and cash equivalents	(2,939)	4,585	(8,110)
Net increase (decrease) in cash and cash equivalents during the year	(64,720)	91,898	(246,412)
Cash and cash equivalents, beginning of year	160,280	68,382	314,794
Cash and cash equivalents, end of year	$ 95,560	$ 160,280	$ 68,382
Supplemental cash flow information:			
Interest paid during the year	$ 41,429	$ 17,189	$ 6,345
Income, mining and capital taxes paid during the year	$ 25,199	$ 8,792	$ 3,802

See accompanying notes

AGNICO-EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(thousands of United States dollars, except per share amounts, unless otherwise indicated)
December 31, 2010

1. TRADE RECEIVABLES AND REVENUES FROM MINING OPERATIONS

Agnico-Eagle is a gold mining company with mining operations in Canada, Finland and Mexico. The Company earns a significant proportion of its revenues from the production and sale of gold in both doré bar and concentrate form. The remainder of revenue and cash flow is generated by the production and sale of byproduct metals. The revenue from byproduct metals is mainly generated by production at the LaRonde Mine in Canada (silver, zinc, copper and lead) and the Pinos Altos Mine in Mexico (silver).

Revenues are generated from operations in Canada, Finland and Mexico. The cash flow and profitability of the Company's operations are significantly affected by the market price of gold, and to a lesser extent, silver, zinc, copper and lead. The prices of these metals can fluctuate widely and are affected by numerous factors beyond the Company's control.

As gold can be sold through numerous gold market traders worldwide, the Company is not economically dependent on a limited number of customers for the sale of its product.

Trade receivables are recognized once the transfer of ownership for the metals sold has occurred and reflect the amounts owing to the Company in respect of its sales of doré bars or concentrates to third parties prior to the satisfaction in full of the payment obligations of the third parties.

	2010	2009
Doré bars awaiting settlement	$ 24,281	$ 3,488
Concentrates awaiting settlement	88,668	90,083
	$ 112,949	$ 93,571

	2010	2009	2008
Revenues from mining operations (thousands):			
Gold	$ 1,216,249	$ 474,875	$ 227,576
Silver	104,544	59,155	59,398
Zinc	77,544	57,034	54,364
Copper	22,219	22,571	27,600
Lead	1,965	127	–
	$ 1,422,521	$ 613,762	$ 368,938

In 2010, precious metals accounted for 93% of Agnico-Eagle's revenues from mining operations (2009 – 87%; 2008 – 78%). The remaining revenues from mining operations consisted of net byproduct metals revenues. In 2010, these net byproduct metals revenues as a percentage of total revenues from mining operations were 5% from zinc (2009 – 9%;

2008 – 15%) and 2% from copper (2009 – 4%; 2008 – 7%).

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2. OTHER ASSETS

(a) Other current assets

	2010	2009
Federal, provincial and other sales taxes receivable	$ 63,553	$ 37,847
Prepaid expenses	10,449	4,797
Employee loans receivable	4,498	3,640
Government refundables for local community improvements	803	1,764
Prepaid royalty	5,282	5,377
Other	5,191	7,734
	$ 89,776	$ 61,159

(b) Available-for-sale securities

In 2010, the Company realized $36.6 million (2009 – $41.0 million; 2008 – $40.5 million) in proceeds and recorded a gain of $19.5 million (2009 – $10.1 million; 2008 – $25.6 million) in the consolidated statements of income on the sale of available-for-sale securities. Available-for-sale securities consist of equity securities whose cost basis is determined using the average cost method. Available-for-sale securities are carried at fair value as follows:

	2010	2009
Cost	$ 50,958	$ 44,470
Unrealized gains	48,151	67,508
Unrealized losses	–	(11)
Estimated fair value of available-for-sale securities	$ 99,109	$ 111,967

(c) Other assets

	2010	2009
Deferred financing costs, less accumulated amortization of $2,249 (2009 – $2,732)	$ 16,780	$ 7,516
Long-term ore in stockpile [(i)]	27,409	11,684
Prepaid royalty [(ii)]	8,777	13,321
Other	8,536	1,120
	$ 61,502	$ 33,641

(i) Due to the structure of the Goldex Mine and Pinos Altos Mine ore bodies, a significant amount of drilling and blasting is incurred in the early years of its mine life resulting in a long-term stockpile.

(ii) The prepaid royalty relates to the Pinos Altos Mine in Mexico.

3. PROPERTY, PLANT AND MINE DEVELOPMENT

	2010			2009		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Mining properties	$ 1,885,476	$ 44,823	$ 1,840,653	$ 1,221,646	$ 27,865	$ 1,193,781
Plant and equipment	2,123,191	321,907	1,801,284	1,389,081	197,794	1,191,287
Mine development costs	853,927	171,869	682,058	435,469	111,674	323,795
Construction in progress:						
LaRonde Mine extension	185,905	–	185,905	121,102	–	121,102
Creston Mascota deposit	54,663	–	54,663	10,159	–	10,159
Meadowbank Mine	–	–	–	741,674	–	741,674
	$ 5,103,162	$ 538,599	$ 4,564,563	$ 3,919,131	$ 337,333	$ 3,581,798

Geographic Information

	Net Book Value 2010	Net Book Value 2009
Canada	$ 3,456,809	$ 2,592,704
Europe	605,283	568,620
Latin America	500,211	418,214
USA	2,260	2,260
Total	$ 4,564,563	$ 3,581,798

In 2010, Agnico-Eagle capitalized $0.3 million of costs (2009 – $0.4 million) and recognized $0.8 million of amortization expense (2009 – $0.8 million) related to computer software. The unamortized capitalized cost for computer software at the end of 2010 was $4.7 million (2009 – $5.2 million).

The unamortized capitalized cost for leasehold improvements at the end of 2010 was $3.3 million (2009 – $2.5 million), which is being amortized on a straight-line basis over the life of the lease plus one renewal period.

The amortization of assets recorded under capital leases is included in the "Amortization of property, plant and mine development" component of the consolidated statements of income.

4. LONG TERM DEBT

The Company entered into a credit agreement on January 10, 2008 with a group of financial institutions relating to a new $300 million unsecured revolving credit facility (the "First Credit Facility"); the Company's previous $300 million secured revolving credit facility was terminated. The First Credit Facility was scheduled to mature on January 10, 2013. However, the Company, with the consent of lenders representing 66 2/3 % of the aggregate commitments under the facility, had the option to extend the term of this facility for additional one-year terms.

On September 4, 2008, the Company entered into a further credit agreement with a separate group of financial institutions relating to an additional $300 million unsecured revolving credit facility (the "Second Credit Facility"). The Second Credit Facility was scheduled to mature on September 4, 2010.

On June 15, 2009, the Company amended and restated the First Credit Facility and the Second Credit Facility. The amount available under the Second Credit Facility was increased by $300 million to $600 million, and the scheduled maturity date was extended to June 2012.

On June 22, 2010, the Company terminated the First Credit Facility and amended and restated the Second Credit Facility to increase the amount available to $1.2 billion and extend the scheduled maturity date to June 22, 2014 (as so amended and restated, the "Credit Facility").

Payment and performance of the Company's obligations under the Credit Facility is guaranteed by all material and certain other subsidiaries of the Company (the "Guarantors"). The Credit Facility contains covenants that restrict, among other things, the ability of the Company to incur additional indebtedness, make distributions in certain circumstances, sell material assets and carry on a business other than one related to the mining business. The Company is also required to maintain a total net debt to EBITDA ratio below a specified minimum value as well as a

minimum tangible net worth. At December 31, 2010, the Credit Facility was drawn down by $50 million (2009 – $715 million). This drawdown, together with outstanding letters of credit under the Credit Facility, decrease the amounts available under the Credit Facility such that $1.12 billion was available for future drawdowns at December 31, 2010.

In addition, on June 2, 2009, Agnico-Eagle executed an unsecured C$95 million financial security issuance agreement with Export Development Canada. This agreement matures June 2014 and is used to provide letters of credit for environmental obligations or in relation to licence or permit bonds relating to the Meadowbank Mine. As at December 31, 2010, outstanding letters of credit drawn against this agreement totalled C$75.6 million (2009 – C$60.4 million).

On April 7, 2010, the Company closed a private placement of an aggregate of $600 million of guaranteed senior unsecured notes due 2017, 2020 and 2022 (the "Notes") with a weighted average maturity of 9.84 years and weighted average yield of 6.59%. Net proceeds from the offering of the Notes were used to repay amounts owed under the Company's then existing credit facilities. Payment and performance of the Company's obligations under the Notes is guaranteed by the Guarantors. The Notes contain covenants that restrict, among other things, the ability of the Company to amalgamate or otherwise transfer its assets, sell material assets and carry on a business other than one related to the mining business and the ability of the Guarantors to incur indebtedness. The Notes also require the Company to maintain the same financial ratios and same minimum tangible net worth as under the Credit Facility. The Notes and the Credit Facility rank equally in seniority.

The following are the individual series of the issued Notes:

		Principal	Interest Rate	Maturity
Series A	$	115,000	6.13%	7/4/2017
Series B		360,000	6.67%	7/4/2020
Series C		125,000	6.77%	7/4/2022
	$	600,000		

For the year ended December 31, 2010, interest expense was $49.5 million (2009 – $8.4 million; 2008 – $3.0 million) and total cash interest payments were $41.4 million (2009 – $17.2 million; 2008 – $6.3 million). In 2010, cash interest on the credit facilities was $12.3 million (2009 – $14.0 million; 2008 – $4.6 million), cash standby fees on the credit facilities were $6.7 million (2009 – $2.4 million; 2008 – $1.2 million), and cash interest on the Notes was $19.8 million (2009 – N/A, 2008 – N/A). In 2010, $4.6 million (2009 – $15.5 million; 2008 – $4.6 million) of the interest expense was capitalized to construction in progress.

The Company's weighted average interest rate on all of its long-term debt as at December 31, 2010 was 5.43% (2009 – 3.18%; 2008 – 3.77%).

5. RECLAMATION PROVISION AND OTHER LIABILITIES

Reclamation provision and other liabilities consist of the following:

	2010	2009
Reclamation and closure costs (note 5(a))	$ 91,641	$ 62,847
Long-term portion of capital lease obligations (note 13(a))	38,019	21,981
Pension benefits (note 5(c))	11,307	8,109
Goldex Mine government grant and other (note 5(b))	4,569	3,318
	$ 145,536	$ 96,255

(a) Reclamation and closure costs

Reclamation estimates are based on current legislation, third party estimates and feasibility study calculations. All of the accrued reclamation and closure costs are long-term in nature and thus no portion of these costs has been reclassified to current liabilities. The Company does not currently have assets that are restricted for the purposes of settling these obligations.

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

	2010	2009
Asset retirement obligations, beginning of year	$ 62,847	$ 52,125
Current year additions and changes in estimate	23,058	–
Current year accretion	3,176	2,916
Liabilities settled	(277)	–
Foreign exchange revaluation	2,837	7,806
Asset retirement obligations, end of year	$ 91,641	$ 62,847

(b) Goldex Mine government grant

The Company has received funds (the "Grant") from the Quebec government in respect of the construction of the Goldex Mine. The Company has agreed to repay a portion of the Grant to the Quebec government, to a maximum amount of 50% of the Grant. The repayment amount is calculated and paid annually for fiscal years 2010, 2011 and 2012 if the agreed criteria are met. For each of these three years, if the yearly average gold price is higher than $620 per ounce, 50% of one third of the Grant must be repaid.

For fiscal year 2010, the agreed criteria had been met and the Company recorded a current liability of $1.5 million as of December 31, 2010 that will be paid to the Quebec government in the first quarter of 2011.

The Company believes the gold price will be higher than $620 per ounce during the years 2011 and 2012 and that the criteria for recognition of a loss contingency accrual in accordance with FASB ASC 450 – Contingencies (prior authoritative literature: FASB Statement No. 5, "Accounting for Contingencies") have been met.

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(c) Pension benefits

Effective July 1, 1997, the Employees Plan was converted to a defined contribution plan. Employees who retired prior to that date remained in the Employees Plan. In addition, Agnico-Eagle provides the Executives Plan for certain senior officers. The funded status of the Executives Plan is based on actuarial valuations as of July 1, 2008 and projected to December 31, 2010. The funded status of the Employees Plan in 2007 was based on an actuarial valuation as of January 1, 2006 and projected to December 31, 2007. During 2008 however, the Employees Plan was closed as a result of annuities having been purchased for all remaining members. Recognition of the settlement has been reflected in the 2008 net periodic pensions cost.

The components of Agnico-Eagle's net pension plan expense are as follows:

	2010	2009	2008
Service cost – benefits earned during the year	$ 981	$ 509	$ 452
Interest cost on projected benefit obligation	613	448	550
Amortization of net transition asset, past service liability and net experience gains	164	148	(11)
Prior service cost	25	23	24
Recognized net actuarial loss	–	(142)	–
Gain due to settlement	–	–	760
Return on plan assets	–	–	(156)
Net pension plan expense	$ 1,783	$ 986	$ 1,619

Assets for the 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, 2010 was $9.6 million (2009 – $6.4 million). At the end of 2010, the remaining unamortized net transition obligation was $0.7 million (2009 – $0.8 million) for the Executives Plan.

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

	2010		2009	
	Employees Plan	Executives Plan	Employees Plan	Executives Plan
Liability (asset)	$ –	$ –	$ –	$ –
Accrued employee benefit liability	–	6,634	–	6,036
Accumulated other comprehensive income (loss):				
Initial transition obligation	–	681	–	809
Past service liability	–	104	–	122
Net experience (gains) losses	–	2,179	–	(604)
Net liability (asset)	$ –	$ 9,598	$ –	$ 6,363

The following table provides the components of the expected recognition in 2011 of amounts in accumulated other comprehensive income (loss):

	Executives Plan
Transition obligation	$ 170
Past service cost or credit	26
Net actuarial gain or loss	244
	$ 440

The funded status of the Employees Plan and the Executives Plan for 2010 and 2009 is as follows:

	2010		2009	
	Employees	Executives	Employees	Executives
Reconciliation of the market value of plan assets				
Fair value of plan assets, beginning of year	$ –	$ 1,635	$ 110	$ 1,142
Agnico-Eagle's contribution	–	1,397	–	598
Actual return on plan assets	–	–	–	–
Benefit payments	–	(699)	–	(299)
Other	–	–	(117)	–
Divestitures	–	–	–	–
Effect of exchange rate changes	–	110	7	194
Fair value of plan assets, end of year	$ –	$ 2,443	$ –	$ 1,635
Reconciliation of projected benefit obligation				
Projected benefit obligation, beginning of year	$ –	$ 7,998	$ –	$ 5,637
Service costs	–	981	–	509
Interest costs	–	613	–	448
Actuarial losses (gains)	–	2,718	–	734
Benefit payments	–	(812)	–	(401)
Settlements	–	–	–	–
Effect of exchange rate changes	–	543	–	1,071
Projected benefit obligation, end of year	$ –	$ 12,041	$ –	$ 7,998
Excess (deficiency) of plan assets over projected benefit obligation	$ –	$ (9,598)	$ –	$ (6,363)
Comprised of:				
Unamortized transition asset (liability)	$ –	$ (681)	$ –	$ (809)
Unamortized net experience gain (loss)	–	(2,283)	–	482
Accrued assets (liabilities)	–	(6,634)	–	(6,036)
	$ –	$ (9,598)	$ –	$ (6,363)
Weighted average discount rate	n.a.	7.00%	n.a.	7.00%
Weighted average expected long-term rate of return	n.a.	n.a.	n.a.	n.a.
Weighted average rate of compensation increase	n.a.	3.00%	n.a.	3.00%
Estimated average remaining service life for the plan	n.a.	4.0[(i)]	n.a.	5.0[(i)]

(in years)

Notes:

(i) 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. As the Employees Plan was settled in 2008, no benefits are payable:

	Executives
2011	$ 117
2012	$ 484
2013	$ 483
2014	$ 482
2015	$ 481
2016 - 2020	$ 3,744

In addition to the Employees Plan and the Executives Plan, the Company also has a basic pension plan (the "Basic Plan") and a supplemental pension plan. Under the Basic Plan, Agnico-Eagle contributes 5% of each employee's base employment compensation to a defined contribution plan. The expense in 2010 was $8.8 million (2009 – $6.5 million; 2008 – $5.3 million). Effective January 1, 2008 the Company adopted the supplemental plan for designated executives at the level of Vice-President or above. Under this plan, an additional 10% of the designated executives' earnings for the year (including salary and short-term bonus) are contributed by the Company. In 2010, $1.1 million (2009 – $0.9 million; 2008 – $0.7 million) was contributed to the supplemental plan. The supplemental plan is accounted for as a cash balance plan.

6. SHAREHOLDERS' EQUITY

(a) Common shares

The Company's authorized capital stock includes an unlimited number of common shares with issued common shares of 168,763,496 (2009 – 156,655,056), less 43,141 common shares held by a trust in connection with the Company's restricted share unit ("RSU") plan (2009 – 29,882). The trust is treated as a variable interest entity and, as a result, its holdings of shares are set off against the Company's issued shares in the consolidation (note 7(c)).

In 2010, the Company declared dividends on its common shares of $0.64 per share (2009 – $0.18 per share; 2008 – $0.18 per share).

(b) Flow-through common share private placements

In 2010, Agnico-Eagle issued nil (2009 – 358,900; 2008 – 779,250) common shares under flow-through share private placements, which increased share capital by nil (2009 – $19.2 million; 2008 – $43.5 million), net of share issue costs. Effective December 31, 2010, the Company renounced to its investors nil (2009 – C$30.6 million; 2008 – C$54.5 million) of such expenses for income tax purposes. The Company does not have an obligation to incur any exploration expenditures related to the expenditures previously renounced.

The difference between the flow-through share issuance price and the market price of Agnico-Eagle's shares at the time of purchase is recorded as a liability at the time the flow-through shares are issued. This liability terminates when the exploration expenditures are renounced to investors. The difference between the flow-through share issuance price and market price reduces the future tax expense charged to income as this difference represents proceeds received by the Company for the sale of future tax deductions to investors in the flow-through shares.

(c) Private placements and warrants

On December 3, 2008, the Company closed a private placement of 9.2 million units. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $47.25 per share at any time during the five-year term of the warrant. As consideration for the lead purchaser's commitment, the Company issued to the lead purchaser an additional 4 million warrants. The net proceeds of the private placement were approximately $281 million, after deducting share issue costs of $8.8 million. If all outstanding warrants are exercised, the Company would issue an additional 8.6 million common shares. No warrants have been exercised as of December 31, 2010.

On May 26, 2009, the Company issued 15,825 shares with a market value of $0.9 million in connection with the acquisition of a 100% participating interest in 52 mining claims, located in the Abitibi region of Quebec.

On July 24, 2009, the Company issued 18,000 shares upon payment of the exercise price of $500 in connection with the exercise of an option granted by a predecessor to the Company relating to the acquisition of certain properties related to the Goldex Mine.

On July 26, 2010, the Company issued 15,000 shares with a market value of $0.8 million in connection with the purchase of mining property.

(d) Public offering of common shares

In December 2008, the Company issued 900,000 shares at a price of $38 per share under a prospectus supplement to its base shelf prospectus to fund the purchase of surface rights and advance royalty payments in connection with the development of the Pinos Altos property. The net proceeds of the issuance were approximately $34.2 million.

There were no public offerings of common shares in 2009.

On July 6, 2010, the Company issued 10,210,848 shares with a market value of $579.0 million in connection with the acquisition of Comaplex (note 9).

(e) Accumulated other comprehensive income (loss)

The cumulative translation adjustment in accumulated other comprehensive income (loss) in 2010 and 2009 of $(15.9) million resulted from Agnico-Eagle electing 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, 2010 and 2009.

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

	2010	2009
Cumulative translation adjustment from electing US dollar as principal reporting currency	$ (15,907)	$ (15,907)
Unrealized gain on available-for-sale securities	48,151	67,497
Cumulative translation adjustments	(299)	(299)
Unrealized loss on pension liability	(4,420)	(327)
Tax effect of unrealized loss on pension liability	865	85
	$ 28,390	$ 51,049

In 2010, a $19.5 million gain (2009 – $10.1 million gain, 2008 – $9.0 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.

(f) Net income per share

The following table provides the weighted average number of common shares used in the calculation of basic and diluted net income per share:

	2010	2009	2008
Weighted average number of common shares outstanding – basic	162,342,686	155,942,151	144,740,658
Add: Dilutive impact of employee stock options	1,192,530	1,256,103	1,148,070
Dilutive impact of warrants	2,263,902	1,392,752	–
Dilutive impact of shares related to RSU plan	43,141	29,882	–
Weighted average number of common shares outstanding – diluted	165,842,259	158,620,888	145,888,728

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, for the period outstanding, are not included in the calculation of diluted income per share, as the effect is anti-dilutive.

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 day prior to 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 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. In 2008, the shareholders approved a further 6,000,000 common shares for issuance under the ESOP.

Of the 2,926,080 options granted under the ESOP in 2010, 731,520 options granted vested immediately and expire in 2015. The remaining options expire in 2015 and vest in equal installments, on each anniversary date of the grant, over a three-year period. Of the 2,276,000 options granted under the ESOP in 2009, 569,000 options granted vested immediately and expire in 2014. The remaining options expire in 2014 and vest in equal installments, on each anniversary date of the grant, over a three-year period. Of the 2,549,400 options granted under the ESOP in 2008, 637,350 options granted vested immediately and expire in 2013. The remaining options expire in 2013 and vest in equal installments, on each anniversary date of the grant, over a three-year period.

Upon the exercise of options under the ESOP, the Company issues new common shares to settle the obligation.

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

	2010		2009		2008	
	Options	Weighted average exercise price	Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding, beginning of year	5,707,940	C$ 53.85	4,752,440	C$ 44.57	3,609,924	C$ 30.34
Granted	2,926,080	57.55	2,276,000	62.65	2,549,400	54.84
Exercised	(1,627,766)	47.02	(1,238,000)	34.28	(1,340,484)	25.46
Forfeited	(243,550)	58.03	(82,500)	55.99	(66,400)	51.32
Outstanding, end of year	6,762,704	C$ 56.94	5,707,940	C$ 53.85	4,752,440	C$ 44.57
Options exercisable at end of year	2,972,857		2,445,615		1,860,890	

Cash received for options exercised in 2010 was $74.7 million (2009 – $36.6 million; 2008 – $33.6 million).

The total intrinsic value of options exercised in 2010 was C$46.5 million (2009 – C$43.8 million; 2008 – C$50.5 million).

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The weighted average grant-date fair value of options granted in 2010 was C$16.31 (2009 – C$24.52; 2008 – C$16.78). The following table summarizes information about Agnico-Eagle's stock options outstanding at December 31, 2010:

	Options outstandingp			Options exercisable	
	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
Range of exercise prices					
C$23.02 – C$36.23	130,538	0.51 years	26.68	124,438	26.35
C$39.18 – C$59.71	4,546,516	2.96 years	54.90	1,990,456	53.04
C$60.72 – C$83.08	2,085,650	3.11 years	63.29	857,963	63.18
C$23.02 – C$83.08	6,762,704	2.96 years	C$56.94	2,972,857	C$54.85

The weighted-average remaining contractual term of options exercisable at December 31, 2010 was 2.4 years.

The Company has reserved for issuance 6,762,704 common shares in the event that these options are exercised.

The number of shares available for granting of options as at December 31, 2010, 2009 and 2008 was 2,771,420, 4,155,750 and 6,349,250, respectively.

On January 4, 2011, 2,557,064 options were granted under the ESOP, of which 639,266 options vested immediately and expire in the year 2016. The remaining options expire in 2016 and vest in equal installments on each anniversary date of the grant, over a three-year period.

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

	2010	2009	2008
Risk-free interest rate	1.86%	1.27%	3.65%
Expected life of options (in years)	2.5	2.5	2.5
Expected volatility of Agnico-Eagle's share price	43.8%	64.0%	44.8%
Expected dividend yield	0.42%	0.42%	0.23%

The Company uses historical volatility in estimating the expected volatility of Agnico-Eagle's share price.

The aggregate intrinsic value of options outstanding at December 31, 2010 was C$133.0 million. The aggregate intrinsic value of options exercisable at December 31, 2010 was C$64.7 million.

The total compensation expense for the ESOP recognized in the consolidated statements of income for the current year was $37.8 million (2009 – $27.7 million; 2008 – $25.3 million). The total compensation cost related to non-vested options not yet recognized was $32.9 million as of December 31, 2010. Of the total compensation cost for

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the ESOP, $1.3 million was capitalized as part of construction costs in 2010 (2009 – $8.7 million; 2008 – $9.0 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. In 2009, the Purchase Plan was amended to remove non-executive directors as eligible participants in the plan.

Under the Purchase Plan, Participants may contribute up to 10% of their basic annual salaries, and the Company contributes an amount equal to 50% of each Participant's contribution. All shares subscribed for under the Purchase Plan are newly issued by the Company. The total compensation cost recognized in 2010 related to the Purchase Plan was $5.0 million (2009 – $3.8 million; 2008 – $3.2 million).

In 2010, 229,583 common shares were subscribed for under the Purchase Plan (2009 – 196,649; 2008 – 154,998) for a value of $15.0 million (2009 – $11.3 million; 2008 – $9.5 million). In May 2008, shareholders approved an increase in the maximum number of shares reserved for issuance under the Purchase Plan to 5,000,000 from 2,500,000. As at December 31, 2010, Agnico-Eagle has reserved for issuance 2,510,921 common shares (2009 – 2,740,504; 2008 – 2,937,153) under the Purchase Plan.

(c) Restricted Share Unit Plan

In 2009, the Company implemented a RSU plan for certain employees. A deferred compensation balance was recorded for the total grant-date value on the date of the grant. The deferred compensation balance was recorded as a reduction of shareholders' equity and is being amortized as compensation expense (or capitalized to construction in progress) over the applicable vesting period of two years.

The Company funded the plan by transferring $4.0 million (2009 – $3.0 million) to an employee benefit trust (the "Trust") that then purchased shares of the Company in the open market. Compensation costs for RSUs incorporate an expected forfeiture rate. The forfeiture rate is estimated based on the Company's historical employee turnover rates and expectations of future forfeiture rates that incorporate various factors that include historical ESOP forfeiture rates. For 2009 and 2010, the impact of forfeitures was not material. For accounting purposes, the Trust is treated as a variable interest entity and consolidated in the accounts of the Company. On consolidation, the dividends paid on the shares held by the Trust are eliminated. The shares purchased and held by the Trust are treated as not being outstanding for the basic earnings per share ("EPS") calculations. They are amortized back into basic EPS over the vesting period. All of the shares held by the Trust were included in the diluted EPS calculations.

Compensation cost related to the RSU plan was $3.0 million in 2010 (2009 – $1.5 million), with $0.1 million (2009 – $0.3 million) being capitalized to the "Property, plant and mine development" line item in the consolidated balance sheets. The $2.9 million (2009 – $1.2 million) of compensation expense is included as a component of production, administration and exploration expense, consistent with the classification of other elements of compensation expense for those employees who had RSUs.

8. INCOME AND MINING TAXES

Income and mining taxes expense (recovery) is made up of the following geographic components:

	2010	2009	2008
Current provision			
Canada	$ 34,217	$ 1,171	$ 6,143
Mexico	1,942	–	–
	36,159	1,171	6,143
Future provision (recovery)			
Canada	47,083	27,083	25,580
Mexico	18,759	–	–
Finland	1,086	(6,754)	(8,899)
	66,928	20,329	16,681
	$ 103,087	$ 21,500	$ 22,824

Cash income and mining taxes paid in 2010 were $25.2 million (2009 – $8.8 million; 2008 – $3.8 million).

The income and mining taxes expense (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:

	2010	2009	2008
Combined federal and composite provincial tax rates	29.6%	30.9%	31.1%
Increase (decrease) in taxes resulting from:			
Provincial mining duties	6.8	16.1	6.9
Tax law change (US$ election)	(5.1)	(24.4)	–
Impact of foreign tax rates	(0.5)	(4.9)	–
Permanent differences	(4.2)	2.2	(13.4)
Valuation allowance	(0.2)	–	5.8
Effect of changes in income tax rates	(2.7)	–	(6.6)
Actual rate as a percentage of pre-tax income	23.7%	19.9%	23.8%

As at December 31, 2010 and 2009, Agnico-Eagle's future income and mining tax assets and liabilities were as follows:

	2010		2009	
	Assets	Liabilities	Assets	Liabilities
Mining properties	$ –	$ 966,485	$ –	$ 572,964
Net operating and capital loss carry-forwards	–	(133,042)	27,878	(24,692)
Mining duties	–	(71,492)	–	(44,967)
Reclamation provisions	–	(30,752)	–	(20,774)
Valuation allowance	–	4,855	–	11,350
Future income and mining tax assets and liabilities	$ –	$ 736,054	$ 27,878	$ 493,881

All of Agnico-Eagle's future income tax assets and liabilities were denominated in local currency based on the jurisdiction in which the Company paid taxes and were translated into US dollars using the exchange rate in effect at the consolidated balance sheet dates until the Company executed a Canadian federal tax election to commence using the US dollar as its functional currency for Canadian income tax purposes for December 31, 2008 and subsequent years. This election resulted in a deferred tax benefit of $21.8 million for the period ended December 31, 2010 (2009 – $21.0 million).

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 in the future may be subject 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.

A reconciliation of the beginning and ending amount of the unrecognized tax benefits is as follows:

	2010	2009
Unrecognized tax benefit, beginning of year	$ 5,608	$ 2,824
Additions (reductions)	(3,978)	2,784
Unrecognized tax benefit, end of year	$ 1,630	$ 5,608

The full amount of unrecognized tax benefit, if recognized, would reduce the Company's annual effective tax rate. The Company does not expect its unrecognized tax benefits to change significantly over the next 12 months.

The Company is subject to taxes in the following significant jurisdictions: Canada, Mexico, Sweden and Finland, each with varying statutes of limitations. The 2007 through 2010 tax years generally remain subject to examination.

9. ACQUISITIONS

Comaplex Minerals Corp.

On April 1, 2010, Agnico-Eagle and Comaplex jointly announced that they reached an agreement in principle whereby Agnico-Eagle would acquire all of the shares of Comaplex (the "Comaplex Shares") that it did not already own. The transaction was completed under a plan of arrangement under the *Business Corporations Act* (Alberta). Under the terms of the transaction, each shareholder of Comaplex, other than Agnico-Eagle, received 0.1576 of an Agnico-Eagle share per Comaplex share. Additionally, at closing, each Comaplex shareholder, other than Agnico-Eagle and Perfora Investments S.a.r.l. ("Perfora"), received one common share of a newly formed, wholly-owned, subsidiary of Comaplex, Geomark Exploration Ltd. ("Geomark"), in respect of each Comaplex Share and Comaplex transferred to Geomark all of the assets and related liabilities of Comaplex other than those relating to the Meliadine gold exploration properties in Nunavut, Canada. The Geomark assets included all of Comaplex's net working capital, the non-Meliadine mineral properties, all oil and gas properties and investments. Under the plan of arrangement, Comaplex changed its name to Meliadine Holdings Inc.

Prior to the announcement of the transaction, Perfora and Agnico-Eagle had entered into a support agreement pursuant to which Perfora agreed to, among other things, support the transaction and vote all of the shares it held in Comaplex in favour of the plan of arrangement. Perfora held approximately 17.3% and Agnico-Eagle held approximately 12.3%, on a fully diluted basis, of the outstanding shares of Comaplex prior to the announcement of the acquisition.

On July 6, 2010, the transactions relating to the plan of arrangement closed and Agnico-Eagle issued a total of 10,210,848 shares to the shareholders of Comaplex, other than Agnico-Eagle, for a total value of $579.0 million. The related transaction costs associated with the acquisition totalling $7.0 million were expensed through the Consolidated Statements of Income during the third quarter of 2010. The Company has accounted for the purchase of Comaplex as a business combination.

The following table sets forth the allocation of the purchase price to assets and liabilities acquired, based on management's estimates of fair value.

Total purchase price:		
Comaplex shares previously purchased	$	88,683
Agnico-Eagle shares issued for acquisition		578,955
Total purchase price to allocate	$	667,638
Fair value of assets acquired:		
Property	$	642,610
Goodwill		200,064
Supplies		542
Equipment		2,381
Asset retirement obligation		(3,400)
Deferred tax liability		(174,559)
Net assets acquired	$	667,638

The Comaplex shares purchased prior to the April 1, 2010 announcement of the acquisition had a cost base of $24.1 million and a fair value at July 6, 2010 of $88.6 million. Upon the acquisition of Comaplex, the non-cash gain of $64.5 million on those shares within accumulated other comprehensive income was reversed into the Consolidated Statements of Income as a gain during the third quarter of 2010.

The Company believes that goodwill for the Comaplex acquisition arose principally because of the following factors: 1) The going concern value implicit in our ability to sustain and/or grow our business by increasing reserves and resources through new discoveries; and 2) the requirement to record a deferred tax liability for the difference between the assigned values and the tax bases of assets acquired and liabilities assumed in a business combination at amounts that do not reflect fair value.

Pro forma results of operations for Agnico-Eagle assuming the acquisition of Comaplex described above had occurred as of January 1, 2009 are shown below. On a pro forma basis, there would have been no effect on Agnico-Eagle's consolidated revenues:

	2010	2009
	Unaudited	
Pro forma net income	$ 331,516	$ 85,371
Pro forma income per share – basic	$ 2.04	$ 0.55

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2010	2009
Trade payables	$ 91,974	$ 86,392
Wages payable	21,583	14,036
Accrued liabilities	33,390	31,924
Current portion of capital lease obligations	10,592	11,955
Goldex Mine government grant (note 5(b))	1,485	–
Other liabilities	11,943	11,125
	$ 170,967	$ 155,432

In 2009, other liabilities included the liability portion of the flow-through shares issuance of $6.8 million (note 6(b)). The liability portion of the flow-through shares issuance at December 31, 2010 was nil. The remaining 2009 amounts mainly consisted of various employee payroll tax withholdings and other payroll taxes.

In 2010, the other liabilities balance mainly consisted of various employee payroll tax withholdings and other payroll taxes.

11. RELATED PARTY TRANSACTIONS

Contact Diamond Corporation ("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". A loan was originally advanced for the purpose of funding ongoing exploration and operating activities and was repayable on demand with a rate of interest on the loan of 8% per annum. The Company, however, waived the interest on this loan commencing May 13, 2002.

In 2006, the Company tendered its 13.8 million Contact shares in conjunction with Stornoway 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 the Company of 4,968,747 Stornoway shares. A $4.4 million gain on the exchange of shares was recognized and a gain of $2.9 million was recognized on the write-up of the loan to Contact during 2006. On February 12, 2007, Agnico-Eagle subscribed to a private placement of subscription receipts by Stornoway for a total cost of $19.8 million. Stornoway acquired 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. In addition, on March 16, 2007, the Company purchased from Stornoway C$5 million in unsecured Series A Convertible Debentures and C$5 million in unsecured Series B Convertible Debentures. Both series of debentures matured two years after their date of issue and interest was payable under the debentures quarterly at 12% per annum. At the option of Stornoway, interest payments could be paid in cash or in shares of Stornoway. During 2008, the interest payments to the Company amounted to C$0.7 million and consisted of 1,940,614 shares of Stornoway (2007 – C$0.9 million and consisted of C$0.6 million in cash and 302,450 shares of Stornoway).

On July 31, 2008, the Company purchased from treasury 12,222,222 common shares of Stornoway at a price of C$0.90 per common share. Stornoway used the proceeds of the private placement to redeem the C$10 million principal amount of convertible debentures held by the Company and to pay to the Company a C$1 million amendment fee in connection with the amendment of the debentures to permit early redemption. The Company received an additional 527,947 common shares of Stornoway in satisfaction of accrued but unpaid interest on the debentures prior to their redemption. As a result of these transactions, the Company increased its holdings in Stornoway from 27,520,809 common shares (approximately 13.6% of the issued and outstanding common shares) to 40,270,978 common shares (approximately 15.8% of the issued and outstanding common shares).

Agnico-Eagle's holdings in Stornoway as at December 31, 2009 remained unchanged at 40,270,978 common shares (approximately 15.3% of the issued and outstanding common shares).

On February 22, 2010 the Company purchased 5.0 million common shares of Stornoway at a price of C$0.50 per common share. At December 31, 2010 the Company's holdings in Stornoway was 45,270,978 common shares (approximately 12.8% of the issued and outstanding common shares).

12. COMMITMENTS AND CONTINGENCIES

As part of its ongoing business and operations, the Company has been required to provide assurance in the form of letters of credit for environmental and site restoration costs, custom credits, government grants and other general corporate purposes. As at December 31, 2010, the total amount of these guarantees was $111.3 million.

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

The Company has a royalty agreement with the Finnish government relating to the Kittila Mine. Starting 12 months after the mining operations commenced, the Company is required to pay 2% on net smelter returns, defined as revenue less processing costs. The royalty is paid on a yearly basis the following year.

The Company is committed to pay a royalty on future production from the Meadowbank Mine. The Nunavut Tunngavik-administered mineral claims are subject to production leases including a 12% net profits interest royalty from which annual deductions are limited to 85% of gross revenue. Production from Crown mining leases is subject to a royalty of up to 14% of adjusted net profits, as defined in the *Northwest Territories and Nunavut Mining Regulations* under the *Territorial Lands Act* (Canada).

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

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

In addition, the Company has the following purchase commitments:

		Purchase Commitments
2011	$	10,294
2012		7,798
2013		5,918
2014		4,466
2015		4,466
Subsequent years		28,862
Total	$	61,804

13. LEASES

(a) Capital Leases

In 2010 and 2009, the Company entered into five sale-leaseback agreements each year with third-parties for various fixed and mobile equipment within Canada. These arrangements represent sale-leaseback transactions in accordance with ASC 840-40 – Sale-Leaseback Transactions. The sale-leaseback agreements have an average effective annual interest rate of 6.18% and the average length of the contracts is 4.5 years.

All of the sale-leaseback agreements have end of lease clauses that qualify as bargain purchase options that the Company expects to execute. The total gross amount of assets recorded under sale-leaseback capital leases amounts to $33.6 million (2009 – $21.0 million).

The Company has agreements with third-party providers of mobile equipment that are used in the Meadowbank and Kittila Mines. These arrangements represent capital leases in accordance with the guidance in ASC 840-30 – Capital Leases. The leases for mobile equipment at the Kittila Mine are for 5 years and the leases for mobile equipment at the Meadowbank Mine are for 5 years. The effective annual interest rate on the lease for mobile equipment at the Meadowbank Mine is 5.64%. The effective annual interest rate on the lease for mobile equipment at the Kittila Mine is 4.99%.

13. LEASES (Continued)

The following is a schedule of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as at December 31, 2010:

Year ending December 31:

2011	$	13,015
2012		13,015
2013		15,931
2014		8,907
2015		3,608
Thereafter		–
Total minimum lease payments		54,476
Less amount representing interest		5,865
Present value of net minimum lease payments	$	48,611

The Company's capital lease obligations at December 31 are comprised as follows:

		2010		2009
Total future lease payments	$	54,476	$	37,762
Less: interest		5,865		3,826
		48,611		33,936
Less: current portion		10,592		11,955
Long-term portion of capital leases	$	38,019	$	21,981

At the end of 2010, the gross amount of assets recorded under capital leases, including sale-leaseback capital leases was $55.7 million (2009 – $51.7 million; 2008 – $30.7 million). The charge to income resulting from the amortization of assets recorded under capital leases is included in the "Amortization of property, plant and mine development" component of the Consolidated Statements of Income.

(b) Operating Leases

The Company has a number of operating lease agreements involving office space. Some of the leases for office facilities contain escalation clauses for increases in operating costs and property taxes. Future minimum lease

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payments required to meet obligations that have initial or remaining non-cancellable lease terms in excess of one year as at December 31, 2010 are as follows:

Minimum lease payments:

2011	$	1,506
2012		1,292
2013		748
2014		663
2015		663
Thereafter		4,891
Total	$	9,763

Total rental expense for operating leases was $4.1 million in 2010 (2009 – $3.7 million; 2008 – $3.1 million).

14. RESTRICTED CASH

As part of the Company's insurance programs fronted by a third party provider and reinsured through the Company's internal insurance program, the third party provider requires that cash of $2.5 million be restricted.

15. FINANCIAL INSTRUMENTS

From time to time, Agnico-Eagle has entered into financial instruments with several financial institutions in order to hedge underlying cash flow and fair value exposures arising from changes in commodity prices, interest rates, equity prices or foreign currency exchange rates.

In 2009 and 2010, financial instruments which have subjected Agnico-Eagle to market risk and concentration of credit risk consisted primarily of cash, cash equivalents and short-term investments. Agnico-Eagle places its cash and cash equivalents and short-term investments in high quality securities issued by government agencies, financial institutions and major corporations and limits the amount of credit exposure by diversifying its holdings.

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

In 2008, to mitigate the risks associated with fluctuating foreign exchange rates, the Company entered into three zero cost collars to hedge the functional currency equivalent cash flows associated with the Canadian dollar denominated capital expenditures related to the Meadowbank Mine. In March 2009, the Company entered into another zero cost collar for the same purpose. The purchase of US dollar put options was financed through selling US dollar call options at a higher level such that the net premium payable to the different counterparties by the Company was nil. The hedged items represented monthly unhedged forecast Canadian dollar cash outflows during 2009. At December 31, 2008, the three zero cost collars hedged $180 million of 2009 expenditures and the additional zero cost collar entered in 2009 hedged $45 million of 2009 expenditures. The cash flow hedging relationship met all requirements per ASC 815 to be perfectly effective, and unrealized gains and losses were recognized within other comprehensive income ("OCI").

Gains and losses deferred in accumulated other comprehensive income ("AOCI") were recognized into income as amortization (or depreciation) of the hedged capital asset occurred. Amounts transferred out of accumulated OCI were recorded in the "Property, plant and mine development" line item in the consolidated balance sheet and amortized into income over the same period as the hedged capital asset.

In 2009, all of the effective hedges matured and a total of $7.4 million was reclassified from OCI to the balance sheet as a credit to "Property, plant, and mine development" line item. The total amount of unrealized loss on the hedges was nil as at December 31, 2009 (2008 – $8.9 million). Approximately $0.6 million was reclassified into the Consolidated Statement of Income in 2010 as the net gain was amortized in relation to the hedged capital asset.

The following table sets out the changes in the AOCI balances recorded in the consolidated financial statements pertaining to the foreign exchange hedging activities. The fair values, based on Black-Scholes calculated mark-to-market valuations, of recorded derivative related assets and liabilities and their corresponding entries to AOCI reflect the netting of the fair values of individual derivative financial instruments.

	2010	2009
AOCI, beginning of year	$ –	$ (8,888)
Gain reclassified from AOCI into project development costs	–	(7,399)
Gain (loss) recognized in OCI	–	16,287
AOCI, end of year	$ –	$ –

During the third quarter of 2010, the Company entered into an extendible foreign exchange flat forward transaction. At the end of each month beginning in August 2010 and ending in December 2010, the Company must exchange $5 million for Canadian dollars at a rate of US$1.0 = C$1.1. The Company had a realized gain on these transactions of $1.8 million. On December 31, 2010 and on June 30, 2011, at the option of the counterparty, the monthly exchange can be extended for another 6 months at each date. The counterparty has given notice to the Company that they will not extend their option for the 6 months following December 31, 2010. The counterparty, however, still has the second extension option to extend for the 6 months following June 30, 2011. The Company had an unrealized mark-to-market gain of $0.1 million that was recorded through the "Gain on derivative financial instruments" line item within the Consolidated Statements of Income and Comprehensive Income relating to the extendible foreign exchange flat forward transaction.

In 2010, the Company entered into a zero cost collar contract whereby the purchase of US dollar put options was financed through selling US dollar call options at higher exercise prices such that the net premium payable to the different counterparties by the Company was nil. The risk hedged in 2010 was the variability in expected future cash flows arising from changes in foreign currency exchange below and above the levels of C$1.05 and C$1.07 per US dollar. The hedged items represented a portion of the unhedged forecast Canadian dollar denominated cash outflows arising from Canadian dollar denominated expenditures in 2010. In 2010, the zero cost collar hedged $20 million of 2010 expenditures. As of December 31, 2010, all positions had expired and the strategy resulted in an overall realized gain of $0.7 million which was recognized in the "Gain on derivative financial instruments" line item of the Consolidated Statements of Income and Comprehensive Income.

The Company's other foreign currency derivative strategies in 2010 consisted mainly of writing US dollar call options with short maturities to generate premiums that would, in essence, enhance the spot transaction rate received when exchanging US dollars to Canadian dollars. All of these derivative transactions expired prior to the year end such that

no derivatives were outstanding on December 31, 2010. The Company's foreign currency derivative strategy generated $4.9 million (2009 – $4.5 million, 2008 – $4.5 million) in call option premiums for the year ended December 31, 2010 that were recognized in the "Gain on derivative financial instruments" line item of the Consolidated Statements of Income and Comprehensive Income.

As at December 31, 2010, the Company had unmatured written covered call options on available-for-sale securities with a premium of nil (2009 – $1.1 million) and a Black-Scholes calculated mark-to-market gain (loss) of nil (2009 – $0.5 million). Premiums received on the sale of covered call options are recorded as a liability in the "Fair value of derivative financial instruments" component of the consolidated balance sheets until they mature or the position is closed. Gains or losses as a result of mark-to-market valuations are taken into income in the period incurred. The Company sold these call options against the shares and warrants of Goldcorp Inc. ("Goldcorp") to reduce its price exposure to the Goldcorp shares and warrants it acquired in connection with Goldcorp's acquisition of Gold Eagle Mines Ltd. During 2010, the Company continued to write covered call options on the warrants of Goldcorp as they expired, or were repurchased.

During the third quarter of 2009, the Company sold its 0.8 million shares of Goldcorp shares but continued to write call options on the 0.8 million warrants it continues to hold. The warrants of Goldcorp were disposed of on December 22, 2010. The $0.6 million recorded as a liability as at December 31, 2009, was recognized through the consolidated statements of income in 2010. As the warrants were disposed of in 2010, no further call options were written and no liability existed as at December 31, 2010.

During the year-ended December 31, 2010, the Company recognized a net gain of $2.5 million (2009 – $10.5 million) related to the written call options of Goldcorp shares and warrants in the "Interest and sundry income" component of the consolidated statements of income.

Cash provided by operating activities in the consolidated statements of cash flows is adjusted for gains realized on the consolidated statements of income through the loss (gain) on sale of securities component. Premiums received are a component of proceeds on sale of available-for-sale securities and other within the cash used in investing activities section of the consolidated statements of cash flows.

In the first quarter of 2010, to mitigate the risks associated with fluctuating zinc prices, the Company entered into a zero-cost collar to hedge the price of zinc associated with a portion of the LaRonde Mine's 2010 production. The purchase of zinc put options has been financed through selling zinc call options at a higher level such that the net premium payable to the counterparty by the Company was nil.

A total of 15,000 metric tonnes of zinc call options were written at a strike price of $2,500 per metric tonne with 1,500 metric tonnes expiring each month beginning March 31, 2010. A total of 15,000 metric tonnes of zinc put options were purchased at a strike price of $2,200 per metric tonne with 1,500 metric tonnes expiring each month beginning March 31, 2010. While setting a minimum price, the zero-cost collar strategy also limits participation to zinc prices above $2,500 per metric tonne. This represented approximately 21% of forecasted zinc production. These contracts did not qualify for hedge accounting under ASC 815 – Derivatives and Hedging. Gains or losses, along with mark-to-market adjustments are recognized in the "Gain on derivative financial instruments" component of the consolidated statements of income. During the year ended December 31, 2010, the Company recognized a realized gain of $3.7 million. There were no zinc hedges outstanding at December 31, 2010.

In addition, the Company implemented a strategy to enhance the realized copper metal prices realized and mitigate the risks associated with fluctuating copper prices by occasionally writing copper call options. During 2010, four short-term copper call options were written and the realized loss net of premiums received amounted to $0.6 million that was recognized in the "Gain on derivative financial instruments" line item of the Consolidated Statements of Income and Comprehensive Income.

As at December 31, 2010 and 2009, there were no metal derivative positions. The Company may from time-to-time utilize short-term (*intra* quarter) financial instruments as part of its strategy to minimize risks and optimize returns on its byproduct metal sales.

Other required derivative disclosures can be found in note 6(e), "Accumulated other comprehensive income (loss)".

The following table provides a summary of the amounts recognized in the "Gain on derivative financial instruments" line item of the Consolidated Statements of Income and Comprehensive Income.

	2010	2009	2008
Premiums realized on written foreign exchange call options	$ 4,845	$ 4,494	$ 4,481
Realized gain on foreign exchange extendible flat forward	1,797	–	–
Realized gain on foreign exchange collar	711	–	–
Mark-to-market on foreign exchange extendible flat forward	142		
Realized gain on zinc financial instruments	3,733	(752)	–
Realized loss on copper financial instruments	(558)	(150)	–
Realized loss on silver financial instruments	(3,058)	–	–
	$ 7,612	$ 3,592	$ 4,481

Agnico-Eagle's exposure to interest rate risk at December 31, 2010 relates to its cash and cash equivalents, short-term investments and restricted cash totaling $104.6 million (2009 – $163.6 million) and the Credit Facility. The Company's short-term investments and cash equivalents have a fixed weighted average interest rate of 0.56% (2009 – 0.59%).

The fair values of Agnico-Eagle's current financial assets and liabilities approximate their carrying values as at December 31, 2010.

ASC 820 – Fair Value Measurement and Disclosure (Prior authoritative literature: FASB Statement No. 157, "Fair Value Measurements" defines fair value, establishes a framework for measuring fair value in US GAAP and expands required disclosures about fair value measurements.

Fair value is the value at which a financial instrument could be closed out or sold in a transaction with a willing and knowledgeable counterparty over a period of time consistent with the Company's investment strategy. Fair value is based on quoted market prices, where available. If market quotes are not available, fair value is based on internally developed models that use market-based or independent information as inputs. These models could produce a fair value that may not be reflective of future fair value.

The three levels of the fair value hierarchy under ASC 820 are:

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

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

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

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

	Total	Level 1	Level 2	Level 3
Financial assets:				
Cash equivalents and short-term investments [1]	$ 7,820	$ –	$ 7,820	$ –
Available-for-sale securities [2][3]	99,109	90,925	8,185	–
Trade receivables [4]	112,949	–	112,949	–
	$ 219,878	$ 90,925	$ 128,954	$ –
Financial liabilities:				
Derivative liabilities [3]	$ 142	$ –	$ 142	$ –

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

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

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

(4) Trade receivables from provisional invoices for concentrate sales are included within Level 2 as they are valued using quoted forward rates derived from observable market data based on the month of expected settlement.

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

The Company's available-for-sale equity securities are recorded at fair value using quoted market prices or broker-dealer quotations. The Company's available-for-sale equity securities that are valued using quoted market prices in active markets are classified as Level 1 of the fair value hierarchy. The Company's available-for-sale securities classified as Level 2 of the fair value hierarchy consist of equity warrants, which are recorded at fair value based broker-dealer quotations.

In the event that a decline in the fair value of an investment occurs and the decline in value is considered to be other-than-temporary, an impairment charge is recorded in the interim consolidated statement of income and a new cost basis for the investment is established. The Company assesses whether a decline in value is considered to be other-than-temporary by considering available evidence, including changes in general market conditions, specific industry and individual company data, the length of time and the extent to which the fair value has been less than cost, the financial condition and the near-term prospects of the individual investment. New evidence could become available in future periods which would affect this assessment and thus could result in material impairment charges with respect to those investments for which the cost basis exceeds its fair value.

16. SEGMENTED INFORMATION

Agnico-Eagle operates in a single industry, namely exploration for and production of gold. The Company's primary operations are in Canada, Mexico, and Finland. The Company identifies its reportable segments as those operations

whose operating results are reviewed by the Chief Executive Officer and Chief Operating Officer, and that represent more than 10% of the combined revenue, profit or loss or total assets of all reported operating segments. The following are the reporting segments of the Company and reflect how the Company manages its business and how it classifies its operations for planning and measuring performance:

Canada:	LaRonde Mine, Lapa Mine, Goldex Mine, Meadowbank Mine and the Regional Office
Europe:	Kittila Mine
Latin America:	Pinos Altos Mine
Exploration:	USA Exploration office, Europe Exploration office, Canada Exploration offices, Meliadine Mine Project and the Latin America Exploration office

The accounting policies of the reporting segments are the same as those described in the summary of significant accounting policies. There are no transactions between the reported segments affecting revenue. Production costs for the reported segments are net of intercompany transactions. The goodwill of $200.1 million on the Consolidated Balance Sheets relates to the Meliadine Mine Project that is a component of the Exploration segment.

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

The Goldex Mine achieved commercial production on August 1, 2008. On May 1, 2009, both the Lapa Mine and the Kittila Mine achieved commercial production. The Pinos Altos Mine achieved commercial production on November 1, 2009. The Meadowbank Mine achieved commercial production on March 1, 2010.

Twelve Months Ended December 31, 2010	Revenues from Mining Operations	Production Costs	Amortization	Exploration & Corporate Development	Foreign Currency Translation Loss (Gain)	Segment Income (Loss)
Canada	$ 1,086,744	$ 499,621	$ 140,024	$ –	$ 22,815	$ 424,284
Europe	160,140	87,735	31,231	–	(2,780)	43,954
Latin America	175,637	90,116	21,134	–	(2,126)	66,513
Exploration	–	–	97	54,958	1,627	(56,682)
	$ 1,422,521	$ 677,472	$ 192,486	$ 54,958	$ 19,536	$ 478,069
Segment income						$ 478,069
Corporate and Other						
Interest and sundry income						10,254
Gain on acquisition of Comaplex						57,526
Gain on sale of available-for-sale securities						19,487
Gain on derivative financial instruments						7,612
General and administrative						(94,327)
Provincial capital tax						6,075
Interest expense						(49,493)
Income before income, mining and federal capital taxes						$ 435,203

Twelve Months Ended December 31, 2009	Revenues from Mining Operations	Production Costs	Amortization	Exploration & Corporate Development	Foreign Currency Translation Loss (Gain)	Segment Income (Loss)
Canada	$ 538,123	$ 252,035	$ 60,028	$ –	$ 36,499	$ 189,561
Europe	61,457	42,464	10,909	–	3,582	4,502
Latin America	14,182	11,819	1,524	–	(250)	1,089
Exploration	–	–	–	36,279	–	(36,279)
	$ 613,762	$ 306,318	$ 72,461	$ 36,279	$ 39,831	$ 158,873
Segment income						$ 158,873
Corporate and Other						
Interest and sundry income						12,580
Gain on sale of available-for-sale securities						10,142
Gain on derivative financial instruments						3,592
General and administrative						(63,687)
Provincial capital tax						(5,014)
Interest expense						(8,448)
Income before income, mining and federal capital taxes						$ 108,038

Twelve Months Ended December 31, 2008	Revenues from Mining Operations	Production Costs	Amortization	Exploration & Corporate Development	Foreign Currency Translation Loss (Gain)	Segment Income (Loss)
Canada	$ 368,938	$ 186,862	$ 36,133	$ –	$ (70,442)	$ 216,385
Europe	–	–	–	–	(7,281)	7,281
Latin America	–	–	–	–	35	(35)
Exploration	–	–	–	34,704	–	(34,704)
	$ 368,938	$ 186,862	$ 36,133	$ 34,704	$ (77,688)	$ 188,927
Segment income						$ 188,927
Corporate and Other						
Interest and sundry income						11,721
Gain on sale of available-for-sale securities						25,626
General and administrative						(47,187)
Write-down on available-for-sale securities						(74,812)
Gain on derivative financial instruments						4,481
Provincial capital tax						(5,332)
Interest expense						(2,952)
Income before income, mining and federal capital taxes						$ 95,991

	Capital Expenditures		
	2010	2009	2008
Canada	$ 1,004,129	$ 435,098	$ 548,555
Europe	67,894	84,955	190,188
Latin America	103,131	136,706	171,438
Exploration	97	–	55
	$ 1,175,251	$ 656,759	$ 910,236

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	Articles of Amalgamation of the Company (incorporated by reference to Exhibit 1.02 to the Company's Annual Report on Form 20-F (File No. 001-13422) for the fiscal year ended December 31, 2007, filed with the SEC on March 28, 2008).	*
1.02	Amended and Restated By-Laws of the Company (incorporated by reference to Exhibit 99.1 to the Company's Form 6-K (File No. 001-13422) furnished to the SEC on March 28, 2008).	*
4.01	Amended and Restated Credit Agreement, dated as of June 22, 2010, between the Company, the guarantors party thereto, the lenders party thereto and The Bank of Nova Scotia.	*
4.02	Amended and Restated Stock Option Plan (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-8 (File No. 333-152004), filed with the SEC on August 19, 2008).**	*
4.03	Amended and Restated Incentive Share Purchase Plan (incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form S-8 (File No. 333-152004) filed with the SEC on August 19, 2008).**	*
4.04	Warrant Indenture, dated as of April 4, 2009, between the Company and Computershare Trust Company of Canada (incorporated by reference to Exhibit 4.05 to the Company's Annual Report on Form 20-F (File No. 001-13422) for the fiscal year ended December 31, 2009, filed with the SEC on March 26, 2010).	*
4.05	Note Purchase Agreement, dated as of April 7, 2010, between the Company and the purchasers party thereto.	*
8.01	List of subsidiaries of the Company.	*
11.01	Code of Ethics (incorporated by reference to Exhibit 2 to the Company's Form 6-K (File No. 001-13422) furnished to the SEC on December 21, 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 Company's Annual Report on Form 20-F (File No. 001-13422) for the fiscal year ended December 31, 2005 filed with the SEC on March 28, 2006).	
101	The following financial information from Agnico-Eagle Mines Limited's Comparative Audited Consolidated Financial Statements, formatted in XBRL (Extensible Business Reporting Language) and furnished electronically herewith: (i) the Consolidated Statements of Income; (ii) the Consolidated Statements of Cash Flow; (iii) the Consolidated Balance Sheets; (iv) the Consolidated Statements of Shareholders' Equity; (v) the Consolidated Statements of Comprehensive Income; and (vi) the Notes to Consolidated Financial Statements, tagged as blocks of text.	

* 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, may be inspected and copied at prescribed rates at the public reference room maintained by the SEC located at 110 F Street, N.E., Room 1580, Washington, D.C. 20549, U.S.A. or may be accessed electronically at the SEC's website (www.sec.gov).

** Management contracts or compensatory plan, contract or arrangements required to be filed and herein incorporated as an exhibit.

*** Pursuant to the SEC Release No. 33-8212 and 34-47551, 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 U.S. Securities Act or the Exchange Act, except to the extent that the Company 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 28, 2011

By: /s/ AMMAR AL-JOUNDI

Ammar Al-Joundi
Senior Vice-President, Finance and Chief Financial Officer

Exhibit 4.01

Execution Version

AGNICO-EAGLE MINES LIMITED
as Borrower

- and -

THE GUARANTORS FROM TIME TO TIME
PARTY TO THIS AGREEMENT
as Guarantors

- and -

THE LENDERS FROM TIME TO TIME
PARTY TO THIS AGREEMENT

- and -

THE BANK OF NOVA SCOTIA
as Joint Lead Arranger and Administrative Agent

- and -

THE TORONTO-DOMINION BANK
as Joint Lead Arranger and Syndication Agent

- and -

BANK OF MONTREAL
CANADIAN IMPERIAL BANK OF COMMERCE
SOCIÉTÉ GÉNÉRALE (CANADA BRANCH)
as Co-Documentation Agents

AMENDED AND RESTATED CREDIT AGREEMENT
DATED AS OF JUNE 22, 2010
US$1,200,000,000 CREDIT FACILITIES

BORDEN LADNER GERVAIS LLP

DAVIES WARD PHILLIPS & VINEBERG LLP

TABLE OF CONTENTS

AMENDED AND RESTATED CREDIT AGREEMENT entered into as of the 22nd day of June, 2010

B E T W E E N:

AGNICO-EAGLE MINES LIMITED
as Borrower

- and -

1715495 ONTARIO INC.
1641315 ONTARIO INC.
AGNICO-EAGLE SWEDEN AB
AGNICO-EAGLE AB
RIDDARHYTTAN RESOURCES AB
AGNICO-EAGLE FINLAND OY
AGNICO EAGLE MEXICO S.A. DE C.V.
TENEDORA AGNICO EAGLE MEXICO S.A. DE C.V.
AGNICO-EAGLE MINES MEXICO COOPERATIE U.A.
AGNICO-EAGLE MINES SWEDEN COOPERATIE U.A.
as Guarantors

- and -

THE LENDERS LISTED ON EXHIBIT A
TO THIS AGREEMENT FROM TIME TO TIME
as Lenders

- and -

THE BANK OF NOVA SCOTIA
as Administrative Agent

WHEREAS certain of the parties entered into a credit agreement dated as of September 4, 2008, which credit agreement was amended and restated as of June 15, 2009 and further amended by notice and amendment no. 1 to amended and restated credit agreement dated as of April 6, 2010 (the " **Existing Credit Agreement** ");

AND WHEREAS the Borrower has requested certain amendments to the credit facilities available under the Existing Credit Agreement, as set forth herein;

AND WHEREAS the parties hereto are entering into this Agreement to provide for the terms of such amended credit facilities by amending and restating the Existing Credit Agreement.

NOW THEREFORE for valuable consideration and intending to be legally bound by this Agreement, the parties agree that the Existing Credit Agreement is amended and restated as follows:

1. INTERPRETATION

1.1 Definitions

The following words and expressions, when used in this Agreement, unless the contrary is stipulated, have the following meaning:

1.1.1 " **Acceptance Date** " has the meaning defined in Section 5.1.1;

1.1.2 " **Accepting Lender Notice** " has the meaning defined in Section 19.3.2;

1.1.3 " **Acquisition Deadline** " has the meaning defined in Section 19.3.3.1;

1.1.4 " **Acquisition Notice** " has the meaning defined in Section 19.3.3.1;

1.1.5 " **Acquisition Request Notice** " has the meaning defined in Section 19.3.3;

1.1.6 " **Advance** " means any advance by the Lenders under this Agreement including (a) direct advances of funds by way of Prime Rate Advances, Swing Line Advances, US Base Rate Advances and Libor Advances, (b) indirect advances by way of BA Advances and the issuance of Letters of Credit, (c) any deemed " **Advance** " hereunder and (d) any renewal, extension, rollover or conversion of any " **Advance** "; and any reference relating to the amount of " **Advances** " outstanding under this Agreement means the sum (without duplication) of all outstanding Prime Rate Advances, Swing Line Advances, US Base Rate Advances and Libor Advances, plus the face amount of all outstanding Bankers' Acceptances and Letters of Credit;

1.1.7 " **Affiliate** " means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified;

1.1.8 " **Agency Fee Letter** " means the confidential letter agreement dated June 22, 2010 between the Agent and the Borrower, providing for the payment of certain agency fees in relation to the Credit Facility;

1.1.9 " **Agent** " means The Bank of Nova Scotia, in its capacity as administrative agent for the Lenders;

1.1.10 " **Agreement** ", " **herein** ", " **hereby** ", " **hereto** " " **hereunder** " or similar expressions mean this agreement, the recitals hereto and any schedules hereto, as amended, supplemented, restated and replaced from time to time in accordance with the provisions hereof, and not any particular article, section, subsection, paragraph or clause or other portion hereof;

1.1.11 " **Applicable Law** " means (a) any domestic or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise), (b) any judgment, order, writ, injunction, decision, ruling, decree or award or (c) any regulatory policy, practice, guideline or directive; in each case, applicable to and binding on the Person referred to in the context in which the term is used or the Property of such Person as a legally enforceable requirement;

1.1.12 " **Applicable Margin** " means the relevant percentage set forth in the relevant row of the table in Section 2.7.1;

1.1.13 " **Applicable Percentage** " means, with respect to any Lender, the percentage of the total Commitments represented by such Lender's Commitment; provided however, that if the Commitments have terminated or expired, the " **Applicable Percentage** " shall be, with respect to any Lender, the percentage of total Credit Exposure of all Lenders represented by such Lender's Credit Exposure;

1.1.14 " **Approved Fund** " means any Person (other than a natural Person) that (a) is or will be engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the Ordinary Course and (b) is administered or managed by a Lender, an Affiliate of a Lender or an entity or an Affiliate of an entity that administers or manages a Lender;

1.1.15 " **Approving Lenders** " has the meaning defined in Section 19.3.2;

1.1.16 " **Arm's Length** " has the meaning given to that term for the purposes of the *Income Tax Act* (Canada) on the date hereof;

1.1.17 " **Asset Disposition** " means, with respect to any Obligor, the sale, lease, transfer, assignment or other disposition or alienation of all or any part of the Property now held or subsequently acquired by it (including Equity Interests), or the entering into of any sale-leaseback transaction with respect to its Property or any part thereof;

1.1.18 " **Assignee** " means an Eligible Assignee who has entered into an Assignment and Assumption Agreement;

1.1.19 " **Assignment** " means an assignment of all or a portion of a Lender's rights and obligations under this Agreement in accordance with Sections 18.2 and 18.3;

1.1.20 " **Assignment and Assumption Agreement** " means an agreement substantially in the form of Exhibit B;

1.1.21 " **Associate** " has the meaning given to that term in the *Business Corporations Act* (Ontario) on the date hereof;

1.1.22 " **Available Amount** " has the meaning defined in Section 19.3.3.1;

1.1.23 " **Available Proceeds** " has the meaning defined in Section 5.2.3.4;

1.1.24 " **BA Advance** " means an Advance in Canadian Dollars which the Borrower has elected to borrow by way of Bankers' Acceptances;

1.1.25 " **BA Lender** " means a Lender which is a bank that accepts bankers' acceptances issued in Canada;

1.1.26 " **BA Proceeds** " means (a) for a Bankers' Acceptance, an amount calculated on the applicable Drawdown Date by multiplying: (i) the face amount of the Bankers' Acceptance by (ii) the following fraction:

$$\frac{1}{(1 + (\text{Bankers' Acceptance Discount Rate} \times \text{Designated Period (in days)} \div 365))}$$

with such fraction being rounded up or down to the fourth decimal place and .00005 being rounded up, and (b) with respect to Non-BA Lenders, the face amount of Discount Notes issued to them, less a discount established in the same manner as provided in clause (a) above (with references to " **Bankers' Acceptances** " being replaced by references to " **Discount Notes** ");

1.1.27 " **BA Request** " has the meaning defined in subsection 5.1.1;

1.1.28 " **Bankers' Acceptance** " means a non-interest bearing draft or bill of exchange in Canadian Dollars drawn by the Borrower and accepted by a Lender in accordance with the provisions of Article 5 and includes a Discount Note where the context permits. In cases where the Lenders elect to use a clearinghouse as contemplated by the *Depository Bills and Notes Act* (Canada), " **Bankers' Acceptance** " shall mean a depository bill (as defined in such Act) in Canadian Dollars signed by the Borrower and accepted by a Lender. Drafts or bills of exchange that become depository bills may nevertheless be referred to herein as " **drafts** ";

1.1.29 " **Bankers' Acceptance Discount Rate** " means, as determined by the Agent (a) in respect of Bankers' Acceptances to be purchased by the Lenders which are Schedule I banks under the *Bank Act* (Canada), the average rate for Canadian Dollar bankers' acceptances (rounded up to the nearest 1/100 of 1%) having Designated Periods of one, two, three, or six months quoted on Reuters Service, page CDOR " **Canadian Interbank Bid BA Rates** " (the " **CDOR Rate** "), having an identical Designated Period to that of the Bankers' Acceptances to be issued on such day and (b) in respect of Bankers' Acceptances to be purchased by the Lenders which are Schedule II banks under the *Bank Act* (Canada) or Schedule III banks under the *Bank Act* (Canada) which are not subject to the restrictions and requirements referred to in Section 524(2) thereof, and in respect of Discount Notes, the average of the rates for Canadian Dollar bankers' acceptances quoted by the Schedule II Reference Lenders (rounded up to the nearest 1/100 of 1%), provided that such average rate may not exceed the rate determined under clause (a) by more than 0.10% per annum (in each of cases (a) and (b), the " **Discount Rates** "). In all cases, the Discount Rates shall be quoted at approximately 10:00 a.m. on the Drawdown Date calculated on the basis of a year of 365 days.

In the absence of any such determination, the " **Bankers' Acceptance Discount Rate** " which would have been determined in accordance with clause (a) or clause (b) above, respectively, shall be equal to the average of the discount rates for bankers' acceptances (rounded up to the nearest 1/100 of 1%) of:

(i) in the case of clause (a), the Schedule I Reference Lenders; and

(ii) in the case of clause (b), the Schedule II Reference Lenders;

calculated on the basis of a year of 365 days, established in accordance with their normal practices at 10:00 a.m. on the Drawdown Date, for bankers' acceptances accepted by the Schedule I Reference Lenders or the Schedule II Reference Lenders, as the case may be, in amounts equal to the amount of the BA Advances to be made that day by the Schedule I Reference Lenders or the Schedule II Reference Lenders, as the case may be, having an identical Designated Period to that of the proposed Bankers' Acceptances to be issued on such day,

provided that the " **Bankers' Acceptance Discount Rate** " replacing the rate which would have been determined under clause (b) above shall not exceed the " **Bankers' Acceptance Discount Rate** " which would have been determined in accordance with clause (a) above by more than 0.10% per annum;

1.1.30 " **Banking Day** " means any Business Day except any Business Day in New York, New York which is a holiday or a day upon which banks

are authorized or required by Applicable Law or by local proclamation to be closed in New York, New York, provided that, for LIBOR Advances, such Business Day is also a day on which prime banks accept deposits in London, England in the London interbank market;

1.1.31 " **Borrower** " means Agnico-Eagle Mines Limited, an Ontario corporation;

1.1.32 " **Branch** " means the Global Wholesale Services — Loan Operations department of The Bank of Nova Scotia at 720 King Street West, Third Floor, Toronto, Ontario, M5V 2T3 or such other branch as is designated from time to time by the Agent, provided that notice of such designation has been received or deemed to have been received in accordance with the Agreement;

1.1.33 " **Business Combination** " has the meaning defined in Section 14.10.1.4.

1.1.34 " **Business Day** " means any day, except Saturdays, Sundays and any other day which in Toronto, Ontario or Montreal, Quebec is a holiday or a day upon which banks are authorized or required by Applicable Law or by local proclamation to be closed in Toronto, Ontario or Montreal, Quebec;

1.1.35 " **Canadian Dollar-Libor Funded Lenders** " means any Lender that funds its Canadian dollars from the London interbank market and which the Borrower has accepted in writing as a " **Canadian Dollar-Libor Funded Lender** ", and " **Canadian Dollar-Libor Funded Lender** " means any of the " **Canadian Dollar-Libor Funded Lenders** ";

1.1.36 " **Canadian Dollar-Libor Term** " means the interest period equal to the shortest interest period displayed on the Libor01 page of Reuters Service for C$1,000,000 at or about 11:00 a.m. (London time) on the date of determination;

1.1.37 " **Canadian Dollars** " or " **C$** " means the lawful currency of Canada;

1.1.38 " **Capital Lease** " means any lease which is required to be capitalized on a balance sheet of the lessee in accordance with GAAP;

1.1.39 " **Capital Lease Obligations** " means, as to any Person, an obligation of such Person to pay rent or other amounts under a Capital Lease and the amount of such obligation shall be the capitalized amount thereof, determined in accordance with GAAP;

1.1.40 " **Capital Reorganization** " means any change in the issued and outstanding Equity Interests of a Person involving the reclassification

of such Equity Interests or the conversion of such Equity Interests into, or exchange of such Equity Interests for, cash, securities or other property;

1.1.41 " **Cash Equivalents** " means, as of the date of any determination thereof, instruments of the following types:

1.1.41.1 obligations of, or unconditionally guaranteed by, the governments of Canada or the USA, or any agency of either of them backed by the full faith and credit of the governments of Canada or the USA, respectively, maturing not more than one year from the date of acquisition;

1.1.41.2 marketable direct obligations of the governments of one of the provinces of Canada, one of the states of the USA, or any agency thereof, or of any county, department, municipality or other political subdivision of Canada or the USA, the payment or guarantee of which constitutes a full faith and credit obligation of such province, state, municipality or other political subdivision, which matures not more than one year from the date of acquisition and which, at the time of acquisition, is accorded a short-term credit rating of at least A-1 by S&P, at least P-1 by Moody's or at least R-1(middle) by DBRS;

1.1.41.3 commercial paper, bonds, notes, debentures and bankers' acceptances issued by a Person residing in Canada or the USA and not referred to in subsections 1.1.41.1, 1.1.41.2 or 1.1.41.4, and maturing not more than one year from the date of issuance which, at the time of acquisition, is accorded a short-term credit rating of at least A-1 by S&P, at least P-1 by Moody's or at least R-1 (middle) by DBRS, and, in respect of Canadian asset-backed commercial paper that is based on a DBRS rating, provided further that such asset-backed commercial paper is issued by a Person appearing on the list of " **Global Liquidity Standard for ABCP Issuers** " published and maintained by DBRS (for so long as such list is in existence and is continually being updated);

1.1.41.4 (a) certificates of deposit maturing not more than one year from the date of issuance thereof, issued by a bank or trust company organized under the laws of the USA, any state thereof, or Canada or any province thereof or (b) Principal Currency certificates of deposit maturing not more than one year from the date of acquisition and issued by a bank in a Principal Jurisdiction; in all cases having capital, surplus

and undivided profits aggregating at least US$500,000,000 (or the equivalent thereof in Canadian Dollars or in the currency of such Principal Jurisdiction) and whose short-term credit rating is, at the time of acquisition, accorded a short-term credit rating of at least A-1 by S&P, at least P-1 by Moody's or at least R-1(middle) by DBRS;

1.1.41.5 any repurchase agreement having a term of 30 days or less entered into with any Lender or any Person satisfying the criteria set forth in subsection 1.1.41.4 which is secured by a fully perfected security interest in any obligation of the type described in subsection 1.1.41.1 or 1.1.41.2 and has a market value at the time such repurchase agreement is entered into of not less than 100% of the repurchase obligation of such commercial banking institution thereunder; and

1.1.41.6 investments in any security issued by an investment company registered under section 8 of the *Investment Company Act of 1940* (15 U.S.C. 80a-8) that is a money market fund in compliance with all applicable requirements of SEC Rule 2a-7 (17 CFR 270.2a-7);

1.1.42 " **CDS** " has the meaning defined in Section 5.11;

1.1.43 " **CDS & Co.** " has the meaning defined in Section 5.11;

1.1.44 " **Change in Law** " means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any Applicable Law, (b) any change in any Applicable Law or in the administration, interpretation or application thereof by any Governmental Authority, including any such change resulting from any quashing by a Governmental Authority of an interpretation of any Applicable Law or (c) the making or issuance of any Applicable Law by any Governmental Authority;

1.1.45 " **Change of Control** " means:

(a) the acquisition, directly or indirectly, by any means whatsoever, by any Person, or group of Persons acting jointly or in concert, (collectively, an " **offeror** ") of beneficial ownership of, or the power to exercise control or direction over, or securities convertible or exchangeable into, any securities of the Borrower carrying in aggregate (assuming the exercise of all such conversion or exchange rights in favour of the offeror) more than 50% of the aggregate votes represented by the voting stock then issued and outstanding or otherwise

entitling the offeror to elect a majority of the board of directors of the Borrower; or

(b) the replacement by way of election or appointment at any time of one-half or more of the total number of the then incumbent members of the board of directors of the Borrower, or the election or appointment of new directors comprising one-half or more of the total number of members of the board of directors in office immediately following such election or appointment; unless, in any such case, the nomination of such directors for election or their appointment is approved by the board of directors of the Borrower in office immediately preceding such nomination or appointment in circumstances where such nomination or appointment is made other than as a result of a dissident public proxy solicitation, whether actual or threatened;

1.1.46 " **Claim** " has the meaning defined in Section 19.15;

1.1.47 " **Closing Date** " means September 4, 2008;

1.1.48 " **Commitment** " means the portion of the Credit Facility which a Lender has agreed to Advance to the Borrower as set out in Exhibit A and, where the context requires, the maximum amount of Advances which such Lender has covenanted to make, which Exhibit shall be amended and distributed to all parties by the Agent from time to time as such commitments change in accordance with this Agreement;

1.1.49 " **Compliance Certificate** " means a certificate in the form of Exhibit E executed by the chief financial officer or another senior officer of the Borrower;

1.1.50 " **Consolidated Hedging Exposure** " means the aggregate of all amounts that would be payable to all Persons by the Borrower and its Subsidiaries or to the Borrower and its Subsidiaries, on the date of determination, taking into account all legally enforceable netting arrangements, pursuant to each ISDA Master Agreement between the Borrower and each such Person and each Subsidiary and each such Person, as if all Derivative Instruments under such ISDA Master Agreements were being terminated on that day;

1.1.51 " **Constating Documents** " means, with respect to any Person, its articles or certificate of incorporation, amendment, amalgamation, continuance or association, memorandum of association, declaration of trust, partnership agreement, limited liability company agreement or other similar document, as applicable, and all unanimous shareholder agreements, other shareholder agreements, voting trust agreements and

similar arrangements applicable to the Person's Equity Interests which bind such Person, and by-laws, all as amended, supplemented, restated or replaced from time to time;

1.1.52 " **Contingent Obligation** " of any Person means all contingent liabilities required to be included or noted in the financial statements of such Person in accordance with GAAP;

1.1.53 " **Continuing Lenders** " means the Lenders which were party to the Existing Credit Agreement;

1.1.54 " **Contract** " means any agreement, contract, indenture, lease, deed of trust, licence, option, undertaking, promise or any other commitment or obligation, whether oral or written, express or implied, other than a Permit;

1.1.55 " **Control** " means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by Contract or otherwise and " **Controlling** " and " **Controlled** " have corresponding meanings;

1.1.56 " **Core Business** " means the development, construction and operation of mining properties and any operation relating to mining, including the manufacturing, processing or refining of products produced from mining operations and properties, and the sale of products produced from or in connection with mining operations and properties, and the financing related thereto;

1.1.57 " **Credit Exposure** " means with respect to any Lender at any time, the sum of (a) the outstanding Advances (excluding, as applicable, Swing Line Loans and Letters of Credit) of such Lender, plus (b) such Lender's Applicable Percentage of all Letter of Credit Obligations, plus (c) such Lender's Applicable Percentage of the outstanding Swing Line Loans at such time;

1.1.58 " **Credit Facility** " has the meaning defined in Section 2.1;

1.1.59 " **DBRS** " means DBRS Limited;

1.1.60 " **Debt** " means, with respect to a Person, without duplication, the aggregate of the following amounts, each calculated in accordance with GAAP, unless the context otherwise requires:

1.1.60.1 all obligations that would be considered to be indebtedness for borrowed money (including, without limitation, by way of overdraft and drafts or orders accepted representing extensions of credit), and all obligations (whether or not

with respect to the borrowing of money) that are evidenced by bonds, debentures, notes or other similar instruments;

1.1.60.2 reimbursement obligations under bankers' acceptances and contingent obligations of such Person in respect of any letter of credit, letters of guarantee, bank guarantee, surety bond, performance bond and similar instruments;

1.1.60.3 all liabilities upon which interest charges are paid or are customarily paid by that Person;

1.1.60.4 any Equity Interests of that Person (or of any Subsidiary of that Person) which Equity Interests, by their terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part, prior to the Maturity Date, for cash or securities constituting Debt (read without reference to this subsection 1.1.60.4) unless the issuer of such Equity Interests has by the terms of such Equity Interests the option of repaying such amounts or retiring or exchanging such Equity Interests with Equity Interests not convertible or exchangeable or redeemable for Debt (read without reference to this subsection 1.1.60.4);

1.1.60.5 all Capital Lease Obligations, obligations under Synthetic Leases, obligations under sale and leaseback transactions (unless the lease component of the sale and leaseback transaction is an operating lease) and indebtedness under arrangements relating to purchase money liens and other obligations in respect of the deferred purchase price of property and services; and

1.1.60.6 the amount of the contingent obligations under any guarantee (other than by endorsement of negotiable instruments for collection or deposit in the Ordinary Course) or other agreement assuring payment or performance of any obligation in any manner of any part or all of an obligation of another Person of the type included in subsections 1.1.60.1 through 1.1.60.5 above;

other than trade payables incurred in the Ordinary Course and payable in accordance with customary practices;

1.1.61 " **Declining Lenders** " has the meaning defined in Section 19.3.2;

1.1.62 " **deemed interest period** " has the meaning defined in Section 4.9.1;

1.1.63 " **Default** " means an event or circumstance, the occurrence or non-occurrence of which would, with the giving of a notice, lapse of time or combination thereof or other condition subsequent, constitute an Event of Default;

1.1.64 " **Default ing Lender** " means any Lender that (a) has failed to fund any portion of the Advances or fund its participating interests in Swing Line Advances required to be funded by it hereunder within three Business Days of the date required to be funded by it hereunder unless such failure has been cured, (b) has otherwise failed to pay over to the Agent or any other Lender any other amount required to be paid by it hereunder within three Business Days of the date when due, unless the subject of a good faith dispute or unless such failure has been cured, (c) has been determined by a court of competent jurisdiction or regulator to be insolvent or is unable to meet its obligations or pay its debts as they generally become due, (d) is the subject of a bankruptcy or insolvency proceeding or (e) is subject to or is seeking the appointment of an administrator, regulator, conservator, liquidator, receiver, trustee, custodian or other similar official over any portion of its assets or business;

1.1.65 " **depository bills** " has the meaning defined in Section 5.11;

1.1.66 " **Derivative Instrument** " means an agreement entered into from time to time by a Person in order to control, fix or regulate currency exchange, commodity price or interest rate fluctuations, including a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions and any combination of these transactions);

1.1.67 " **Derivative Obligations** " means the Obligor Hedging Exposure owed to one or more Lenders or Affiliates of a Lender under Derivative Instruments;

1.1.68 " **Designated Period** " means, with respect to a Libor Advance or a BA Advance, a period designated by the Borrower in accordance with, as applicable, Sections 3.3, 5.1 and 5.4;

1.1.69 " **Desired Acquisition Amount** " has the meaning defined in Section 19.3.3.1;

1.1.70 " **Discount Note** " means a non-interest bearing promissory note denominated in Canadian Dollars issued by the Borrower to a Non-BA Lender, such note to be in the form customarily used by such Non-BA Lender;

1.1.71 " **Distribution** " means:

1.1.71.1 the retirement, redemption, retraction, purchase, or other acquisition of any Equity Interests of an Obligor or Related Party Debt of an Obligor, except where the consideration for retirement, redemption, retraction, purchase or other acquisition is made in Equity Interests of an Obligor, so long as no Change of Control occurs as a result;

1.1.71.2 the declaration or payment of any dividend, return of capital or other distribution (in cash, securities or other Property or otherwise) of, on or in respect of, any Equity Interests of an Obligor;

1.1.71.3 any payment or repayment of or on account of Related Party Debt of an Obligor, including in respect of principal, interest, bonus, premium or otherwise;

1.1.71.4 any payment of management or similar fees to any Related Party which is not an Obligor, except on a commercially reasonable basis as if the payor were dealing with such Related Party at Arm's Length, provided that such payment constitutes direct or indirect funding of payroll obligations of such Related Party; and

1.1.71.5 any other payment or distribution (in cash, securities or other Property, or otherwise) of, on or in respect of any Equity Interests of an Obligor or Related Party Debt of an Obligor;

1.1.72 " **Draft** " means any draft, bill of exchange, receipt, acceptance, demand or other request for payment drawn or issued under or in respect of a Letter of Credit;

1.1.73 " **Drawdown Date** " means the date, which shall be a Business Day, of any Advance and includes, for avoidance of doubt, the date of any rollover, conversion, renewal or extension of any existing Advance;

1.1.74 " **EBITDA** " means, for any period, on a consolidated basis, an amount equal to the Borrower's revenue from the sale of product from mines, less:

1.1.74.1 onsite and offsite cash operating costs for such period;

1.1.74.2 cash general and administrative expenses for such period;

1.1.74.3 cash capital taxes for such period; and

1.1.74.4 cash reclamation expenditures for such period;

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

1.1.75 " **Effective Date** " means the date on which all of the conditions specified in Section 9.1 are satisfied or waived in accordance with Section 9.3, as confirmed in a written notice from the Agent to the Borrower;

1.1.76 " **Eligible Assignee** " means (a) a Lender, (b) an Affiliate of a Lender, (c) an Approved Fund, and (d) any other Person (other than a natural person) in respect of each of which the consent of any party whose consent is required under subsection 18.2.2 has been obtained; provided that notwithstanding the foregoing, " **Eligible Assignee** " shall not include any Obligor or any Affiliate of an Obligor;

1.1.77 " **Environmental Claims** " means any claims (including, without limitation, third party claims, whether for personal injury or real or personal property damage or otherwise), actions, administrative proceedings (including informal proceedings), judgments, Liens, damages, punitive damages, penalties, fines, costs, liabilities (including sums paid in settlement of claims), interest or losses, including reasonable legal fees and expenses (including any such fees and expenses incurred in enforcing the Loan Documents or collecting any sums due under same), consultant fees, and expert fees, together with all other costs and expenses of any kind or nature that arise directly or indirectly from or in connection with any Environmental Laws, or any failure or breach in respect thereof, that is or allegedly is applicable to any Obligor, its respective Properties, operations or actions to the extent the same arose out of the relationships and arrangements created and contemplated hereby;

1.1.78 " **Environmental Laws** " means all Applicable Laws, now or hereafter in effect, to the extent relating to pollution or protection of the environment or property and public health and relating to (a) emissions, discharges, releases or threatened releases of any Hazardous Substance into the environment (including ambient air, surface water, ground water, land surface or subsurface strata), (b) the manufacture, processing, distribution, use, generation, treatment, storage, disposal, transport, removal or handling of any Hazardous Substance, (c) underground storage tanks and related piping, and emissions, discharges and releases or threatened releases of Hazardous Substances

and (d) the modification, maintenance, use or removal of any land, wetland or waterway (including anything beneath the surface thereof);

1.1.79 " **Equity Interests** " means, with respect to any Person, all shares, interests, units, trust units, partnership, membership or other interests, participations or other equivalent rights in the Person's equity or capital, however designated, whether voting or non voting, whether now outstanding or issued after the Effective Date, together with warrants, options or other rights to acquire any such equity interests of such Person and securities convertible into or exchangeable for any such equity interests of such Person;

1.1.80 " **Euro** " or " **€** " means the single currency, denominated in Euro units, of certain member states of the European Union that adopt such single currency as its currency in accordance with legislation of the European Union relating to European Economic and Monetary Union;

1.1.81 " **Event of Default** " means an event or circumstance described in Section 15.1;

1.1.82 " **Excluded Taxes** " means, with respect to the Agent, any Lender, the Issuing Lender or any other recipient of any payment to be made by or on account of any obligation under the Loan Documents, (a) taxes imposed on or measured by its overall net income or capital, and franchise taxes imposed on it (in lieu of net income taxes) by the jurisdiction (or any political subdivision thereof) under the laws of which such recipient is organized or in which its principal office is located, or in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes or any similar tax imposed by the jurisdiction in which the applicable lending office of the Lender is located and (c) in the case of any payment made by the Borrower to a Foreign Lender (other than (i) an Assignee pursuant to a request by the Borrower under subsection 6.5.2, (ii) an Assignee pursuant to an Assignment made when an Event of Default has occurred which is continuing or (iii) any other Assignee to the extent that the Borrower has expressly agreed that any withholding tax shall be an Indemnified Tax), any withholding tax that is imposed during the time such Foreign Lender is a party hereto (or designates a new lending office) on amounts payable from time to time by the Borrower to such Foreign Lender, except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts with respect to such withholding tax pursuant to Section 6.3. For greater certainty, for purposes of item (c) above, a withholding tax includes any Tax that a Foreign Lender is required to pay pursuant to Part XIII of the *Income Tax Act* (Canada) or any successor provision thereto;

1.1.83 " **Existing Credit Agreement** " has the meaning defined in the recitals hereto;

1.1.84 " **Federal Funds Effective Rate** " means, for any period, a fluctuating interest rate per annum equal, for each day during such period, to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by USA federal funds brokers as published for such day (or, if such day is not a Banking Day, for the immediately preceding Banking Day) by the Federal Reserve Bank of New York or, for any day on which such rate is not so published for such day by the Federal Reserve Bank of New York, the average of the quotations for such day for such transactions received by the Agent from three Federal Funds brokers of recognized standing selected by the Agent. If for any reason the Agent shall have determined, acting reasonably, that it is unable to ascertain the Federal Funds Effective Rate for any reason, including without limitation, the inability or failure of the Agent to obtain sufficient bids or publications in accordance with the terms hereof, The Bank of Nova Scotia's announced US Base Rate will apply;

1.1.85 " **Fee Letter** " means the confidential letter agreement dated June 22, 2010 between The Bank of Nova Scotia and The Toronto-Dominion Bank, as joint lead arrangers, on the one hand, and the Borrower, on the other hand, providing for the payment of certain fees in relation to the Credit Facility;

1.1.86 " **First Credit Agreement** " means the amended and restated credit agreement dated as of June 15, 2009 between Agnico-Eagle Mines Limited, as borrower, the guarantors from time to time party thereto, The Bank of Nova Scotia, as administrative agent and co-lead arranger, Société Générale (Canada Branch), as co-lead arranger, and the lenders from time to time party thereto;

1.1.87 " **First Currency** " has the meaning defined in Section 17.1;

1.1.88 " **Foreign Lender** " means any Lender that is not organized under the laws of Canada, or a province or territory thereof, and that is not otherwise considered or deemed to be resident in Canada for income tax or withholding tax purposes;

1.1.89 " **Former Swing Line Lender** " has the meaning defined in Section 3.5.6;

1.1.90 " **Fronting Fee** " means the fee payable to the Issuing Lender in connection with the issuance or renewal of a Letter of Credit by the Issuing Lender, based on the percentage per annum set out in the Fronting Fee Letter;

1.1.91 " **Fronting Fee Letter** " means the confidential letter agreement dated June 22, 2010 between The Bank of Nova Scotia, as Issuing Lender, and the Borrower, and any other confidential letter agreement between any other Issuing Lender and the Borrower, providing for the payment of fronting fees to the Issuing Lender;

1.1.92 " **FX Rate** " has the meaning defined in Section 17.1;

1.1.93 " **GAAP** " means the generally accepted accounting principles in effect from time to time in the USA;

1.1.94 " **Goldex Mine** " means the Borrower's Goldex mining operations and property located in or around the City of Val-d'Or, Quebec, as presently constituted and as the same may be developed or expanded from time to time, and any replacements, substitutions and modifications thereof permitted hereunder, together with all easements, rights of way, rights, titles or interests of every kind and description which the Borrower has rights to, or otherwise owns or controls, relating to or acquired in connection with such operations, properties and claims;

1.1.95 " **Governmental Authority** " means the government of Canada or any other nation, or of any political subdivision thereof, whether provincial, state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including any supra-national bodies such as the European Union or the European Central Bank and including a Minister of the Crown, Superintendent of Financial Institutions or other comparable authority or agency;

1.1.96 " **Guaranteed Obligations** " means the Loan Obligations, the Other Supported Obligations and all other indebtedness, liabilities and obligations of the Obligors under the Loan Documents;

1.1.97 " **Guarantees** " means the guarantees delivered or required to be delivered under Article 8;

1.1.98 " **Guarantor** " means each Subsidiary of the Borrower that has executed and delivered a Guarantee and has complied with the other applicable requirements of Article 8, and has not ceased to be a Guarantor pursuant to Article 8;

1.1.99 " **Hazardous Substances** " shall mean any (a) substance, waste, liquid, gaseous or solid matter, fuel, micro-organism, sound, vibration, ray, heat, odour, radiation, energy vector, plasma and organic or inorganic matter which is, alone or in any combination, hazardous, hazardous waste, hazardous material, toxic, a pollutant, a deleterious substance, a contaminant or a source of pollution or contamination and (b) any other

chemical, material or substance, the exposure to which is prohibited, limited or regulated by any Governmental Authority;

1.1.100 " **Impacted Lender** " means any Lender as to which (a) the Agent, the Issuing Lender or the Swing Line Lender has a good faith belief that such Lender has defaulted in fulfilling its obligations under one or more other syndicated credit facilities, (b) an entity that controls the Lender has been determined by a court of competent jurisdiction or regulator to be insolvent or is unable to meet its obligations or pay its debts as they generally become due or (c) an entity that controls the Lender is the subject of a bankruptcy or insolvency proceeding;

1.1.101 " **Indemnified Party** " has the meaning defined in Section 19.15;

1.1.102 " **Indemnified Taxes** " means Taxes other than Excluded Taxes;

1.1.103 " **Information** " has the meaning defined in Section 19.16.2;

1.1.104 " **Insolvency Proceeding** " has the meaning defined in Section 15.1.11;

1.1.105 " **Intellectual Property** " means patents, trademarks, service marks, trade names, copyrights, trade secrets, industrial designs and other similar rights;

1.1.106 " **Intercreditor Agreement** " means an intercreditor agreement between the Agent and any holder of Subordinated Debt, in form and substance acceptable to the Lenders, acting reasonably;

1.1.107 " **Interest Payment Date** " means the last Business Day of each month or, in relation to any Libor Advance, a day on which interest is required to be paid in accordance with Section 4.4;

1.1.108 " **Investments** " means (a) any investment in or purchase of or other acquisition of any Equity Interests of any Person, (b) any purchase or other acquisition of a business or undertaking or division of any Person, including Property comprising the business, undertaking or division of any Person or (c) any loan or advance to, or guarantee of, or the provision of any other financial assistance of any kind to, or otherwise becoming liable for, any debts, liabilities or obligations of, any Person;

1.1.109 " **ISDA Master Agreement** " means the 1992 ISDA Master Agreement (Multi-Currency - Cross Border) or the 2002 ISDA Master Agreement, each as published by the International Swaps and Derivatives Association, Inc. and, where the context permits or requires, includes all schedules, supplements, annexes and confirmations attached thereto or incorporated therein, as such agreement may be amended, supplemented or replaced from time to time;

1.1.110 " **Issuing Lender** " means The Bank of Nova Scotia and any other Lender appointed by the Borrower and accepted by such Lender, or any successor issuer of Letters of Credit appointed by the Borrower in accordance with Section 3.4.6.5;

1.1.111 " **Kittila Mine** " means the Kittila mining operations and property located in or around Kittila, Finland, as presently constituted and as the same may be developed or expanded from time to time, and any replacements, substitutions and modifications thereof permitted hereunder, together with all easements, rights of way, rights, titles or interests of every kind and description which an Obligor has rights to, or otherwise owns or controls, relating to or acquired in connection with such operations, properties and claims;

1.1.112 " **Lapa Mine** " means the Borrower's Lapa mining operations and property located approximately 11 kilometres east of the LaRonde Mine, as presently constituted and as the same may be developed or expanded from time to time, and any replacements, substitutions and modifications thereof permitted hereunder, together with all easements, rights of way, rights, titles or interests of every kind and description which the Borrower has rights to, or otherwise owns or controls, relating to or acquired in connection with such operations, properties and claims;

1.1.113 " **LaRonde Mine** " means the Borrower's LaRonde mining operations and property located in or around Cadillac and Bousquet, Quebec, as presently constituted and as the same may be developed or expanded from time to time, and any replacements, substitutions and modifications thereof permitted hereunder, together with all easements, rights of way, rights, titles or interests of every kind and description which the Borrower has rights to, or otherwise owns or controls, relating to or acquired in connection with such operations, properties and claims;

1.1.114 " **LC Indemnitees** " has the meaning defined in Section 3.4.6.1;

1.1.115 " **Lender Swing Line Repayments** " has the meaning defined in Section 3.5.6;

1.1.116 " **Lenders** " means the Lenders listed on Exhibit A, together with each Eligible Assignee who enters into an Assignment and Assumption Agreement, and includes the Issuing Lender and the Swing Line Lender and " **Lender** " means any one of them;

1.1.117 " **Letter of Credit** " means any documentary letter of credit, stand-by letter of credit and letter of guarantee issued by the Issuing Lender in accordance with the provisions hereof;

1.1.118 " **Letter of Credit Fee** " means the fee payable to the Agent for the account of the Lenders in connection with the issuance or renewal of each Letter of Credit issued by the Issuing Lender hereunder calculated in accordance with Section 3.4.2;

1.1.119 " **Letter of Credit Obligations** " means, as at any date of determination, the aggregate undrawn amount of all outstanding Letters of Credit plus the aggregate of all unreimbursed drawings under Letters of Credit which have not been converted to a Prime Rate Advance or a US Base Rate Advance;

1.1.120 " **LIBOR** " means, with respect to any Designated Period of one, two, three or six months relating to a Libor Advance, the average rate for deposits in US$ for a period comparable to the Designated Period which is displayed on the Libor01 page of Reuters Service, or in case of the unavailability of such page, which is displayed on the British Bankers Association Libor Rates Telerate (page 3750 or other applicable page), in either case at or about 11:00 a.m. (London time), determined two Banking Days prior to the applicable Drawdown Date in accordance with Section 4.5; if neither of such quotes is available, then LIBOR shall be determined by the Agent as the average of the rates at which deposits in US$ for a period similar to the Designated Period and in amounts comparable to the amount of such Libor Advance are offered by the Schedule 1 Reference Lenders to prime banks in the London inter-bank market at or about 11:00 a.m. (London time) on the date of such determination;

1.1.121 " **Libor Advance** " means, at any time, an Advance in US Dollars with respect to which the Borrower has elected to pay interest on the Libor Basis;

1.1.122 " **Libor Basis** " means the basis of calculation of interest on each Advance made at LIBOR, in accordance with the provisions of Sections 2.7, 4.3 and 4.4;

1.1.123 " **Lien** " means:

1.1.123.1 with respect to any Property, any mortgage, deed of trust, lien, pledge, hypothec, hypothecation, encumbrance, charge, assignment, consignment, security interest, royalty interest, adverse claim, on or otherwise affecting the Property;

1.1.123.2 the interest of a vendor or lessor under any conditional sale agreement, Capital Lease or title retention agreement relating to any Property;

1.1.123.3 any purchase option, call or similar right of a third party in respect of any Property having the effect of security for the payment or performance of any debt, liability or obligation;

1.1.123.4 any netting arrangement or set-off arrangement (other than netting or set-off arising by operation of law in the Ordinary Course), defeasance arrangement or other similar arrangement having the effect of security for the payment or performance of any debt, liability or obligation; and

1.1.123.5 any other Contract, trust or arrangement that secures payment or performance of any debt, liability or obligation;

and " **Liens** " shall have corresponding meaning;

1.1.124 " **Loan Documents** " means this Agreement, the Guarantees and all other agreements, documents and instruments to which an Obligor is a party delivered under or in relation to the Credit Facility from time to time;

1.1.125 " **Loan Obligations** " means all obligations of the Borrower to the Agent and Lenders under or in connection with this Agreement, including but not limited to the aggregate of Advances outstanding under this Agreement, together with interest thereon and all other debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Borrower to the Agent and Lenders in any currency or remaining unpaid by the Borrower to the Agent and Lenders in any currency, in each case, under or in connection with this Agreement, whether arising from dealings between the Agent and Lenders and the Borrower or from any other dealings or proceedings by which the Agent and Lenders may be or become in any manner whatsoever creditors of the Borrower under or in connection with this Agreement, and wherever incurred, and whether incurred by the Borrower alone or with another or others and whether as principal or surety, and all interest, fees, commissions, legal and other costs, charges and expenses incurred under or in connection with this Agreement; provided, however, that " **Loan Obligations** " shall not include " **Other Supported Obligations** ". In this definition, " **the Agent and Lenders** " shall be interpreted as "the Agent and Lenders, or any of them";

1.1.126 " **Majority Lenders** " means Lenders that represent at least 66 2/3% of the Commitments or, if the Commitments have expired or terminated, " **Majority Lenders** " shall mean Lenders to whom are owed at least 66 2/3% of outstanding Advances; provided that, the unfunded Commitments of, and the outstanding Advances held or deemed to be

held by, any Defaulting Lender shall be excluded for purposes of making a determination of Majority Lenders;

1.1.127 " **Material Adverse Effect** " means any material adverse change in or material adverse effect on (a) the business, affairs, Property, liabilities or financial condition of the Obligors taken as a whole, (b) the ability of the Obligors, taken as a whole, to observe, perform or comply with their obligations under any of the Loan Documents or (c) the rights and remedies of, as applicable, the Agent or any of the Lenders under any of the Loan Documents;

1.1.128 " **Material Assets** " means (a) the Mines and all other present and after-acquired property and assets used in connection with or relating to the Mines or any other operating mine, development stage mine project or facility for the extraction or processing of ore (including all corresponding underground and surface facilities and infrastructure and all related plant, buildings, fixtures, equipment, chattels and machinery), whether situate on or off such mine, development stage mine project or facility, and all replacements, substitutions and additions thereto, (b) the Material Subsidiaries, and (c) Related Party Debt;

1.1.129 " **Material Contracts** " means any Contract (other than any Loan Document) to which an Obligor is or becomes a party at any time that, if terminated, would reasonably be expected to have a Material Adverse Effect;

1.1.130 " **Material Permit** " means each Permit issued at any time to an Obligor that, if terminated, would reasonably be expected to have a Material Adverse Effect;

1.1.131 " **Material Subsidiary** " means any Subsidiary of the Borrower (whether or not wholly-owned) (a) that, as of the end of any fiscal quarter of the Borrower, has total consolidated or unconsolidated assets having a book value of US$40,000,000 (or the equivalent amount in any other applicable currency at the applicable FX Rate) or more, or (b) that, as of the end of any fiscal quarter of the Borrower, has total consolidated or unconsolidated revenue for the last 12 months of US $20,000,000 (or the equivalent amount in any other applicable currency at the applicable FX Rate) or more;

1.1.132 " **Maturity Date** " means June 22, 2014, or if such date has been extended in accordance with the terms of Section 2.5, such extended date;

1.1.133 " **Meadowbank Mine** " means the Borrower's Meadowbank mining operations and property located in or around the Kivalliq district of

Nunavut, as presently constituted and as the same may be developed or expanded from time to time, and any replacements, substitutions and modifications thereof permitted hereunder, together with all easements, rights of way, rights, titles or interests of every kind and description which the Borrower has rights to, or otherwise owns or controls, relating to or acquired in connection with such operations, properties and claims;

1.1.134 " **Mexican Pledge** " means the pledge by Tenedora Agnico Eagle Mexico S.A. de C.V. of the common shares of Agnico Eagle Mexico, S.A. de C.V. to Agnico-Eagle Mines Mexico Cooperatie U.A. to secure an interest-bearing loan made by Agnico-Eagle Mines Mexico Cooperatie U.A. to Agnico Eagle Mexico, S.A. de C.V.;

1.1.135 " **Mines** " means the Goldex Mine, the Kittila Mine, the LaRonde Mine, the Lapa Mine, the Meadowbank Mine and the Pinos Altos Mine;

1.1.136 " **Moody's** " means Moody's Investors Service, Inc.;

1.1.137 " **Net Cash Proceeds** " means, with respect to any Asset Disposition, the gross amount of proceeds payable in cash or Cash Equivalents to the Obligors, or any one or more of them, arising from such Asset Disposition, less:

1.1.137.1 amounts paid to discharge Permitted Liens on the Property being disposed of or indebtedness (excluding intercompany indebtedness) relating to or incurred in connection with such Property;

1.1.137.2 the amount of Taxes arising from in connection with or as a result of such Asset Disposition which cannot be offset against losses, depreciation or otherwise in the same taxation period such that same must actually be paid or payable in cash in respect of the then-current fiscal year; and

1.1.137.3 reasonable out-of-pocket costs, fees and expenses incurred in connection with such Asset Disposition, including commissions, but excluding any such amounts paid to Affiliates of any Obligor unless such amounts are in respect of services rendered at arm's length terms;

1.1.138 " **New Lender** " means the Lenders which were not party to the Existing Credit Agreement;

1.1.139 " **Non-BA Lender** " means a Lender which does not accept bankers' acceptances issued in Canada;

1.1.140 " **Note Purchase Agreement** " means the note purchase agreement entered into by the Borrower with the purchasers party thereto on April 7, 2010;

1.1.141 " **Notes** " means notes issued pursuant to the Note Purchase Agreement;

1.1.142 " **Notice of Borrowing** " means a notice substantially in the form of Exhibit D transmitted to the Agent by the Borrower in accordance with, as applicable, Sections 3.1, 3.3 or subsection 5.1.1;

1.1.143 " **Obligor Hedging Exposure** " means the aggregate of all amounts that would be payable to all Persons by the Obligors or to the Obligors by other Persons, on the date of determination, taking into account all legally enforceable netting arrangements, pursuant to each ISDA Master Agreement between each Obligor and any such Person, as if all Derivative Instruments under such ISDA Master Agreements were being terminated on that day;

1.1.144 " **Obligors** " means the Borrower and the Guarantors;

1.1.145 " **Ordinary Course** " means, with respect to an action taken by a Person, that the action is taken in the usual course of the normal day-to-day operations of the Person;

1.1.146 " **Other Derivative Counterparty** " means, at any time, a Person which is not a Lender or an Affiliate of a Lender and which is party to a Derivative Instrument with an Obligor;

1.1.147 " **Other Supported Agreements** " means all agreements or arrangements (including guarantees) entered into or made from time to time by any Obligor (unless otherwise specified) in connection with (a) cash consolidation, cash management and electronic funds transfer arrangements between an Obligor and any Lender or Affiliate of a Lender and (b) doré purchase agreements between an Obligor and any Lender or Affiliate of a Lender;

1.1.148 " **Other Supported Obligations** " means all obligations of the Obligors to the Other Supported Parties under or in connection with the Other Supported Agreements and all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Obligors to the Other Supported Parties in any currency or remaining unpaid by the Obligors to the Other Supported Parties in any currency under or in connection with the Other Supported Agreements, whether arising from dealings between the Other Supported Parties and the Obligors or from any other dealings or proceedings by which the Other Supported Parties may be or become in any manner whatever creditors of the Obligors under or in connection with the Other Supported Agreements, and wherever incurred, and

whether incurred by an Obligor alone or with another or others and whether as principal or surety, and all interest, fees, commissions, legal and other costs, charges and expenses; provided, however, that " **Other Supported Obligations** " shall not include Loan Obligations. In this definition, " **the Other Supported Parties** " shall be interpreted as " **the Other Supported Parties, or any of them** ," and " **Obligors** " shall be interpreted as " **Obligors, and each of them** ";

1.1.149 " **Other Supported Party** " means, at any time the Agent or a Lender or an Affiliate of the Agent or a Lender which at such time is a creditor under or in connection with an Other Supported Agreement;

1.1.150 " **Other Taxes** " means all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document;

1.1.151 " **Participant** " has the meaning defined in Section 18.5;

1.1.152 " **Pension Plan** " means (a) a " **pension plan** " or " **plan** " which is a " **registered pension plan** " as defined in the *Income Tax Act* (Canada) or pension benefits standards legislation in any jurisdiction of Canada and is applicable to employees or former employees resident in Canada of any Obligor and (b) any other defined benefit, supplemental pension benefit plan or similar arrangement applicable to any employee or former employee of any Obligor;

1.1.153 " **Permits** " means licences, certificates, authorizations, consents, registrations, exemptions, permits, attestations, approvals, characterization or restoration plans, depollution program and any other approvals required by or issued pursuant to any Applicable Law, in each case, with respect to a Person or its Property, which are made, issued or approved by a Governmental Authority;

1.1.154 " **Permitted Debt** " means, with respect to any Person:

1.1.154.1 the Loan Obligations;

1.1.154.2 the Other Supported Obligations to the extent they constitute Debt;

1.1.154.3 the Guarantees;

1.1.154.4 guarantees or other unsecured agreements to assure payment or performance granted to Lenders or Affiliates of Lenders in respect of obligations under Derivative

Instruments entered into between any Obligor and any Lender or Affiliate of any Lender;

1.1.154.5 guarantees or other unsecured agreements to assure payment or performance granted to Lenders or Affiliates of Lenders by any Obligor in respect of obligations under Other Supported Agreements entered into between any other Obligor and any Lender or any Affiliate of any Lender;

1.1.154.6 Debt secured by Permitted Liens (except Permitted Liens under subsection 1.1.155.16);

1.1.154.7 Debt owed by one or more Obligors to one or more other Obligors;

1.1.154.8 unsecured Debt so long as (a) no Event of Default has occurred and is continuing immediately prior to the incurrence of such Debt or would occur as a result of the incurrence or assumption of such Debt, (b) such Debt does not require principal payments until at least 12 months following the then existing Maturity Date at the time such Debt is incurred and (c) the terms and conditions of any such Debt is Not More Onerous. The terms of any Debt other than Debt under the Loan Documents (the " **Other Debt** ") will be " **Not More Onerous** " if (i) each financial ratio (each, an " **Other Financing Ratio** ") to be maintained by the Borrower in any agreement (an " **Other Financing Document** ") governing the Other Debt (A) is calculated in the same manner as a financial ratio in this Agreement and the numerical threshold to be satisfied or complied with is the same or less onerous or (B) is the same or similar to a financial ratio (the " **Credit Agreement Ratio** ") in this Agreement and is calculated in a manner that would prevent the Borrower from being in compliance with the Credit Agreement Ratio and not the Other Financing Ratio; (ii) the cure period for a payment default in respect of obligations under an Other Financing Document of the same type (principal, interest or interest equivalents, fees or costs each being a different type) is not shorter than the cure period (if any) for the comparable payment default under this Agreement; (iii) the cure period for covenants not the subject of a separate independent event of default under the Other Financing Document is not shorter than the General Covenant Cure Period after notice of the default is given to the Borrower under the Other Financing Document; (iv) the financial threshold triggering an event

of default in an Other Financing Document is not less than the Monetary Threshold; and (v) there is no cross-default event of default under the Other Financing Document that, if triggered, would not be similarly triggered under Section 15.1.6. " **General Covenant Cure Period** " means, at any particular time, 30 days or such other cure period as may be identified in Section 15.1.3 at such time. " **Monetary Threshold** " means, at any particular time, US$50,000,000 (or such other monetary threshold as may be identified in Section 15.1.6) or the equivalent thereof in any other currency;

1.1.154.9 Subordinated Debt;

1.1.154.10 Debt acquired as a result of a purchase or acquisition described in subsections (a) or (b) of the definition of Investments which purchase or acquisition is permitted hereunder, so long as the principal amount of such Debt does not increase;

1.1.154.11 Debt under the agreement dated January 7, 2007 between Agnico-Eagle AB and Nordea Bank Finland Plc, in an amount not to exceed €10,000,000;

1.1.154.12 unsecured Debt incurred at a time when no Default or Event of Default has occurred and is continuing in respect of letters of credit, letters of guarantee, surety bonds, performance bonds or guarantees and similar types of instruments issued in the Ordinary Course or in connection with an Obligor's Core Business; but excluding any of the foregoing incurred to secure or support indebtedness for borrowed money (including, without limitation, by way of overdraft and drafts or orders accepted representing extensions of credit in respect of borrowed money) or under Derivative Instruments with Other Derivative Counterparties;

1.1.154.13 all indebtedness, liabilities and obligations of the Borrower and its Subsidiaries under and in respect of the Note Purchase Agreement and the Notes;

1.1.154.14 any Debt in addition to that described in subsections 1.1.154.1 through 1.1.154.13 above in an aggregate amount at any particular time of not more than US$50,000,000, so long as no Default or Event of Default has occurred and is continuing immediately prior to the incurrence of such

Debt or would occur as a result of the incurrence or assumption of such Debt;

1.1.155 " **Permitted Liens** " means, with respect to any Person:

1.1.155.1 Liens for taxes, duties or other governmental charges not yet due or which are being contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained on the books of such Person, in conformity with GAAP;

1.1.155.2 carriers', warehousemen's, mechanics', materialmen's, repairmen's, or other like Liens arising in the Ordinary Course and not overdue for a period of more than 60 days or which are being contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained on the books of such Person, in conformity with GAAP;

1.1.155.3 pledges or deposits in connection with workers' compensation, employment insurance and other social security legislation and other obligations of a like nature incurred in the Ordinary Course;

1.1.155.4 deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the Ordinary Course;

1.1.155.5 easements, servitudes, rights-of-way, restrictions, exceptions, minor title defects and other similar encumbrances (including for public utilities) which, in the aggregate, do not materially interfere with such Person or its business or the use of the affected property by such Person;

1.1.155.6 reservations, limitations, provisos and conditions in any original grant from the Crown, or any state, government or any freehold lessor, of any of the real properties of such Person and statutory exceptions to title or reservations of rights which do not in the aggregate materially interfere with such Person or its business or the use of the affected real property by such Person;

1.1.155.7 any obligations or duties affecting any of the Property of such Person or its Subsidiaries to any municipality or other Governmental Authority with respect to any franchise,

grant, licence or permit which do not materially impair the use of such Property for the purposes for which it is held;

1.1.155.8 Liens created in connection with Capital Leases or securing Capital Lease Obligations;

1.1.155.9 any Liens for unpaid royalties or duties not yet due pursuant to mining leases, claims or other mining rights running in favour of any Governmental Authority;

1.1.155.10 without duplicating subsections 1.1.155.8 and 1.1.155.11, Liens on equipment and the proceeds thereof (and on no other Property) created or assumed to finance the acquisition thereof or secure the unpaid purchase price of such equipment;

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

1.1.155.12 royalty agreements or other rights or claims to royalties on or affecting any Property owned on the Effective Date by an Obligor or acquired by the Obligor, whether or not in existence at the time of such acquisition ;

1.1.155.13 pledges or deposits of cash or cash equivalent instruments made at a time when no Default or Event of Default has occurred and is continuing for purposes of securing obligations to (i) financial institutions issuing letters of credit to secure obligations under Pension Plans, retirement plans or for government reclamation costs, or (ii) issuers of letters of credit, letters of guarantee, surety bonds, performance bonds or guarantees and similar types of instruments issued in the Ordinary Course or in connection with an Obligor's Core Business; but excluding any of the foregoing incurred to secure or support indebtedness for borrowed money (including, without limitation, by way of overdraft and drafts or orders accepted representing extensions of credit in respect of borrowed money);

1.1.155.14 those Liens existing on the Property of such Person (or a predecessor of such Person) on the Effective Date and set out in Schedule A and any extensions, renewals or replacements of any such Lien provided that the original principal amount of the Debt or obligations secured thereby is not increased and that any such extension, renewal or

replacement is limited to the property originally encumbered thereby;

1.1.155.15 Liens granted by a Guarantor in favour of an Obligor for tax planning purposes; and

1.1.155.16 any Lien in addition to those described in subsection 1.1.155.1 to 1.1.155.15 above, which secures Debt under subsection 1.1.154.14 ;

1.1.156 " **Person** " or " **person** " means any natural person, corporation, company, limited liability company, trust, joint venture, association, company, partnership, limited partnership, Governmental Authority, unlimited liability company or other entity;

1.1.157 " **Pinos Altos Mine** " means the Pinos Altos mining operations and property located in or around the municipality of Ocampo in the state of Chihuahua, Republic of Mexico, as presently constituted and as the same may be developed or expanded from time to time, and any replacements, substitutions and modifications thereof permitted hereunder, together with all easements, rights of way, rights, titles or interests of every kind and description which an Obligor has rights to, or otherwise owns or controls, relating to or acquired in connection with such operations, properties and claims;

1.1.158 " **Predecessor Obligor** " has the meaning defined in Section 14.10.1.4;

1.1.159 " **Prime Rate** " means, on any day, the greater of (a) the reference rate of interest, expressed as an annual rate, publicly announced or posted from time to time by the Agent as being its reference rate then in effect for determining interest rates on commercial loans made in Canada in Canadian Dollars, and (b) the average one month Bankers' Acceptance rate quoted on Reuters Service, page CDOR, as at approximately 10:00 a.m. on such day, plus 0.50% per annum;

1.1.160 " **Prime Rate Advance** " means an Advance in Canadian Dollars with respect to which the Borrower has elected (or is deemed to have elected) to pay interest on the Prime Rate Basis;

1.1.161 " **Prime Rate Basis** " means the basis of calculation of interest on each Advance made at the Prime Rate, in accordance with the provisions of Sections 2.7, 4.1 and 4.2;

1.1.162 " **Principal Currency** " means each of Canadian Dollars, US Dollars, Euros, British pounds, Swiss francs and Swedish kronor;

1.1.163 " **Principal Jurisdiction** " means each of Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands,

Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom;

1.1.164 " **Prior Fee Letters** " means the confidential letter agreement dated September 4, 2008 between the Borrower and The Bank of Nova Scotia, as lead arranger and as agent, providing for the payment of certain fees, and the confidential letter agreement dated June 15, 2009 between the Borrower, on the one hand, and The Bank of Nova Scotia and The Toronto-Dominion Bank, as joint lead arrangers, on the other hand, providing for the payment of certain fees in respect of the Credit Facility (as defined in the Existing Credit Agreement);

1.1.165 " **Property** " means, with respect to any Person, any or all of its present and future undertaking, property and assets, tangible and intangible, and, for avoidance of doubt, in relation to any Property which is leased or co-owned or which is property of a partnership or joint venture, the Property of the Person means the interest of the Person in such Property;

1.1.166 " **Register** " has the meaning defined in Section 18.3;

1.1.167 " **Related Party** " means, with respect to any Person, such Person's Affiliates and the directors, officers and employees of such Person and such Person's Affiliates;

1.1.168 " **Related Party Debt** " means Debt of an Obligor owed to an Affiliate (which is not an Obligor) or a Related Party (which is not an Obligor);

1.1.169 " **Reporting Effective Date** " has the meaning defined in subsection 2.7.3;

1.1.170 " **Reporting Date** " means the last day on which financial statements and Compliance Certificate can be delivered in compliance with, as applicable, subsections 13.1.1, 13.1.2 and 13.1.3;

1.1.171 " **Resigning Issuing Lender** " has the meaning defined in Section 3.4.6.5;

1.1.172 " **Retiring Swing Line Lender** " has the meaning defined in Section 3.5.5;

1.1.173 " **S&P** " means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc.;

1.1.174 " **Schedule I Reference Lender** " means each of The Bank of Nova Scotia and The Toronto-Dominion Bank or any other Lender which is a Schedule I bank under the *Bank Act* (Canada) with equity in excess of

C$5,000,000,000 appointed by the Agent from time to time with the consent of the Borrower in replacement of any such Lender;

1.1.175 " **Schedule II Reference Lender** " means any bank which is a Schedule II or Schedule III bank under the *Bank Act* (Canada) and which is not subject to the restrictions and requirements referred to in Section 524(2) thereof, designated by the Agent from time to time with the consent of the Borrower;

1.1.176 " **Second Currency** " has the meaning defined in Section17.1;

1.1.177 " **Seizure Proceeding** " has the meaning defined in Section 15.1.10;

1.1.178 " **Selected Amount** " means:

1.1.178.1 with respect to a BA Advance, the amount of the Advance which the Borrower has requested be advanced by way of the issuance of Bankers' Acceptances in accordance with Section 5.1; and

1.1.178.2 with respect to a Libor Advance, the amount that the Borrower has requested be advanced in accordance with Section 3.3;

1.1.179 " **Stamping Fee** " means the fee payable upon the acceptance of a Bankers' Acceptance at the applicable rate set out in Section 2.7.1 and otherwise calculated in accordance with Section 5.2.3;

1.1.180 " **Standby Fee** " has the meaning defined in subsection 2.7.4;

1.1.181 " **Subordinated Deb** t" means Debt owing to a Person other than an Obligor which is contractually subordinated to the Loan Obligations so long as (a) no Event of Default has occurred and is continuing immediately prior to the incurrence of such Debt or would occur as a result of the incurrence or assumption of such Debt, (b) such Debt does not require principal payments until at least 12 months following the Maturity Date in effect at the time such Debt is incurred, (c) the terms and conditions of such Debt are no more onerous to the debtor(s) thereunder than any terms and conditions hereunder (with the exception of pricing and fees) and (d) such Debt is expressly subordinated to the Loan Obligations and otherwise subject to an Intercreditor Agreement;

1.1.182 " **Subsidiary** " means, with respect to a Person, a subsidiary of such Person as defined in the *Business Corporations Act* (Ontario) as of the date of this Agreement (determined as if each such Person were a body corporate);

1.1.183 " **Substitute Lenders** " has the meaning defined in Section19.3.3.3;

1.1.184 " **Successor Entity** " has the meaning defined in Section 14.10.1.4(a);

1.1.185 " **Successor Issuing Lender** " has the meaning defined in Section 3.4.6.5;

1.1.186 " **Supported Obligations** " means the Loan Obligations, the obligations of the Obligors under the Loan Documents and the Other Supported Obligations;

1.1.187 " **Supported Parties** " means, at any time, the Lenders and the Agent in respect of the Loan Obligations and the Guaranteed Obligations and the Other Supported Parties at such time in respect of the Other Supported Obligations; and, for greater certainty, does not include the Other Derivative Counterparties;

1.1.188 " **Swing Line Advances** " means overdrafts incurred in the Canadian Dollar and US Dollar accounts of the Borrower with the Swing Line Lender, each of which shall be deemed to be, as applicable, a Prime Rate Advance or a US Base Rate Advance made by the Swing Line Lender to the Borrower and the aggregate of which shall at no time exceed the Swing Line Limit;

1.1.189 " **Swing Line Lender** " means The Bank of Nova Scotia, and any successor thereof appointed pursuant to Section 3.5;

1.1.190 " **Swing Line Limit** " means US$20,000,000 or the equivalent thereof in Canadian Dollars;

1.1.191 " **Swing Line Loan** " means, at any time, the aggregate of the Swing Line Advances outstanding at any time in accordance with the provisions hereof, together with any amount of interest payable to the Swing Line Lender by the Borrower pursuant thereto

1.1.192 " **Synthetic Lease** " means any synthetic lease or similar off-balance sheet financing product where such transaction is considered borrowed money for tax purposes but is classified as an operating lease in accordance with GAAP;

1.1.193 " **Tangible Net Worth** " means, at the date of determination, the aggregate value of the Borrower's then stated share capital, other paid-in capital and contributed surplus (but excluding any deficit or shares of the Borrower held by any of its Subsidiaries) less the aggregate value of all intangibles (including, without limitation, goodwill) all as determined on a consolidated basis in accordance with GAAP consistently applied;

1.1.194 " **Taxes** " means all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or charges imposed by any

Governmental Authority, including any interest, additions to tax or penalties applicable thereto;

1.1.195 " **Test Date** " has the meaning defined in Section 8.1.1 ;

1.1.196 " **Total Debt** " means, at any time, all Debt of the Borrower on a consolidated basis (which shall, for purposes of this definition, include the Consolidated Hedging Exposure owed by the Borrower and its Subsidiaries);

1.1.197 " **Total Net Debt** " means Total Debt less Unencumbered Cash;

1.1.198 " **Total Net Debt to EBITDA Ratio** " means, for any period, the ratio of Total Net Debt to EBITDA;

1.1.199 " **Trade Date** " has the meaning defined in Section 18.2.2.1;

1.1.200 " **Transaction Date** " has the meaning defined in Section 7.7;

1.1.201 " **Transferred Letters of Credit** " means (i) the Irrevocable Standby Letter of Credit (No: S18572/176453) in an amount not to exceed Cdn. $2,255,890 in favour of the Ministry of Northern Development and Mines, (ii) the Irrevocable Standby Letter of Credit (No: 822/52712) in an amount not to exceed Cdn. $308,000 in favour of the Ministere Des Ressources Naturelles, De La Faune Des Parcs, (iii) the Irrevocable Standby Letter of Credit (No: 823/52712) in an amount not to exceed Cdn. $25,000 in favour of the Ministere Des Finances Du Quebec, (iv) the Irrevocable Standby Letter of Credit (No: 824/52712) in an amount not to exceed Cdn. $5,000 in favour of the Ministere Des Finances Du Quebec, (v) the Irrevocable Standby Letter of Credit (No: S18572/259824) in an amount not to exceed Cdn. $350,000 in favour of the Kivalliq Inuit Association, (vi) the Irrevocable Standby Letter of Credit (No: S18572/259758) in an amount not to exceed Cdn. $605,000 in favour of the Kivalliq Inuit Association, (vii) the Irrevocable Standby Letter of Credit (No: S18572/259762) in an amount not to exceed Cdn. $25,000 in favour of the Kivalliq Inuit Association, (viii) the Irrevocable Standby Letter of Credit (No: S18572/259753) in an amount not to exceed Cdn. $430,000 in favour of the Receiver General for Canada on Behalf of The Minister of Indian Affairs and Northern Development, (ix) the Irrevocable Standby Letter of Credit (No: S18572/267385) in an amount not to exceed Cdn. $1,962,354 in favour of the Direction Du Developpement Et Du Milieu Miniers, (x) the Irrevocable Standby Letter of Credit (No: S18572/194396) in an amount not to exceed Cdn. $13,292,178 in favour of the Royal Trust Corporation of Canada, (xi) the Irrevocable Standby Letter of Credit (No: S18572/194291) in an amount not to exceed Cdn. $5,854,253 in favour of the Royal Trust Corporation of Canada, (xii) the Irrevocable

Standby Letter of Credit (No: S18572/194395) in an amount not to exceed Cdn. $1,761,371 in favour of the Royal Trust Corporation of Canada, (xiii) the Irrevocable Standby Letter of Credit (No: S18572/267438) in an amount not to exceed US$300,000 in favour of the US Department of the Interior, Bureau of Land Management, (xiv) the Irrevocable Standby Letter of Credit (No: S18572/298947) in an amount not to exceed Cdn. $120,000 in favour of the Ministere du Developpment Durable et du Nord du Quebec, and (xv) the Irrevocable Standby Letter of Credit (No: S18572/303805) in an amount not to exceed Cdn. $16,000 in favour of the Ministere du Developpment Durable et du Nord du Quebec;

1.1.202 " **Unanimous Lender Request** " has the meaning defined in Section 19.3.1;

1.1.203 " **Unanimous Lender Response Notice** " has the meaning defined in Section 19.3.1;

1.1.204 " **Unanimous Lender Response Period** " has the meaning defined in Section 19.3.1;

1.1.205 " **Unencumbered Cash** " means all cash and Cash Equivalents held by the Obligors in the Principal Jurisdictions that are not subject to any Lien by any Person, other than inchoate Liens which arise by statute or operation of law, in each case, on an involuntary basis. For the avoidance of doubt, any cash or Cash Equivalents held by any joint ventures that is proportionately consolidated into the Borrower's balance sheet shall not constitute Unencumbered Cash;

1.1.206 " **US Base Rate** " means, on any day, the rate of interest, expressed as an annual rate, publicly announced or posted from time to time by the Agent as being its reference rate then in effect for determining interest rates on commercial loans granted in Canada in US Dollars to its customers (whether or not any such loans are actually made); provided that if the US Base Rate is, for any period, less than the Federal Funds Effective Rate plus 0.50% per annum, the US Base Rate shall be deemed to be equal to the Federal Funds Effective Rate plus 0.50% per annum;

1.1.207 " **US Base Rate Advance** " means an Advance in US Dollars with respect to which the Borrower has elected (or is deemed to have elected) to pay interest on the US Base Rate Basis;

1.1.208 " **US Base Rate Basis** " means the basis of calculation of interest on each Advance made at the US Base Rate, in accordance with the provisions of Sections 2.7, 4.1 and 4.2;

1.1.209 " **US Dollars** " or " **US$** " means the lawful currency of the USA in same day immediately available funds or, if such funds are not available, the currency of the USA which is ordinarily used in the settlement of international banking operations on the day on which any payment or any calculation must be made pursuant to this Agreement;

1.1.210 " **USA** " means the United States of America.

1.2 **Interpretation**

In this Agreement, unless stipulated to the contrary or the context otherwise requires:

1.2.1 words used herein which indicate the singular include the plural and vice versa and words used herein which indicate one gender include all genders;

1.2.2 references to Contracts, unless otherwise specified, are deemed to include all present and future amendments, supplements, restatements or replacements to or of such Contracts;

1.2.3 references to any legislation, statutory instrument or regulation or a section or other provision thereof, unless otherwise specified, is a reference to the legislation, statutory instrument, regulation, section or other provision as amended, restated or re-enacted from time to time;

1.2.4 references to any thing includes the whole or any part of that thing and a reference to a group of things or Persons includes each thing or Person in that group;

1.2.5 references to a Person includes that Person's successors and permitted assigns; and

1.2.6 any reference to a time shall mean local time in the City of Toronto, Ontario.

1.3 **Currency**

Unless the contrary is indicated, all amounts referred to herein are expressed in US Dollars.

1.4 **Generally Accepted Accounting Principles**

Unless the Lenders shall otherwise expressly agree or unless otherwise expressly provided herein, all of the terms of this Agreement which are defined under the rules constituting GAAP shall be interpreted, and all financial statements and reports to be prepared hereunder shall be prepared, in accordance with GAAP; provided that if there occurs after the date hereof any change in GAAP from that used in the preparation of the financial statements of the Borrower most recently delivered to the " **Agent** " under the

Existing Credit Agreement or that affects in any respect the calculation of any covenants contained in Article 11, the Lenders and the Borrower shall negotiate in good faith amendments to the provisions of this Agreement that relate to the calculation of such covenant with the intent of having the respective positions of the Lenders and the Borrower after such change in GAAP conform as nearly as possible to their respective positions as of the date of this Agreement.

1.5 **Division and Titles**

The division of this Agreement into Articles, Sections, subsections, paragraphs, clauses and other subdivisions and the insertion of titles are for convenience of reference only and shall not affect the meaning or interpretation of this Agreement.

1.6 **Calculations**

Amounts in respect of interest, fees and other amounts payable to or for the account of the Agent and the Lenders shall be calculated (i) in accordance with the provisions of the Existing Credit Agreement with respect to any period prior to the Effective Date and (ii) in accordance with the provisions of this Agreement with respect to any period on or after the Effective Date.

1.7 **Assignment and Assumption**

Upon the effectiveness of this Agreement, the Continuing Lenders hereby irrevocably sell and assign to each of the Continuing Lenders and the New Lenders, as applicable, and each of the Continuing Lenders and the New Lenders, as applicable, hereby irrevocably purchases and assumes from the Continuing Lenders, a portion of the Continuing Lenders' respective rights and obligations as "Lenders" under the Existing Credit Agreement, including their respective interests in the outstanding "Advances" under the Existing Credit Agreement as necessary in order to reflect the Commitments of the Continuing Lenders and the New Lenders as set out in this Agreement. The sales, assignments, purchases and assumptions shall be deemed to have been made, and consented to as required by the Borrower, the Agent, and the Lenders, on the terms of the Assignment and Assumption Agreement. For greater certainty, the assignment fee contemplated by Section 18.2.2.5 shall not apply to the assignments contemplated by this Section 1.7.

1.8 **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 supersedes 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 Guarantees (as defined in the Existing Credit Agreement) or any of the indebtedness, liabilities or obligations of the Borrower under the Existing Credit Agreement. All Advances (as defined in the Existing Credit Agreement) and the Transferred Letters of Credit, are Advances under this Agreement, and all of the indebtedness, liabilities and obligations under the Existing Credit

Agreement constitutes indebtedness, liabilities and obligations under this Agreement. Without in any way limiting the terms of the Existing Credit Agreement, the Borrower and the Guarantors confirm that the existing Guarantees continue to support, *inter alia* , all of such indebtedness, liabilities and obligations, including but not limited to that arising under this Agreement. Section references to the Existing Credit Agreement in the Guarantees granted in connection with the Existing Credit Agreement shall be deemed to be amended, as applicable, to refer to the corresponding section references of this Agreement.

1.9 **First Credit Agreement**

The parties hereto which were parties to the First Credit Agreement confirm, in their respective capacities under the First Credit Agreement, that the First Credit Agreement has been terminated, and such parties hereby waive any notice requirement in connection with such termination.

2. THE CREDIT

2.1 **Amounts of Credit Facility**

Subject to the applicable provisions hereof, each Lender agrees to make available to the Borrower, severally (not jointly and not jointly and severally), a revolving credit facility for the use of the Borrower in the amount of up to its Applicable Percentage of US$1,200,000,000 or the equivalent thereof in Canadian Dollars, as the same may be reduced in accordance with the terms hereof (the " **Credit Facility** "), provided that, after giving effect to any Advance, the Credit Exposure of each Lender shall not exceed such Lender's Commitment.

2.2 **Availment Options under Credit Facility**

At the option of the Borrower:

2.2.1 the Credit Facility may be utilized by the Borrower by requesting that Prime Rate Advances, US Base Rate Advances or Libor Advances be made by the Lenders or by presenting drafts, orders or Discount Notes to a Lender for acceptance as Bankers' Acceptances;

2.2.2 the Credit Facility may be utilized by the Borrower by:

2.2.2.1 requesting that Letters of Credit in Canadian Dollars, US Dollars or Euros be issued by the Issuing Lender, provided however, that the aggregate face amount of Letters of Credit outstanding at any time shall not exceed US$100,000,000 or the equivalent thereof in Canadian Dollars or Euros; or

2.2.2.2 by incurring overdrafts, by way of Swing Line Loans, in its Canadian Dollar and US Dollar accounts with the Swing

Line Lender to an aggregate maximum, at any time, not to exceed the Swing Line Limit or the equivalent thereof in Canadian Dollars.

2.3 **Revolving Credit Facility**

The Credit Facility is a revolving credit facility. The principal amount of any Advance under the Credit Facility which is repaid from time to time may, subject to the applicable provisions of this Agreement, be reborrowed.

2.4 **Purpose/Use of the Credit Facility**

The Borrower may use the Credit Facility for its general corporate purposes or the general corporate purposes of the other Obligors, including acquisitions as permitted under this Agreement.

2.5 **Term and Repayment**

2.5.1 Unless due and payable sooner in accordance with this Agreement, all Loan Obligations shall be due and payable on June 22, 2014, unless this Agreement is extended, upon the irrevocable request of the Borrower (which request may be made at its option), with the consent of the Majority Lenders, in their sole discretion, for additional one year terms in accordance with this Section 2.5.

2.5.2 Each request for an extension of this Agreement must be made by the Borrower (if it wishes to exercise its option to make such request) providing the Agent with irrevocable written notice of such request at least 60, but not more than 90, days before the applicable anniversary date of the Effective Date. If the Majority Lenders consent to a request for any such extension in accordance with this Section 2.5, the Maturity Date shall be extended by one year and, unless due and payable sooner in accordance with this Agreement, all Loan Obligations shall be due and payable on the Maturity Date, as so extended, and all Commitments shall be cancelled at such extended time.

2.5.3 Upon receipt by the Agent of any such request by the Borrower for an extension of this Agreement, the Agent shall provide prompt written notice of such request to each Lender. Each Lender's determination of whether or not it consents to such extension shall be made in such Lender's sole discretion. If a Lender has not provided the Agent with written notice of whether or not such Lender consents to such requested extension 30 days after written notice of such request has been provided by the Agent to such Lender, such Lender shall be irrevocably deemed to have not consented to such extension.

2.5.4 If the Majority Lenders consent to any extension requested by the Borrower pursuant to this Section 2.5, but any Lender does not so

consent, that dissenting Lender (if it is still a Lender at the relevant time) shall not be entitled to vote on any extensions subsequently requested by the Borrower pursuant to this Section 2.5 (and the denominator in the definition of Majority Lender shall, for such purpose, be reduced by such Lender's Commitment).

2.5.5 If the Majority Lenders consent to any requested extension of this Agreement pursuant to this Section 2.5, but any Lender does not so consent, the Borrower shall require that one of the following occur:

2.5.5.1 any such dissenting Lender assign its Commitment in accordance with Section 18.2;

2.5.5.2 the Commitment of any such dissenting Lender shall terminate at the end of the then current term of this Agreement (with the maximum amount of the Credit Facility reducing by the amount of such Lender's Commitment at that time); or

2.5.5.3 such dissenting Lender's Commitments immediately terminate.

2.5.6 In the case of subsection 2.5.5.2, the Borrower shall, at the end of the then current term of this Agreement, repay such Lender its *pro rata* share of all outstanding Advances (other than Letters of Credit and Swing Line Loans), together with all other amounts owing by the Borrower to that Lender under Section 7.1, and upon receipt by such Lender of such amount such Lender's Commitment shall be cancelled (and the maximum amount of the Credit Facility shall be reduced by the amount of such Lender's Commitment at that time). At such time, Borrower shall also repay such Lender's *pro rata* share of the outstanding Swing Line Loans to Swing Line Lender. In the case of subsection 2.5.5.3, the Borrower shall immediately repay such Lender its *pro rata* share of all outstanding Advances (other than Letters of Credit and Swing Line Loans), together with all other amounts owing by the Borrower to that Lender under Section 7.1, and upon receipt by such Lender of such amount such Lender's Commitment shall be cancelled (and the maximum amount of the Credit Facility shall be reduced by the amount of such Lender's Commitment at that time). At such time, Borrower shall also repay such Lender's *pro rata* share of the outstanding Swing Line Loans to Swing Line Lender. In the case of subsection 2.5.5.2 or 2.5.5.3, if upon such repayment and any prepayment made by the Borrower under Section 2.6.1, the outstanding Advances exceed the aggregate Commitments, the Borrower shall be and become unconditionally obligated to deposit forthwith with the Agent for the benefit of the Issuing Lender cash or Cash Equivalents equal to the Letter of Credit Obligations which are in

excess of the aggregate Commitments, such amount to be held by the Issuing Lender subject to Section15.4.

2.5.7 Any assigning Lender (in the case of subsection 2.5.5.1) or any Lender whose Commitments terminate before the Maturity Date (in the case of subsections 2.5.5.2 or 2.5.5.3) shall, upon such assignment or termination, if such assigning Lender, or its applicable Affiliate, is a party to a Derivative Instrument with an Obligor, either (i) terminate each guarantee provided by any Obligor in connection therewith, in which case, such assigning Lenders or its applicable Affiliate shall be deemed to be an Other Derivative Counterparty or (ii) assign, at a price determined in a reasonable manner from market quotations in accordance with customary market practices, all Derivative Instruments it or they hold with each Obligor to the applicable Eligible Assignee or to another Lender or its Affiliate or to an Other Derivative Counterparty, and if, upon such assignment, any guarantee provided by any Obligor in connection therewith would not constitute Permitted Debt, such assigning Lender shall, or shall cause its Affiliate to, terminate such guarantee.

2.5.8 If the Majority Lenders do not consent to any extension requested by the Borrower pursuant to the foregoing procedures, all Loan Obligations shall, unless due and payable sooner in accordance with this Agreement, be due and payable on the Maturity Date then in effect and all remaining Commitments shall be cancelled at such time.

2.6 **Voluntary Prepayments and Voluntary Cancellations**

2.6.1 The Borrower may prepay Prime Rate Advances and US Base Rate Advances under the Credit Facility upon one Business Day's prior written notice in the form of Exhibit D and, subject to Sections 6.4 and 7.1, may prepay Libor Advances under the Credit Facility upon three Business Days prior written notice in the form of Exhibit D, without premium or penalty in minimum amounts of C$1,000,000 or multiples thereof, in the case of Prime Rate Advances, and in minimum amounts of US$1,000,000 and multiples thereof, in the case of US Base Rate Advances and Libor Advances. All prepayments of such Advances shall include payment of all breakage costs relating thereto in accordance with Section 6.4. No Bankers' Acceptance or Discount Note may be paid prior to its maturity date, but the Borrower may provide escrowed funds for outstanding Bankers' Acceptances and Discount Notes in accordance with Section 15.4.

2.6.2 The Borrower may, upon three Business Days prior written notice in the form of Exhibit D, cancel undrawn portions of the Credit Facility in minimum amounts of US$1,000,000 and multiples thereof, or if less, the remaining undrawn portion of the Credit Facility. No Standby Fees

shall be payable in respect of the portion of the Credit Facility so cancelled as and from the effective date of its cancellation. No portion of the Credit Facility which has been so cancelled may be reinstated by the Borrower.

2.7 **Interest Rates**

2.7.1 Interest rates, Stamping Fees, the Letter of Credit Fee rate and the Standby Fee rate shall vary and be calculated based on the Total Net Debt to EBITDA Ratio as follows:

Total Net Debt to EBITDA Ratio	Libor / Stamping Fees/ Letter of Credit Fee	Base Rate or Prime Rate	Standby Fee
<1.50	2.50%	1.50%	0.75%
≥ 1.50 and < 2.00	2.75%	1.75%	0.825%
≥ 2.00 and < 2.50	3.00%	2.00%	0.90%
≥ 2.50	3.50%	2.50%	1.05%

2.7.2 All interest rates set forth in subsection 2.7.1 are rates per annum. Interest on Libor Advances shall accrue and be payable at LIBOR for the applicable Designated Period plus the Applicable Margin shown in the second column of the table in subsection 2.7.1. The rate for Stamping Fees shall be the Applicable Margin shown in the second column of the table in subsection 2.7.1. The Letter of Credit Fee shall be the Applicable Margin shown in the second column of the table in subsection 2.7.1. Interest on Prime Rate Advances and US Base Rate Advances shall, as applicable, accrue and be payable at the Prime Rate or the US Base Rate plus the Applicable Margin shown in the third column of the table in subsection 2.7.1.

2.7.3 Increases or decreases in the Applicable Margin resulting from a change in the Total Net Debt to EBITDA Ratio shall be based on the Total Net Debt to EBITDA Ratio reported in the applicable Compliance Certificate delivered by the Borrower pursuant to Section 13.1.3; provided that, from the Effective Date to the Reporting Effective Date in respect of the first full fiscal quarter of the Borrower immediately following the Effective Date, the Applicable Margin shall be based on the Total Net Debt to EBITDA Ratio reported in the Compliance Certificate delivered by the Borrower on the Effective Date. Changes in the Applicable Margin shall be effective as of two Business Days following the earlier of the day upon which such Compliance Certificate is delivered to the Agent and the day upon which such Compliance Certificate could be delivered on time pursuant to Section 13.1.3 (the " **Reporting Effective Date** "). Without waiving

the requirement of the Borrower to deliver the Compliance Certificate by no later than the Reporting Date, if any Compliance Certificate required to be delivered by the Borrower is delivered after the Reporting Date, the then prevailing Applicable Margin shall continue until such Compliance Certificate is, in fact, delivered. Upon receipt of any Compliance Certificate which is delivered after the relevant Reporting Date, the Agent shall determine the amount of any overpayment or underpayment of interest or fees during the period from the Reporting Date to and including the date of actual delivery thereof by the Borrower and notify the Borrower and the Lenders of such amounts. Such determination by the Agent shall constitute *prima facie* evidence of the amount of such overpayment or underpayment, as the case may be. In the event of an underpayment, the Borrower shall, upon receipt of such notice, pay to the Agent, for the benefit of the Lenders, the amount of such underpayment. In the event of an overpayment, the amount of such overpayment shall be credited and applied to succeeding payments by the Borrower of interest or fees as they become due until such amount has been fully applied. Should the Agent, acting reasonably, determine that the calculation of the Total Net Debt to EBITDA Ratio in any Compliance Certificate is incorrect, the Agent shall advise the Borrower of such error and the Borrower and the Agent agree that, absent manifest error, the Applicable Margin shall be adjusted in accordance with the determination by the Agent, acting reasonably, and if the Applicable Margin should have been higher, the Borrower shall pay the amount owing commencing as of the date when the adjustment would otherwise be effective in accordance with this provision, and if the Applicable Margin should have been lower, the amount of such underpayment. In the event of an overpayment, the amount of such overpayment shall be credited and applied to succeeding payments by the Borrower of interest or Letter of Credit Fees as they become due until such amount has been fully applied.

2.7.4 The Borrower shall pay a standby fee (the " **Standby Fee** ") on the daily unadvanced portion of the Credit Facility at a rate per annum which shall vary and be calculated based on the Applicable Margin shown in the fourth column of the table in subsection 2.7.1, calculated on the basis of a year of 365 days. The Standby Fee shall be calculated daily beginning on the Closing Date and shall be payable quarterly in arrears on the first Business Day following completion of each fiscal quarter of the Borrower; provided that, from the Effective Date to the first Business Day following the first full fiscal quarter of the Borrower immediately following the Effective Date, the Standby Fee shall be based on the Total Net Debt to EBITDA Ratio reported in the Compliance Certificate delivered by the Borrower on the Effective Date. Upon final payment of the Loan Obligations, the Borrower shall also pay any accrued but unpaid Standby Fees on the Credit Facility.

Notwithstanding the foregoing, Standby Fees shall cease to accrue on the unfunded portion of the Commitment of a Lender while it is a Defaulting Lender.

2.7.5 Interest on Prime Rate Advances, US Base Rate Advances, Libor Advances and Stamping Fees, Letter of Credit Fees and Standby Fees received by the Agent shall be promptly distributed by the Agent to the Lenders in accordance with their respective Applicable Percentages.

2.8 **Annual Agency Fees**

The Borrower shall pay to the Agent, *inter alia* , the annual agency fee provided in the Agency Fee Letter.

2.9 **Exchange Rate Fluctuations**

If, at any time, fluctuations in rates of exchange in effect between currencies cause the aggregate amount of Advances (expressed in US Dollars using the FX Rate) outstanding under the Credit Facility to exceed the maximum amount of the Credit Facility permitted herein by 3%, the Borrower shall pay to the Lenders on demand such amount as is necessary to repay the excess. If the Borrower is unable to immediately pay that amount because Designated Periods have not ended or Bankers' Acceptances have not matured, the Borrower shall, on demand, cause to be deposited with the Agent escrowed funds in the amount of the excess, which shall be held by the Agent until the amount of the excess is paid in full. The Borrower shall be entitled to receive interest on cash held by the Agent as collateral in accordance with Section 15.4. If, on any Drawdown Date, the aggregate amount of Advances under the Credit Facility (expressed in US Dollars using the FX Rate) exceeds the maximum amount of the Credit Facility permitted herein because of fluctuations in rates of exchange or otherwise, the Borrower shall immediately pay the Agent, for the benefit of the Lenders, the excess and shall not be entitled to any Advance that would result in the amount of the Credit Facility being exceeded. For greater certainty, no payments made by the Borrower under this Section 2.9 shall result in any permanent reduction in the Credit Facility.

3. ADVANCES, CONVERSIONS AND OPERATION OF ACCOUNTS

3.1 **Notice of Borrowing - Direct Advances**

Subject to the applicable provisions of this Agreement, on any Business Day, the Borrower shall be entitled to draw upon the Credit Facility, on one or more occasions by way of Prime Rate Advances and US Base Rate Advances in minimum amounts of, as applicable, C$1,000,000 or US$1,000,000 and in whole multiples thereof, provided that on any Business Day that is at least two Business Days prior to the day on which any Prime Rate Advance or US Base Rate Advance (other than the Swing Line Advance, which shall be made in accordance with the provisions of Section 3.5) is required, the Borrower shall have provided to the Agent a Notice of Borrowing at or before 10:00 a.m. Notices of Borrowing in respect of Libor Advances, Letters of Credit, Swing Line

Advances and BA Advances shall be given in accordance with the provisions of Sections 3.3, 3.4, 3.5 and 5.1, respectively.

3.2 **Canadian Dollar-Libor Funded Advances**

Subject to the applicable provisions of this Agreement, if the Borrower requests an Advance by way of Prime Rate Advance, each Canadian Dollar-Libor Funded Lender shall make available to the Agent pursuant to Section 16.9 when required hereunder an Advance as a Prime Rate Advance in the principal amount equal to such Lender's Applicable Percentage of the total Advance to be extended by way of Prime Rate Advances. Such Prime Rate Advance made by such Canadian Dollar-Libor Funded Lender shall initially have a term equal to the Canadian Dollar-Libor Term which is effective on the day such Advance is made, and thereafter, shall, until such Advance is repaid, have a term equal to the Canadian Dollar-Libor Term which is effective on the day the last Canadian Dollar-Libor Term for such Advance matures. Upon request by the Borrower, the Agent shall notify the Borrower of the Canadian Dollar-Libor Term which is then in effect.

3.3 **LIBOR Advances and Conversions**

Subject to the applicable provisions of this Agreement, at or before 10:00 a.m. on at least four Banking Days prior to the Drawdown Date of a proposed Libor Advance, the Borrower may request that a Libor Advance be made, that one or more US Base Rate Advances not borrowed as Libor Advances be converted into one or more Libor Advances or that a Libor Advance or any part thereof be renewed or extended, as the case may be. Each Selected Amount with respect to each Designated Period shall be in an amount of not less than US$1,000,000, and shall be in whole multiples thereof. The Agent shall determine the LIBOR which will be in effect on the Drawdown Date (which in such case must be a Banking Day), with respect to the Selected Amount or to each of the Selected Amounts, as the case may be, having a maturity of one, two, three or six months (subject to availability) from the Drawdown Date, but no Designated Period may end after the Maturity Date, and there shall not at any time be LIBOR Advances with more than six different maturity dates outstanding with more than six different maturity dates. If, at the end of a Designated Period in respect of any Libor Advance, the Borrower has not delivered a notice of conversion or rollover to the Agent in a timely manner in accordance with the provisions of this Section 3.3, the Borrower shall be deemed to have given notice for a US Base Rate Advance.

3.4 **Letters of Credit**

3.4.1 Issuance . Subject to the applicable provisions of this Agreement, on any Business Day, as part of the credit available under the Credit Facility, upon delivery of a Notice of Borrowing to the Agent three Business Days' prior to the requested issuance of a Letter of Credit (or such longer period of time as the Issuing Lender may reasonably require to settle the form of the proposed Letter of Credit), the Borrower may request to be issued by the Issuing Lender on behalf of

the Lenders one or more Letters of Credit in a maximum aggregate amount outstanding at any time not exceeding US$100,000,000 or the equivalent thereof in Canadian Dollars or Euros. Each Letter of Credit shall be issued in Canadian Dollars, US Dollars or Euros. Concurrently with the delivery of a Notice of Borrowing requesting a Letter of Credit, the Borrower shall execute and deliver to the Issuing Lender the documents required by the Issuing Lender in respect of the requested type of Letter of Credit, including a Letter of Credit application and indemnity on the Issuing Lender's standard forms or as is otherwise required by the Issuing Lender. In the event of any conflict between the provisions of this Agreement and the provisions of any document relating to a Letter of Credit, the provisions of this Agreement shall govern and prevail. Each Letter of Credit shall have a term of not more than one year and shall otherwise be in form and substance satisfactory to the Issuing Lender, acting reasonably, provided however, that each Letter of Credit having a term which expires after the Maturity Date shall be escrowed in accordance with Section15.4.2 not more than five Business Days prior to the Maturity Date. The Issuing Lender shall not be required to issue any Letter of Credit if such issuance would breach any Applicable Law or any internal policy of the Issuing Lender.

3.4.2 Fees. On the first Business Day following completion of each fiscal quarter of the Borrower, the Borrower shall pay:

3.4.2.1 to the Agent in arrears for the account of the Lenders, a Letter of Credit Fee calculated at the rate specified in Section 2.7 on the undrawn face amount of each outstanding Letter of Credit for the actual number of days to elapse from and including the date of issuance or renewal, as applicable, of the Letter of Credit to but excluding the expiry date of such Letter of Credit, calculated on the basis of a 365 or 366 day year, as applicable, which fee shall be non-refundable in whole or in part; and

3.4.2.2 to the Issuing Lender for its own account, the Fronting Fee, based on the percentage per annum set out in the Fronting Fee Letter, on the portion of the undrawn face amount of each outstanding Letter of Credit issued by the Issuing Lender which is attributable to Lenders other than the Issuing Lender, for the actual number of days to elapse from and including the date of issuance or renewal, as applicable, of the Letter of Credit to but excluding the expiry date of such Letter of Credit, calculated on the basis of a year of 365 or 366 days, as applicable, which fee shall be non-refundable in whole or in part;

provided that, from the Effective Date to the first Business Day following the first full fiscal quarter of the Borrower immediately following the Effective Date, such fees shall be based on the Total Net Debt to EBITDA Ratio reported in the Compliance Certificate delivered by the Borrower on the Effective Date.

3.4.3 Additional Fees . The Borrower shall also pay or reimburse the Issuing Lender for all customary administrative, issuance, amendment, payment and negotiation fees paid, payable or charged by the Issuing Lender in connection with any Letter of Credit issued by it.

3.4.4 General Provisions Relating to Letters of Credit .

3.4.4.1 The Issuing Lender shall not be liable for the consequences arising from any mutilation, error, omission, interruption or delay or loss in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit. Subject to the immediately preceding sentence, in furtherance and extension and not in limitation of the specific provisions of this Section 3.4 (a) any action taken or omitted by the Issuing Lender or any of its respective correspondents under or in connection with any of the Letters of Credit, if taken or omitted in good faith and in conformity with Applicable Law or customs applicable thereto, shall be binding upon the Borrower and shall not put the Issuing Lender or its respective correspondents under any resulting liability to the Borrower and (b) the Issuing Lender may accept documents in good faith and in conformity with Applicable Law or customs applicable thereto relating to Letters of Credit, without responsibility for further investigation, regardless of any notice or information to the contrary, and may make payment upon presentation of such documents, provided that the Issuing Lender shall have the right, in its sole discretion, to decline to accept such documents and decline to make such payment if such documents are not in strict compliance with the terms of such Letter of Credit. Without limiting the generality of the foregoing, the Issuing Lender may receive, accept, or pay as complying with the terms of any Letter of Credit, any demand in relation thereto otherwise in order which may be signed by, or issued to, any administrator, executor, trustee in bankruptcy, receiver or other Person or entity acting as the representative or in place of, the beneficiary.

3.4.4.2 The Borrower acknowledges and confirms to the Issuing Lender that the Issuing Lender shall not be obliged to make

any inquiry or investigation as to the right of any beneficiary to make any claim or Draft or request any payment under a Letter of Credit and payment by the Issuing Lender pursuant to a Letter of Credit shall not be withheld by the Issuing Lender by reason of any matters in dispute between the beneficiary thereof and the Borrower. The sole obligation of the Issuing Lender with respect to Letters of Credit is to cause to be paid a Draft drawn or purporting to be drawn in accordance with the terms of the applicable Letter of Credit and for such purpose the Issuing Lender is only obliged to determine that the Draft purports to comply with the terms and conditions of the relevant Letter of Credit.

3.4.4.3 The Issuing Lender shall not have any responsibility or liability for or any duty to inquire into the form, sufficiency (other than to the extent provided in subsection 3.4.4.2), authorization, execution, signature, endorsement, correctness (other than to the extent provided in subsection 3.4.4.2), genuineness or legal effect of any Draft, certificate or other document presented to it pursuant to a Letter of Credit and the Borrower unconditionally assumes all risks with respect to the same. The Borrower agrees that it assumes all risk of the acts or omissions of the beneficiary of any Letter of Credit with respect to the use by the beneficiary of the relevant Letter of Credit.

3.4.4.4 The Borrower agrees that the Issuing Lender, the Lenders and the Agent shall have no liability to it for any reason in respect of or in connection with any Letter of Credit, the issuance thereof, any payment thereunder, or any other action by any such Person or any other Person in connection therewith, other than such liability that arose on account of the Issuing Lender's gross negligence or wilful misconduct.

3.4.5 Reimbursement Obligations . In the event of any drawing under a Letter of Credit, the Issuing Lender shall promptly notify the Borrower who shall immediately reimburse the amount drawn to the Issuing Lender in same day funds. In the event that the Borrower fails to reimburse the Issuing Lender after such notification and fails to provide a Notice of Borrowing with a different option, the Borrower shall be deemed to have requested from, and given notice to, the Agent of a Prime Rate Advance, if the Letter of Credit is payable in Canadian Dollars, or a US Base Rate Advance, if the Letter of Credit is payable in US Dollars or Euros (with any drawing under a Letter of Credit payable in Euros being converted into US Dollars in accordance with

the provisions hereof), on the date and in the amount of the drawing, the proceeds of which will be used to satisfy the reimbursement obligations of the Borrower to the Issuing Lender in respect of the drawing under such Letter of Credit. The reimbursement obligations of the Borrower hereunder shall be absolute, unconditional and irrevocable and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of:

3.4.5.1 any lack of validity or enforceability of any Letter of Credit or this Agreement or any term or provision therein or herein;

3.4.5.2 the existence of any claim, set-off, compensation, defence or other right that the Borrower, any other Obligor or any other Person may at any time have against the beneficiary under any Letter of Credit, the Issuing Lender, the Agent, any Lender or any other Person, whether in connection with this Agreement or any other related or unrelated agreement or transaction;

3.4.5.3 any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect;

3.4.5.4 any dispute between or among the Obligors and any beneficiary of any Letter of Credit or any other party to which such Letter of Credit may be transferred or any claims whatsoever of the Obligors against any beneficiary of such Letter of Credit or any such transferee;

3.4.5.5 the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any Letter of Credit or any of the rights or benefits thereunder or proceeds thereof in whole or in part, which may prove to be invalid or ineffective for any reason; and

3.4.5.6 the occurrence of any event including the commencement of legal proceedings to prohibit payment by the Issuing Lender of a Letter of Credit.

The obligations of the Borrower hereunder with respect to Letters of Credit shall remain in full force and effect and shall apply to any amendment to or extension of the expiration date of any Letter of Credit. Each Lender's obligation to fund a Prime Rate Advance or US Base Rate Advance as aforesaid shall be absolute and unconditional

and shall not be affected by any circumstance, including (a) any set-off, compensation, counterclaim, recoupment, defence or other right which such Lender may have against the Issuing Lender, the Borrower, any other Obligor or any other Person for any reason whatsoever, (b) the occurrence or continuance of any Default or Event of Default, (c) any adverse change in the condition (financial or otherwise) of the Borrower, any other Obligor or any other Person, (d) any breach of this Agreement by the Borrower or any other Person, (e) any inability of the Borrower to satisfy the conditions precedent to borrowing set forth in this Agreement on any applicable Drawdown Date for such Prime Rate Advance or US Base Rate Advance, or (f) any other circumstances, happening or event whatsoever, whether or not similar to any of the foregoing.

3.4.6 Indemnification .

3.4.6.1 The Borrower agrees to indemnify and hold harmless the Issuing Lender and its Related Parties (collectively, the " **LC Indemnitees** ") from and against any and all losses, claims, damages and liabilities which the LC Indemnitees may incur (or which may be claimed against any Indemnitee) by any Person by reason of or in connection with the issuance or transfer of or payment or failure to pay under any Letter of Credit, provided that the foregoing indemnity will not, as to any Indemnitee, apply to losses, claims, damages, liabilities or related expenses to the extent they are found by a final, non-appealable judgment of a court to arise from the gross negligence or wilful misconduct of such Indemnitee or the failure of such Indemnitee to comply with the terms and conditions of such Letter of Credit (subject to minor variations or discrepancies in the documents presented in connection with such Letter of Credit).

3.4.6.2 The Borrower agrees, as between the Borrower and the Issuing Lender, that the Borrower shall assume all risks of the acts, omissions or misuse by the beneficiary of any Letter of Credit.

3.4.6.3 None of the Issuing Lender, the Agent or any other Lender shall, in any way, be liable for any failure by the Issuing Lender or anyone else to pay any drawing under any Letter of Credit as a result of any action by any Governmental Authority or any other cause beyond the control of the Issuing Lender.

3.4.6.4 The obligations of the Borrower under this Section 3.4 shall survive the termination of this Agreement. No acts or omissions of any current or prior beneficiary of a Letter of Credit shall in any way affect or impair the rights of the Issuing Lender to enforce any right, power or benefit under this Agreement.

3.4.6.5 The Issuing Lender may resign as such (a " **Resigning Issuing Lender** ") upon 15 days' prior written notice to the Agent and the Borrower, in which event the Agent, in consultation with the Borrower, shall designate another Lender as the Issuing Lender. Upon acceptance by another Lender of the appointment as the Issuing Lender (the " **Successor Issuing Lender** "), the Successor Issuing Lender shall succeed to the rights, powers and duties of the Resigning Issuing Lender and shall have all the rights and obligations of the Resigning Issuing Lender under this Agreement and the other Loan Documents. Unless otherwise agreed among the Successor Issuing Lender, the Agent and the Borrower, the Successor Issuing Lender shall be paid the same fees, in such capacity, as the Resigning Issuing Lender. Following the resignation of the Resigning Issuing Lender, the Resigning Issuing Lender shall continue to have all the rights and obligations of the Issuing Lender under this Agreement and the other Loan Documents with respect to Letters of Credit issued by it prior to such resignation, but the Resigning Issuing Lender shall not be required to issue additional Letters of Credit. For avoidance of doubt, the provisions of this Agreement relating to the Issuing Lender shall enure to the benefit of the Resigning Issuing Lender as to any actions taken or omitted to be taken by it (a) while it was the Issuing Lender under this Agreement or (b) at any time with respect to Letters of Credit issued by the Issuing Lender.

3.5 **Swing Line Advances**

3.5.1 Subject to the applicable provisions of this Agreement, the Swing Line Lender agrees to make Swing Line Advances to the Borrower on any Business Day from time to time prior to the Maturity Date. Swing Line Advances are available by way of incurring overdrafts in the Borrower's Canadian Dollar and US Dollar accounts with the Swing Line Lender, with overdrafts in Canadian Dollars being deemed to be Prime Rate Advances and overdrafts in US Dollars being deemed to be US Base Rate Advances.

3.5.2 The Swing Line Lender shall ascertain the net position of the Borrower's accounts at the close of business daily. If the net Canadian Dollar position is a debit in favour of the Swing Line Lender, the debit will be deemed to be a Prime Rate Advance in the amount of the debit under the Swing Line Loan. If the net US Dollar position is a debit in favour of the Swing Line Lender, the debit will be deemed to be a US Base Rate Advance in the amount of the debit under the Swing Line Loan. If a net position is a credit in favour of the Borrower, the credit will be deemed to be a repayment of the Swing Line Advance by a Prime Rate Advance or US Base Rate Advance under the Swing Line Loan, as the case may be, in the amount of the credit to the extent of any principal amounts owing in respect thereof. If, at any time, the aggregate of the Swing Line Advances exceeds US$20,000,000 or the equivalent in Canadian Dollars, such excess shall be immediately repaid by the Borrower. No repayments of any Swing Line Advance shall be deemed to be a permanent reduction in the Credit Facility.

3.5.3 All interest payments and principal repayments of or in respect of the Swing Line Loan shall be solely for the account of the Swing Line Lender.

3.5.4 Notwithstanding anything to the contrary herein contained or contrary to the provisions of Applicable Law, if a Default or Event of Default has occurred and is continuing or if any Swing Line Loan is outstanding on the last day of each month, the Borrower shall be deemed to have made a request for, as applicable, a Prime Rate Advance and/or a US Base Rate Advance, and each Lender shall make, as applicable, a Prime Rate Advance and/or a US Base Rate Advance available to the Agent for the purpose of repaying the principal amount of the portion of the Swing Line Loan owed to the Swing Line Lender, in the amount of such Lender's Applicable Percentage multiplied by the amount of the outstanding principal of the Swing Line Loan owing to the Swing Line Lender. Each Lender's obligation to fund a Prime Rate Advance or US Base Rate Advance as aforesaid shall be absolute and unconditional and shall not be affected by any circumstance, including (a) any set-off, compensation, counterclaim, recoupment, defence or other right which such Lender may have against any Swing Line Lender, the Borrower, any other Obligor or any other Person for any reason whatsoever, (b) the occurrence or continuance of any Default or Event of Default, (c) any adverse change in the condition (financial or otherwise) of the Borrower, any other Obligor or any other Person, (d) any breach of this Agreement by the Borrower or any other Person, (e) any inability of the Borrower to satisfy the conditions precedent to borrowing set forth in this Agreement on any applicable Drawdown Date for such Prime Rate Advance or US Base Rate Advance or participating interest to be purchased, or (f) any other circumstances,

happening or event whatsoever, whether or not similar to any of the foregoing.

3.5.5 If the Swing Line Lender no longer wishes to act as such, it shall notify the Borrower, the other Lenders and the Agent not less than 15 days prior to the date on which it proposes to cease acting as the Swing Line Lender. In such event, the Agent, in consultation with the Borrower, may designate another Lender as the Swing Line Lender by sending a notice to (a) the Swing Line Lender who will no longer act as such (the " **Retiring Swing Line Lender** ") and (b) the proposed new Swing Line Lender who has agreed to act as such, not less than five days prior to the date on which the replacement is to occur. The new Swing Line Lender shall make, as necessary, a Prime Rate Advance and/or a US Base Rate Advance available to the Agent for the purpose of repaying the portion of the Swing Line Loan owed to the Retiring Swing Line Lender.

3.5.6 If, following the sending of such notice by the Agent, an Event of Default has occurred, other than an Event of Default under subsection 15.1.11, or if no Lender has agreed to act as a replacement for the Retiring Swing Line Lender (in such case, the Swing Line Lender is herein referred to as the " **Former Swing Line Lender** "), the Borrower shall be deemed to have made a request for, as necessary, a Prime Rate Advance and/or a US Base Rate Advance, and each Lender shall make, as necessary, a Prime Rate Advance and/or a US Base Rate Advance available to the Agent for the purpose of repaying the principal amount of the portion of the Swing Line Loan owed to the Former Swing Line Lender, in the amount of such Lender's Applicable Percentage multiplied by the amount of the principal of the outstanding Swing Line Loan owing to the Former Swing Line Lender (the " **Lender Swing Line Repayments** "). In such event, the Borrower's right to obtain Swing Line Advances will cease and the amounts outstanding thereunder will continue to form part of the Loan Obligations. However, if a Default under subsection 15.1.11 of this Agreement shall have occurred and be continuing, or if an Event of Default under subsection 15.1.11 shall have occurred, the Lenders shall not make such Lender Swing Line Repayments and the provisions of subsection 3.5.7 shall apply.

3.5.7 If, before the making of a Lender Swing Line Repayment under subsection 3.5.6, a Default under subsection 15.1.11 shall have occurred and be continuing or an Event of Default under subsection 15.1.11 shall have occurred, each Lender shall, on the date such Lender Swing Line Repayment was to have been made, purchase from the Former Swing Line Lender an undivided participating interest in the principal of the Swing Line Loans to be repaid, in an amount equal to its Applicable Percentage multiplied by the amount of the outstanding

principal of the Swing Line Loan, and immediately transfer such amount to the Agent for the benefit of the Former Swing Line Lender, in immediately available funds. In such event, the Borrower's right to obtain Swing Line Advances will cease and the amounts outstanding thereunder will continue to form part of the Loan Obligations. If at any time after any Lender Swing Line Repayment has been made or any participation in any existing Swing Line Loan has been purchased in accordance with this Section 3.5.7, the Former Swing Line Lender receives any payment on account of the principal of the Swing Line Loan in respect of which such Lender Swing Line Repayment has been made or any participation in any existing Swing Line Loan has been purchased in accordance with this Section 3.5.7, the Former Swing Line Lender will distribute to the Agent for the benefit of each Lender an amount equal to its percentage Commitment multiplied by such amount (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's portion was outstanding and funded) in like funds as received; provided, however, that if such payment received by the Former Swing Line Lender is required to be returned, such Lender will return to the Agent for the benefit of the Former Swing Line Lender any portion thereof previously distributed by the Former Swing Line Lender to the Agent for the benefit of such Lender in like funds as such payment is required to be returned by such Former Swing Line Lender.

3.5.8 Each Lender's obligation to make Lender Swing Line Repayments or to purchase a participating interest in accordance with subsections 3.5.6 and 3.5.7 shall be absolute and unconditional and shall not be affected by any circumstance, including (a) any set-off, compensation, counterclaim, recoupment, defence or other right which such Lender may have against any Swing Line Lender, the Borrower, any other Obligor or any other Person for any reason whatsoever, (b) the occurrence or continuance of any Default or Event of Default, (c) any adverse change in the condition (financial or otherwise) of the Borrower, any other Obligor or any other Person, (d) any breach of this Agreement by the Borrower or any other Person, (e) any inability of the Borrower to satisfy the conditions precedent to borrowing set forth in this Agreement on any applicable Drawdown Date for such Prime Rate Advance or US Base Rate Advance or participating interest to be purchased, or (f) any other circumstances, happening or event whatsoever, whether or not similar to any of the foregoing. If any Lender does not make available the amount required under subsection 3.5.6 or 3.5.7, as the case may be, the Former Swing Line Lender shall be entitled to recover such amount on demand from such Lender, together with interest thereon, as applicable, at the Prime Rate Basis or US Base Rate Basis, as applicable, at such time from the date of non-payment until such amount is paid in full.

3.6 **Defaulting Lenders**

3.6.1 The Issuing Lender shall not be obligated to issue Letters of Credit to the extent of any Defaulting Lender's or Impacted Lender's Applicable Percentage thereof, unless arrangements satisfactory to the Issuing Lender have been entered into with the Borrower or with the Defaulting Lender or Impacted Lender to eliminate the Issuing Lender's risk with respect to such Defaulting Lender or Impacted Lender (such as depositing Cash Equivalents with the Agent for the benefit of the Issuing Lender).

3.6.2 If the available amount of Letters of Credit is reduced pursuant to Section 3.6.1, the Letter of Credit Fee payable by the Borrower under Section 3.4.2.1 shall be reduced by a proportional amount. While it is a Defaulting Lender or Impacted Lender, a Lender shall not be entitled to share in a Letters of Credit Fee in respect of any Letters of Credit, (i) the amount of which is reduced pursuant to Section 3.6.1, or (ii) to the extent that the Borrower has entered into arrangements with the Issuing Lender to eliminate the Issuing Lender's risk with respect to such Defaulting Lender or Impacted Lender. Notwithstanding subsection 3.4.2.1, in the case of clause (ii) above, no Letters of Credit Fee shall be payable on the portion of the Letters of Credit for which the Borrower has entered into those arrangements with the Issuing Lender, with the result that the Letters of Credit Fee shall, in such case, be reduced by that amount.

3.6.3 The Swing Line Lender shall not be obligated to make Swing Line Loans to the extent of any Defaulting Lender's or Impacted Lender's Applicable Percentage thereof, unless arrangements satisfactory to the Swing Line Lender have been entered into with the Borrower or with the Defaulting Lender or Impacted Lender to eliminate the Swing Line Lender's risk with respect to such Defaulting Lender or Impacted Lender (such as depositing Cash Equivalents with the Agent for the benefit of the Swing Line Lender).

3.6.4 Section 3.6.3 shall not apply to Swing Line Loans that are outstanding at the time a Lender becomes a Defaulting Lender or an Impacted Lender.

3.7 **Evidence of Indebtedness**

The Loan Obligations resulting from Prime Rate Advances, US Base Rate Advances and Libor Advances made by the Lenders shall be evidenced by records maintained by the Agent and by each Lender concerning those Advances it has made. The Agent shall also maintain records of the Loan Obligations resulting from BA Advances and Advances made by way of issuance of Letters of Credit, and each Lender shall also maintain records relating to Bankers' Acceptances that it has accepted and the Issuing Lender shall

maintain records relating to Letters of Credit it has issued. The Loan Obligations resulting from Swing Line Loans shall be evidenced by records maintained by the Swing Line Lender. The records maintained by the Agent and the Swing Line Lender shall constitute *prima facie* evidence of the Loan Obligations and all details relating thereto. After a request by the Borrower, the Agent or the Lender to whom the request is made will promptly advise the Borrower of the entries in such records. The failure of the Agent or any Lender to correctly record any such amount or date shall not, however, adversely affect the obligation of the Borrower to pay any Loan Obligations in accordance with this Agreement. The Agent shall, upon the reasonable request of a Lender or the Borrower, provide any information contained in its records of Advances by such Lender or to the Borrower, and the Agent, each Lender and the Borrower shall cooperate in providing all information reasonably required to keep all accounts accurate and up-to-date.

3.8 **Apportionment of Advances**

The amount of each Advance will be apportioned among the Lenders by the Agent by reference to the Applicable Percentage of each Lender immediately prior to the making of any Advance, subject to the provisions of Section 5.8 with respect to BA Advances. If any amount is not in fact made available to the Agent by a Lender, the Agent shall be entitled to recover such amount (together with interest thereon at the rate determined by the Agent as being its cost of funds in the circumstances) on demand from such Lender or, if such Lender fails to reimburse the Agent for such amount on demand, from the Borrower.

3.9 **Notices Irrevocable**

Any notice (including any deemed notice provided for herein) given to the Agent under Article 3 or 5 may not be revoked or withdrawn.

3.10 **Limits on BA Advances and Libor Advances**

Nothing in this Agreement shall be interpreted as authorizing the Borrower to issue Bankers' Acceptances or borrow by way of Libor Advances for a Designated Period expiring on a date which is after the Maturity Date.

4. CALCULATION OF INTEREST AND FEES

4.1 **Calculation of Interest on Prime Rate Advances and US Base Rate Advances**

The principal amount of each Prime Rate Advance and each US Base Rate Advance shall bear interest, calculated daily, on the daily balance of each such Advance, from and including the Drawdown Date of, as applicable, such Prime Rate Advance or US Base Rate Advance, up to but excluding the day of repayment thereof in full at the annual rate (calculated based on a 365 or 366 day year, as applicable) applicable to each of such days which corresponds to, as applicable, the Prime Rate or the US Base Rate, at the close of business on each of such days, plus the Applicable Margin determined in accordance with subsection 2.7.1.

4.2 **Payment of Interest on Prime Rate Advances and US Base Rate Advances**

Interest on Prime Rate Advances and US Base Rate Advances calculated and payable in accordance with Section 4.1 shall be payable to the Agent for the account of the Lenders on the last Business Day of each month.

4.3 **Calculation of Interest on Libor Basis**

The principal amount of each Libor Advance shall bear interest, calculated daily, on the daily balance of such Advances, from and including the Drawdown Date up to but excluding the last day of the Designated Period of such Libor Advance, at the annual rate (calculated based on a 360-day year) applicable to each of such days which corresponds to the LIBOR applicable to each Selected Amount, plus the Applicable Margin determined in accordance with subsection 2.7.1, and shall be effective as and from and including the Drawdown Date.

4.4 **Payment of Interest on Libor Basis**

Interest on Libor Advances calculated and payable in accordance with Section 4.3 shall be payable to the Agent for the account of the Lenders, in arrears,

4.4.1 on the last day of the applicable Designated Period when the Designated Period is one, two or three months; or

4.4.2 when the applicable Designated Period exceeds three months, on the last Business Day of each period of three months during such Designated Period and on the last day of the applicable Designated Period.

4.5 **Fixing of LIBOR**

Notice of LIBOR shall be transmitted to the Borrower at approximately 11:00 a.m., two Banking Days prior to:

4.5.1 the date on which the Libor Advance is to be made; or

4.5.2 the relevant rollover date of a Libor Advance.

4.6 **Interest on Miscellaneous Amounts**

Where this Agreement does not specifically provide for a rate of interest applicable to an outstanding portion of the Loan Obligations, the interest on such portion of the Loan Obligations shall be calculated and payable on the Prime Rate Basis, in the case of amounts payable in Canadian Dollars, and on the US Base Rate Basis, in the case of amounts payable in US Dollars and Euros (with any amounts in Euros having been converted to US Dollars in accordance with the procedures set out herein), in each case payable on the last Business Day of each month.

4.7 **Default Interest**

If the Borrower fails to pay any principal amount of any Loan Obligations, any interest thereon, any fees payable hereunder or any other amount payable hereunder on the date when such amount is due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest, to the extent permitted by Applicable Law, from and including such due date up to but excluding the date of actual payment, both before and after demand, Default or judgment, at a rate of interest per annum equal to 2% greater than the interest rate which is otherwise applicable (which, in the case of LIBOR Advances, shall be based on the existing Libor Basis, until the expiry of the then applicable Designated Period and thereafter based on successive Designated Periods of one month) from the date of such non-payment until paid in full (as well after, as before Default, maturity or judgment), with interest on overdue interest bearing interest at the same rate. All interest payable pursuant to this Section 4.7 shall be payable upon demand.

4.8 **Maximum Interest Rate**

The amount of the interest or fees payable in applying this Agreement shall not exceed the maximum rate permitted by Applicable Law. Where the amount of such interest or such fees is greater than the maximum rate, the amount shall be reduced to the highest rate that may be recovered in accordance with the applicable provisions of Applicable Law.

4.9 ***Interest Act***

4.9.1 Each rate of interest which is calculated with reference to a period (the " **deemed interest period** ") that is less than the actual number of days in the calendar year of calculation is, for the purposes of the *Interest Act* (Canada), equivalent to a rate based on a calendar year calculated by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing by the number of days in the deemed interest period.

4.9.2 The parties agree that all interest in this Agreement will be calculated using the nominal rate method and not the effective rate method, and that the deemed re-investment principle shall not apply to such calculations. In addition, the parties acknowledge that there is a material distinction between the nominal and effective rates of interest and that they are capable of making the calculations necessary to compare such rates.

5. BANKERS' ACCEPTANCES

5.1 Advances by Bankers' Acceptances and Conversions into Bankers' Acceptances

5.1.1 Subject to the applicable provisions of this Agreement (including Section 6.6), the Borrower may request that a BA Advance be made, that one or more Advances not borrowed as BA Advances be converted into one or more BA Advances or that a BA Advance or any part thereof be extended, as the case may be (the " **BA Request** ") by written Notice of Borrowing to the Agent given at least four Business Days, before 10:00 a.m., prior to the date of the proposed Advance (for the purposes of this Article 5 called the " **Acceptance Date** "). BA Advances shall be in a minimum amount of C$1,000,000 or C$100,000 multiples thereof. Each Bankers' Acceptance issued shall have a Designated Period of one, two, three or six months (or such other period as may be available and acceptable to the Lenders), and shall in no event mature on a date that is after the Maturity Date.

5.1.2 Prior to making any BA Request, the Borrower shall deliver:

5.1.2.1 to the Lenders, in the name of each BA Lender, drafts in form and substance acceptable to the Agent and the Lenders, acting reasonably; and

5.1.2.2 to the Lenders, in the name of each Lender which is a Non-BA Lender, Discount Notes;

completed and executed by its authorized signatories in sufficient quantity for the Advance requested and in appropriate denominations to facilitate the sale of the Bankers' Acceptances in the financial markets. No Lender shall be responsible or liable for its failure to accept a Bankers' Acceptance hereunder if such failure is due, in whole or in part, to the failure of the Borrower to give appropriate instructions to the Agent on a timely basis, nor shall the Agent or any Lender be liable for any damage, loss or other claim arising by reason of any loss or improper use of any such instrument except a loss or improper use arising by reason of the gross negligence or wilful misconduct of the Agent, such Lender, or their respective employees.

In order to facilitate issuances of Bankers' Acceptances pursuant hereto in accordance with the instructions given from time to time by the Borrower, the Borrower hereby authorizes each Lender, and for this purpose appoints each Lender its lawful attorney, to complete and sign Bankers' Acceptances on behalf of the Borrower, in handwritten, facsimile, mechanical or electronic signature or otherwise, and once so completed, signed and endorsed, and following acceptance of them as Bankers' Acceptances, to purchase, discount or negotiate such Bankers' Acceptances in accordance with the provisions of this Article 5, and to provide

the Available Proceeds to the Agent in accordance with the provisions hereof. Drafts so completed, signed, endorsed and negotiated on behalf of the Borrower by any Lender shall bind the Borrower as fully and effectively as if so performed by an authorized officer of the Borrower. Each Lender shall maintain a record with respect to such instruments (a) received by it hereunder, (b) voided by it for any reason, (c) accepted by it hereunder and (d) cancelled at their respective maturities. Each Lender agrees to provide such records to the Borrower upon request.

5.2 **Acceptance Procedure**

With respect to each BA Advance:

5.2.1 The Agent shall promptly notify in writing each Lender of the details of the proposed BA Advance, specifying:

5.2.1.1 for each BA Lender (a) the principal amount of the Bankers' Acceptances to be accepted by such Lender, and (b) the Designated Period of such Bankers' Acceptances; and

5.2.1.2 for each Non-BA Lender (a) the principal amount of the Discount Notes to be issued to such Lender and (b) the Designated Period of such Discount Notes.

5.2.2 The Agent shall establish the Bankers' Acceptance Discount Rate at or about 10:00 a.m. on the Acceptance Date, and the Agent shall promptly determine the amount of the BA Proceeds.

5.2.3 Forthwith, and in any event not later than 11:30 a.m. on the Acceptance Date, the Agent shall indicate to each Lender, in the manner set out in Section 16.5 and to the Borrower:

5.2.3.1 the Bankers' Acceptance Discount Rate;

5.2.3.2 the amount of the Stamping Fee applicable to the Bankers' Acceptances to be accepted by such Lender on the Acceptance Date, calculated by multiplying the appropriate percentage determined in accordance with subsection 2.7.1 by the face amount of each Bankers' Acceptance (taking into account the number of days in the Designated Period), each such Lender being authorized by the Borrower to deduct such Lender's Stamping Fee out of the BA Proceeds of the Bankers' Acceptances accepted by it;

5.2.3.3 the BA Proceeds of the Bankers' Acceptances to be purchased by such Lender on such Acceptance Date; and

5.2.3.4 the amount obtained (the " **Available Proceeds** ") by deducting the Stamping Fee referred to in subsection 5.2.3.2 from the BA Proceeds mentioned in subsection 5.2.3.3.

5.2.4 Not later than 1:00 p.m. on the Acceptance Date, each Lender shall make available to the Agent its Available Proceeds.

5.2.5 Not later than 3:00 p.m. on the Acceptance Date, subject to the applicable provisions of this Agreement, the Agent shall transfer the Available Proceeds to the Borrower and shall notify the Borrower of the details of the issue.

5.3 **Purchase of Bankers' Acceptances and Discount Notes**

Before giving value to the Borrower, the Lenders which are:

5.3.1 BA Lenders shall, on the Acceptance Date, accept the Bankers' Acceptances by inserting the appropriate principal amount, Acceptance Date and maturity date in accordance with the BA Request relating thereto and affixing their acceptance stamps thereto, and shall purchase or sell same; and

5.3.2 Non-BA Lenders shall, on the Acceptance Date, complete the Discount Notes by inserting the appropriate principal amount, Acceptance Date and maturity date in accordance with the BA Request relating thereto and shall purchase the same.

5.4 **Maturity Date of Bankers' Acceptances**

Subject to the applicable notice provisions, at or prior to the maturity date of each Bankers' Acceptance, the Borrower may:

5.4.1 give to the Agent a notice in the form of Exhibit D requesting that the Lenders convert all or any part of the BA Advance then outstanding which are maturing into a Prime Rate Advance; or

5.4.2 give to the Agent a notice in the form of Exhibit D requesting that the Lenders extend all or any part of the BA Advance outstanding which are maturing into another BA Advance by issuing new Bankers' Acceptances, subject to compliance with the provisions of subsection 5.1.1 with respect to the minimum Selected Amount; or

5.4.3 by no later than 10:00 a.m., two Business Days prior to the maturity date of each Bankers' Acceptance then outstanding and reaching maturity, notify the Agent that it intends to deposit in its account for the account of the Lenders on the maturity date thereof an amount equal to the principal amount of each such Bankers' Acceptance.

5.5 **Deemed Conversions on the Maturity Date of Bankers' Acceptances**

If the Borrower does not deliver to the Agent one or more of the notices contemplated by subsections 5.4.1 or 5.4.2 or does not give the notice contemplated by subsection 5.4.3, the Borrower shall be deemed to have requested and given notice that the part of the BA Advance then outstanding which is reaching maturity be converted into a Prime Rate Advance.

5.6 **Conversion and Extension Mechanism**

If under the conditions:

5.6.1 of subsection 5.4.1 and of Section 5.5, the Borrower requests or is deemed to have requested, as the case may be, that the Agent convert the portion of the BA Advance which is maturing into a Prime Rate Advance, the Lenders shall pay the Bankers' Acceptances which are outstanding and maturing. Such payments by the Lenders will constitute an Advance within the meaning of this Agreement and the interest thereon shall be calculated and payable as such; or

5.6.2 of subsection 5.4.3, the Borrower makes a deposit in its account to repay a maturing Bankers' Acceptance, without limiting in any way the generality of Section 7.10 or19.6, the Borrower hereby expressly and irrevocably authorizes the Agent to make any debits necessary in its account in order to pay the Bankers' Acceptances which are outstanding and maturing, provided that no such debit will constitute a prepayment under subsection 2.6.1 or cancellation under Section 2.6.2.

5.7 **No Prepayment of Bankers' Acceptances**

Notwithstanding any provision hereof, the Borrower may not repay any Bankers' Acceptance other than on its maturity date; however, this provision shall not prevent the Borrower from providing escrowed funds for any Bankers' Acceptance in accordance with Section 15.4.

5.8 **Apportionment Amongst the Lenders**

In relation to each BA Advance, the Agent is authorized by the Borrower and each Lender to allocate between the Lenders the Bankers' Acceptances to be issued by the Borrower and accepted and purchased by the Lenders, in such manner and amounts as the Agent may, in its sole discretion, consider necessary, so as to ensure that no Lender is required to accept and purchase a Bankers' Acceptance for a fraction of C$100,000. In the event of any such allocation by the Agent, the Lenders' respective Commitments in any such Bankers' Acceptances and repayments thereof shall be adjusted accordingly. Further, the Agent is authorized by the Borrower and each Lender to cause the Applicable Percentage of one or more Lender's Advances with respect to Bankers' Acceptances to be exceeded by no more than C$100,000 each as a result of such allocations, provided that the principal amount of all outstanding Advances of each

Lender shall not thereby exceed the maximum amount of the respective Commitment of each Lender. Any resulting amount by which the requested face amount of any such Bankers' Acceptance shall have been so reduced shall be advanced, converted or continued, as the case may be, as a Prime Rate Advance, to be made contemporaneously with the BA Advance.

5.9 **Days of Grace**

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

5.10 **Obligations Absolute**

The obligations of the Borrower with respect to Bankers' Acceptances shall be unconditional and irrevocable (other than in respect of a loss or the improper use of any Bankers' Acceptance arising by reason of the gross negligence or wilful misconduct of the Agent, the Lenders or their respective employees) and shall be paid strictly in accordance with the provisions of this Agreement under all circumstances, including the following circumstances:

5.10.1 any lack of validity or enforceability of any draft accepted by any Lender as a Bankers' Acceptance; or

5.10.2 the existence of any claim, set-off, defence or other right which the Borrower may have at any time against the holder of a Bankers' Acceptance, the Lenders, or any other person or entity, whether in connection with this Agreement or otherwise.

5.11 ***Depository Bills and Notes Act***

In the discretion of a BA Lender, Bankers' Acceptances to be accepted by such Lender may be issued in the form of " **depository bills** " within the meaning of the *Depository Bills and Notes Act* (Canada) and deposited with the CDS Clearing and Depository Services Inc. or any successor or other clearinghouse within the meaning of the said Act (herein " **CDS** ") and may be made payable to " **CDS & Co.** " or in such other name as may be acceptable to CDS and thereafter dealt with in accordance with the procedures of CDS, consistent with the provisions hereof. The Lenders are also authorized to issue depository bills as replacements for previously issued Bankers' Acceptances, on the same terms as those replaced, and deposit them with CDS against cancellation of the previously issued Bankers' Acceptances.

6. ILLEGALITY, INCREASED COSTS, INDEMNIFICATION AND MARKET DISRUPTIONS

6.1 **Illegality**

If any Lender determines that any Change in Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable lending office to (a) make any Advance or maintain any Advance (or to maintain its obligation to make any Advance) or (b) determine or charge interest rates based upon any particular rate other than as a result of any breach of the *Criminal Code* (Canada), then, on notice thereof by such Lender to the Borrower through the Agent, any obligation of such Lender with respect to the activity that is unlawful shall be suspended until such Lender notifies the Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall, upon demand from such Lender (with a copy to the Agent), take any necessary steps with respect to any Letter of Credit, and otherwise have the option of prepaying or, if conversion would avoid the unlawful activity, convert any Advances, in order to avoid the activity that is unlawful. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest and accrued Letter of Credit Fees on the amount so prepaid or converted. Each Lender agrees to designate a different lending office for funding or booking its Advances hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates if such designation will avoid the need for such notice and will not, in the good faith judgment of such Lender, otherwise be materially disadvantageous to such Lender. No payment hereunder by the Borrower shall give rise to any additional obligations under Section 19.6 or be considered a payment under Section 2.6.1 or any cancellation of the Credit Facility under Section 2.6.2. Any Lender affected under this Section 6.1 shall give the Agent and Borrower prompt written notice of any change in circumstances that make it no longer subject to the circumstances that require any termination of obligations hereunder.

6.2 **Increased Costs**

6.2.1 General . If any Change in Law shall:

6.2.1.1 impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender;

6.2.1.2 subject any Lender to any Tax of any kind whatsoever with respect to this Agreement, any Letter of Credit, any participation in a Letter of Credit or any Advance made by it, or change the basis of taxation of payments to such Lender in respect thereof, except for Indemnified Taxes or Other Taxes covered by Section 6.3 and the imposition, or any change in the rate, manner of application or

administration, of any Excluded Tax payable by such Lender; or

6.2.1.3 impose on any Lender or the applicable interbank market any other condition, cost or expense affecting this Agreement or Advances by or owed to such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making any Advance or maintaining any Advance (or of maintaining its obligation to make any such Advance), or to increase the cost to such Lender or the Issuing Lender of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender or the Issuing Lender hereunder (whether of principal, interest or any other amount), then upon request of such Lender and the delivery by such Lender to the Borrower and the Agent of the certificate referred to in Section 6.2.3, the Borrower will pay to such Lender within 30 days of the receipt of such request and certificate such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

6.2.2 Capital Requirements . If any Lender determines that any Change in Law affecting such Lender or any lending office of such Lender or such Lender's holding company, if any, regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Advances made, or the Letters of Credit issued or participated in, by such Lender, to a level below that which such Lender or its holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of its holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or its holding company for any such reduction suffered.

6.2.3 Certificates for Reimbursement . A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in subsection 6.2.1or 6.2.2, including reasonable detail of the basis of calculation thereof and the event by reason of which it has become so entitled with reasonable particulars, and delivered to the Borrower shall be *prima facie* evidence of such amount or amounts owed. The Borrower shall pay such Lender the amount shown as due on any such certificate within ten days after receipt thereof.

6.2.4 Delay in Requests . Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation, except that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs incurred or reductions suffered more than six months prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor, unless the Change in Law giving rise to such increased costs or reductions is retroactive, in which case the six month period referred to above shall be extended to include the period of retroactive effect thereof.

6.2.5 Notwithstanding the foregoing, the Borrower shall only be obligated to pay such additional amount or amounts under Section 6.2 if the affected Lender, as a general practice, also requires compensation therefor from its other customers, where such other customers are bound by similar provisions to the foregoing provisions of this Section and where, due to the type of credit facility or other arrangements such other customers have with such Lender or the industry or jurisdiction where such other customers carry on business, such Lender would be similarly affected (and because of such Lender's confidentiality obligations to its other customers, such conditions, if applicable, shall be confirmed as having been satisfied by such Lender in the certificate referred to in Section 6.2.3, which certificate shall be conclusive absent manifest error).

6.3 **Taxes**

6.3.1 Payments Free of Taxes . Any and all payments by or on account of any obligation of each Obligor hereunder or under any other Loan Document shall be made free and clear of and without deduction or withholding for any Indemnified Taxes or Other Taxes. If any Obligor, the Agent, or any Lender is required by Applicable Law to deduct or pay any Indemnified Taxes (including any Other Taxes) in respect of such payments by or on account of any obligation of an Obligor hereunder or under any other Loan Document, then (a) the sum payable shall be increased by that Obligor when payable as necessary so that after making or allowing for all required deductions and payments (including deductions and payments applicable to additional sums payable under this Section) the Agent or Lender, as the case may be, receives an amount equal to the sum it would have received had no such deductions or payments been required, (b) the Obligor shall make any such deductions and withholdings required to be made by it under Applicable Law and (c) the Obligor shall timely pay the full amount required to be deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law.

6.3.2 Payment of Other Taxes by the Borrower . Without limiting the provisions of Section 6.3.1, the Obligors shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with Applicable Law.

6.3.3 Indemnification by the Borrower . Each Obligor shall indemnify the Agent and each Lender, within thirty days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Agent or such Lender and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Agent), or by the Agent on its own behalf or on behalf of a Lender, shall be *prime facie* evidence of such amount or payment.

6.3.4 Evidence of Payments . As soon as practicable after any payment of Indemnified Taxes or Other Taxes by an Obligor to a Governmental Authority, the Obligor shall deliver to the Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Agent.

6.3.5 Status of Lenders . Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the applicable Obligor is resident for tax purposes, or under any treaty to which such jurisdiction is a party, with respect to payments hereunder or under any other Loan Document by such Obligor shall, at the request of the Borrower, deliver to such Obligor (with a copy to the Agent), at the time or times prescribed by Applicable Law or reasonably requested by the Borrower or the Agent, such properly completed and executed documentation prescribed by Applicable Law as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, (a) any Lender, if requested by the Borrower or the Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrower or the Agent as will enable the Borrower or the Agent to determine whether or not such Lender is subject to such withholding or related information reporting requirements and (b) any Lender that ceases to be, or to be deemed to be, resident in Canada for the purposes of Part XIII of the *Income Tax Act* (Canada) or any successor provision thereto shall, within five Business Days thereof, notify the Borrower and the Agent in writing.

6.3.6 Treatment of Certain Refunds . If the Agent or a Lender determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by an Obligor or with respect to which an Obligor has paid additional amounts pursuant to this Section or that, because of the payment of such Taxes or Other Taxes, it has benefitted from a reduction in Excluded Taxes otherwise payable by it, it shall pay to the Borrower or other Obligor, as applicable, an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower or other Obligor under this Section with respect to the Taxes or Other Taxes giving rise to such refund or reduction), net of all out-of-pocket expenses of the Agent or such Lender, as the case may be, and without interest (other than an amount equal to the net after-Tax amount of any interest paid by the relevant Governmental Authority, if any, with respect to such refund). The Borrower or the other Obligor, as applicable, upon the request of the Agent or such Lender, shall repay the amount paid over to the Borrower or other Obligor (plus any penalties, interest or other Liens imposed by the relevant Governmental Authority) to the Agent or such Lender if the Agent or such Lender is required to repay such refund or reduction to such Governmental Authority. This subsection shall not be construed to require the Agent or any Lender to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Obligors or any other Person, to arrange its affairs in any particular manner or to claim any available refund or reduction.

6.4 **Breakage Costs, Failure to Borrow or Repay After Notice**

The Borrower shall indemnify each Lender against any loss or expense (including any loss or expense arising from interest or fees payable by such Lender to lenders of funds obtained by it in order to make or maintain any Advance and any loss or expense incurred in liquidating or re-employing deposits from which such funds were obtained) which such Lender may sustain or incur as a consequence of any: (a) default by the Borrower in giving a timely Notice of Borrowing, (b) default by the Borrower in making payment when due of the amount of, or interest on, any Advance or in the payment when due of any other amount hereunder, (c) default by the Borrower in completing or obtaining an Advance after the Borrower has given notice hereunder that it desires to obtain such Advance, (d) default by the Borrower in making any voluntary reduction of the outstanding amount of any outstanding Advance after the Borrower has given notice hereunder that it desires to make such reduction, (e) the payment of any Libor Advance otherwise than on the maturity date thereof (including without limitation any such payment required pursuant to Section 2.6 or upon acceleration pursuant to Section 15.2) and (f) the payment of any Prime Rate Advance to any Canadian Dollar-Libor Funded Lender otherwise than on the maturity date of the Canadian Dollar-Libor Term thereof (including without limitation any such payment required pursuant to Section 2.6 or upon acceleration pursuant to

Section 15.2); provided that, the Borrower shall not be required to indemnify a Lender for any such cost or expense if such cost or expense is sustained or incurred by such Lender while it is a Defaulting Lender . A certificate of the Agent providing reasonable particulars of the calculation of any such loss or expense shall be *prima facie* evidence of such amount owed. If any Lender becomes entitled to claim any amount pursuant to this Section 6.4, it shall promptly notify the Borrower, through the Agent, of the event by reason of which it has become so entitled and reasonable particulars of the related loss or expense, provided that the failure to do so promptly shall not prejudice the Lenders' right to claim hereunder.

6.5 **Mitigation Obligations: Replacement of Lenders**

6.5.1 Designation of a Different Lending Office . If any Lender requests compensation under Section 6.2, requires the Borrower to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 6.3 or suspend its funding obligations hereunder pursuant to Section 6.1, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Advances hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (a) would eliminate or reduce amounts payable pursuant to Section 6.2 or 6.3 or eliminate the illegal event giving rise to the suspension of such Lender's obligations, as the case may be, in the future and (b) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

6.5.2 Replacement of Lenders . If any Lender requests compensation under Section 6.2, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 6.3, or if any Lender becomes a Defaulting Lender, then the Borrower may, at its sole expense and effort, upon ten days' notice to such Lender and the Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Article 18), all of its interests, rights and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which Eligible Assignee may be another Lender, if a Lender accepts such Assignment), provided that:

6.5.2.1 the Borrower pays the Agent the assignment fee specified in subsection 18.2.2.5;

6.5.2.2 the assigning Lender receives payment of an amount equal to the outstanding principal of Advances made by it, 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); provided, however, that the Borrower shall not be required to pay an assigning Lender that is a Defaulting Lender in respect of breakage costs or other amounts required to be paid as a result of prepayment to such Lender;

6.5.2.3 in the case of any such Assignment resulting from a claim for compensation under Section 6.2 or payments required to be made pursuant to Section 6.3, such Assignment will result in a reduction in such compensation or payments thereafter;

6.5.2.4 such Assignment does not conflict with Applicable Law; and

6.5.2.5 if an assigning Lender or an Affiliate of an assigning Lender is a party to a Derivative Instrument with an Obligor, upon the completion of the acquisition of such assigning Lender's interests, rights and obligations under this Agreement and the related Loan Documents, such assigning Lender shall, upon completion of such assignment, either (i) terminate each guarantee provided by any Obligor in connection therewith, in which case, such assigning Lender or its applicable Affiliate shall be deemed to be an Other Derivative Counterparty or (ii) assign, at a price determined in a reasonable manner from market quotations in accordance with customary market practices, all Derivative Instruments it or they hold with each Obligor to the applicable assignee or to another Lender or its Affiliate or to an Other Derivative Counterparty, and if, upon such assignment, any guarantee provided by any Obligor in connection therewith would not constitute Permitted Debt, such assigning Lender shall, or shall cause its Affiliate to, terminate such guarantee.

A Lender shall not be required to make any such Assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such Assignment and delegation cease to apply.

6.6 **Market for Bankers' Acceptances and Libor Advances**

If the Lenders determine, after reasonable efforts, at any time or from time to time that: (a) there no longer exists a market for Bankers' Acceptances, or (b) as a result of market conditions, (i) there exists no appropriate or reasonable method to establish LIBOR for a Selected Amount or a Designated Period or (ii) US Dollar deposits are not available to the Lenders in such market in the Ordinary Course in amounts sufficient to permit them to make a Libor Advance for a Selected Amount or a Designated Period, such Lenders shall so advise the Agent, and the Agent shall so notify the Borrower, and any such Lenders shall not be obliged to accept drafts of the Borrower presented to such Lenders pursuant to the provisions of this Agreement nor to honour any Notices of Borrowing in connection with any Libor Advances, and the Borrower's option to request BA Advances or Libor Advances, as the case may be, shall thereupon be suspended upon notice by the Agent to the Borrower until the circumstances giving rise to such suspension no longer exist. Thereafter, the Lenders shall promptly notify the Agent, which shall promptly notify the Borrower, of any change in circumstances of which they become aware which results in the existence of such market for Bankers' Acceptances or a reasonable method of establishing LIBOR or availability of US Dollar deposits.

7. PROVISIONS RELATING TO PAYMENTS

7.1 **Payment of Losses Resulting From a Prepayment**

If a prepayment in respect of a Libor Advance is made on a date other than the final day of the Designated Period applicable to such Libor Advance contrary to the provisions of this Agreement, simultaneously with such prepayment, the Borrower shall pay to the Lenders the losses, costs and expenses suffered or incurred by the Lenders with respect to such prepayment which are referred to in Section 6.4. Any attempted prepayment of a BA Advance shall be treated as a payment into an escrow account and dealt with in accordance with Section 15.4.

7.2 **Imputation of Prepayments**

All prepayments made in accordance with Section 2.6 shall be applied to repay all or part of the principal amount of the outstanding Loan Obligations under the Credit Facility.

7.3 **Currency of Payments**

All payments, repayments or prepayments, as the case may be:

7.3.1 of principal under the Loan Obligations or any part thereof, shall be made in the same currency as that in which they are outstanding;

7.3.2 of interest, shall be made in the same currency as the principal amount outstanding to which they relate;

7.3.3 of fees, shall be made in US Dollars alone; and

7.3.4 of the amounts referred to in Section 6.4, shall be made in the same currency as the losses, costs and expenses suffered or incurred by the Lenders.

7.4 **Payments by the Borrower to the Agent**

All payments to be made by the Borrower in connection with this Agreement shall be made to the Agent, at the Branch (or at any other office or account in Toronto designated by the Agent) in funds having same day value no later than 2:00 p.m. on the day any such payment is due.

7.5 **Payment on a Business Day**

Each time a payment, repayment or prepayment is due on a day that is not a Business Day, it shall be made on the next Business Day together with applicable interest during such extension.

7.6 **Payments by the Lenders to the Agent**

Any amounts payable to the Agent by a Lender shall be paid in funds having same day value to the Agent by the Lenders on a Business Day at the Branch.

7.7 **Netting**

On any Drawdown Date (a " **Transaction Date** "), the Agent shall be entitled to net amounts payable on such date by the Agent to a Lender under this Agreement against amounts payable in the same currency on such date by such Lender to the Agent under this Agreement, for the account of the Borrower. Similarly, on any Transaction Date, the Borrower hereby authorizes each Lender to net amounts payable under this Agreement in one currency on such date by such Lender to the Agent, for the account of the Borrower, against amounts payable under this Agreement in the same currency on such date by the Borrower to such Lender in accordance with the Agent's calculations made in accordance with the provisions of this Agreement.

7.8 **Application of Payments**

Except as otherwise indicated herein, all payments made to the Agent by the Borrower for the account of the Lenders shall be distributed the same day by the Agent, in accordance with its normal practice, in funds having same day value, among the Lenders to the accounts last designated in writing by each Lender to the Agent, pro rata in accordance with their respective Applicable Percentage, subject to adjustment, if necessary, as a result of any disproportion in Loan Obligations that may be owing to a Lender, whether as a result of the Swing Line Loan, netting pursuant to subsection 7.7 or otherwise.

7.9 **No Set-Off or Counterclaim by Borrower**

All payments by the Borrower shall be made free and clear of and without any deduction or withholding for or on account of any set-off or counterclaim.

7.10 **Debit Authorization**

The Agent is hereby authorized to debit each of the Obligor's account or accounts maintained from time to time at the Branch or elsewhere, for the amount of any interest or any other amounts due and owing hereunder from time to time payable by the Obligors, in order to obtain payment thereof.

8. GUARANTEES

8.1 **Guarantees**

8.1.1 The Borrower covenants and agrees that at all times the Obligors will account for at least (x) 95% of the consolidated total assets of the Borrower and its Subsidiaries as of the last day of the most recently ended quarterly or annual fiscal period of the Borrower (such last day, the " **Test Date** ") and (y) 90% of the consolidated total revenues of the Borrower and its Subsidiaries for the twelve-month period ending on such Test Date; provided that to the extent the application of Section 8.1.2 below renders compliance with this Section 8.1.1 impossible, this Section 8.1.1 will be deemed to be satisfied if each of the Borrower's Subsidiaries not subject to the prohibitions in Section 8.1.2 below provides a Guarantee.

8.1.2 Notwithstanding Section 8.1.1 , no Subsidiary of the Borrower shall be required to grant to the Agent, for and on behalf of and for the benefit of the Supported Parties, such a Guarantee under Section 8.1.1 if (a) it is prohibited from doing so under its Constating Documents and its Constating Documents cannot be amended to permit the granting of a Guarantee, provided that, if it is prohibited under its Constating Documents from granting an unlimited guarantee of the Guaranteed Obligations, but not a limited guarantee of the Guaranteed Obligations, it shall grant a limited guarantee of the Guaranteed Obligations to the maximum extent permitted by its Constating Documents, (b) it is prohibited from doing so under Applicable Law, provided that, if it is prohibited from granting an unlimited guarantee of the Guaranteed Obligations, but not a limited guarantee of the Guaranteed Obligations, it shall grant a limited guarantee of the Guaranteed Obligations to the maximum extent permitted by Applicable Law, (c) the Agent, in consultation with the Borrower, determines, acting reasonably, that the cost of obtaining such a guarantee of the Guaranteed Obligations are excessive in relation to the value of the guarantee to the Lenders or

(d) it has been designated by the Borrower as a " **non-recourse Subsidiary** " and such designation has been accepted by each Lender.

8.2 **Additional Guarantors; Release**

8.2.1 After the Effective Date, the Borrower may, in its sole discretion, cause any Subsidiary of the Borrower which is not a Guarantor to become a Guarantor by causing such Subsidiary to deliver to the Agent an agreement substantially in the form of Exhibit F and to deliver to the Agent, for and on behalf of and for the benefit of the Supported Parties, an unconditional and unlimited guarantee of the Guaranteed Obligations (or to the extent provided under Sections 8.1.2(a) and 8.1.2(b), *mutatis mutandis* , a limited guarantee of the Guaranteed Obligations), in form and substance satisfactory to the Lenders, acting reasonably, together with all other items contemplated by Sections 9.1.3, 9.1.4 and 9.1.7, which relate to such Subsidiary.

8.2.2 Notwithstanding anything in this Agreement or in any Guarantee to the contrary, upon notice by the Borrower to the Agent (which notice shall contain a certification by the Borrower as to the matters specified in clauses (x) and (y) below) each of the Guarantors specified in such notice shall cease to be a Guarantor and shall be automatically released from its obligations under its Guarantee (without the need for the execution or delivery of any other document by the Agent, any Lender or any other Person) if, as at the date of such notice, after giving effect to such release (x) the Borrower will be in compliance with the requirements of subsection 8.1.1 above and (y) no Default or Event of Default shall have occurred and be continuing (as of the actual date of such release and, in the case of Section 11.1 and 11.2, assuming such release had occurred on the last day of the quarterly or annual financial period of the Borrower immediately preceding the actual date of such release).

8.3 **Obligations Supported by the Guarantees**

All guarantees delivered under this Article 8 shall support and secure the Guaranteed Obligations which, it is agreed by the Lenders among themselves, shall rank *pari passu* with each other.

8.4 **Other Supported Obligations**

As of the date of this Agreement, the Other Supported Obligations are those listed in Schedule B. Upon request by a Lender, the Agent shall, from time to time, prepare and provide the Lenders and the Borrower with a revision of Schedule B to reflect changes in the Other Supported Obligations to the extent notified in writing by the Borrower to the Agent, but any failure to do so shall not affect the guarantees of any Other Supported Obligations in favour of any Other Supported Parties. Other Supported Obligations in

favour of the Other Supported Parties listed on Schedule B from time to time shall be conclusively deemed to be guaranteed by the Guarantees (in the absence of manifest error) and shall not cease to be guaranteed without the prior written consent of the respective Other Supported Parties to whom the Other Supported Obligations are owed unless such Other Supported Party ceases (or, in the case of an Affiliate of a Lender which is an Other Supported Party, such Lender ceases) to be a Lender. Each Other Supported Party, by its acceptance of the benefit of any Guarantees, shall be deemed to have accepted and be bound by the provisions of this Agreement applicable to Other Supported Parties and regarding the terms upon which the Other Supported Obligations are supported by the Guarantees, and authorizes and directs the Agent to act accordingly.

8.5 **Limitation**

Notwithstanding the rights of Other Supported Parties to benefit from the Guarantees in respect of the Other Supported Obligations, all decisions concerning the Guarantees and the enforcement thereof shall be made by the Lenders or the Majority Lenders, as applicable, in accordance with this Agreement. No Other Supported Party holding Other Supported Obligations from time to time shall have any additional right to influence the Guarantees or the enforcement thereof as a result of holding Other Supported Obligations as long as this Agreement remains in force.

9. CONDITIONS PRECEDENT

9.1 **Conditions to Effectiveness**

The amendments to the Existing Credit Agreement set out herein shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 9.3). Where delivery of any document or instrument is referred to, each such document or instrument shall be delivered to the Agent for and on behalf of the Lenders and shall be in full force and effect and in form and substance satisfactory to the Lenders.

9.1.1 Loan Documents . All Loan Documents shall have been executed and delivered by the parties thereto.

9.1.2 Guarantees . Except with respect to the Guarantees granted by Agnico-Eagle (Delaware) L.L.C., Agnico-Eagle (Delaware) II L.L.C. and Agnico-Eagle (Delaware) III L.L.C., the Guarantees granted under or in connection with the Existing Credit Agreement shall continue to guarantee all present and future Guaranteed Obligations.

9.1.3 Corporate and Other Information . The Agent shall have received a certificate from each Obligor with copies of its Constating Documents, a list of its officers, directors, trustees and/or partners, as the case may be, who are executing or who have executed Loan Documents on its behalf with specimens of the signatures of those persons, and copies of the corporate (or other equivalent) proceedings taken to authorize it to execute, deliver and perform its obligations under the Loan Documents

and all internal approvals and authorizations of each Obligor to permit it to enter into and to perform its obligations in relation thereto.

9.1.4 Certificates of Status/Compliance . The Agent shall have received, where available, a certificate of status, certificate of compliance or an equivalent certificate issued by the relevant Governmental Authority in respect of each Obligor, dated within seven days of the Effective Date, evidencing the status or good standing of such Obligor in its jurisdiction of incorporation or formation.

9.1.5 Compliance Certificate . The Agent shall have received a Compliance Certificate dated as of the Effective Date in respect of the fiscal quarter of the Borrower immediately preceding the Effective Date which demonstrates compliance with the financial covenants set out in Section 11 as of the end of the March 31, 2010 fiscal quarter.

9.1.6 Joinder Agreement . Agnico-Eagle (Barbados) Limited shall have executed and delivered a joinder agreement, whereby it agrees to be a party to this Agreement as if an original signatory hereto and to be bound by all obligations applicable to it as an Obligor hereunder (and, upon such execution and delivery, Agnico-Eagle (Barbados) Limited shall be deemed to be a party hereto).

9.1.7 Opinions . The Agent shall have received the following favourable legal opinions, in form and substance satisfactory to it:

9.1.7.1 the opinion of Davies Ward Phillips & Vineberg LLP, counsel to the Borrower, 1715495 Ontario Inc. and 1641315 Ontario Inc., addressed to the Agent and the Lenders, in relation to, among other things, the Borrower, 1715495 Ontario Inc. and 1641315 Ontario Inc., and the Loan Documents to which they are a party and such other matters as the Lenders may reasonably require; and

9.1.7.2 the opinion of counsel to each other Guarantor, addressed to the Agent and the Lenders, in relation to, among other things, such other Guarantor, and the Loan Documents to which it is a party and such other matters as the Lenders may reasonably require.

9.1.8 Other Matters . The following conditions must also be satisfied:

9.1.8.1 there shall not have occurred or be existing any event or circumstance which has, or would reasonably be expected to have, material adverse effect on the business, property, assets, liabilities, conditions (financial or otherwise) of the Borrower and its Subsidiaries taken as a whole, or

prospects of the Borrower and its Subsidiaries taken as a whole, since March 31, 2010;

9.1.8.2 all reasonably documented fees and expenses payable under the Loan Documents, the Fee Letter and the Agency Fee Letter (including upfront fees, extension fees, and legal fees and expenses of the Lenders' counsel invoiced prior to the Effective Date) shall have been paid;

9.1.8.3 as of the Effective Date, there are and will be no actions, suits, arbitration or administrative proceedings or industrial or labour disputes outstanding, pending or threatened against any of the Obligors which would reasonably be expected to have a Material Adverse Effect; and

9.1.8.4 the Agent shall have received such other documents as the Lenders may reasonably require.

9.2 **Conditions Precedent to each Advance**

The obligation of the Lenders to make any Advance is subject to the conditions precedent that:

9.2.1 the representations and warranties contained in this Agreement, other than those expressly stated to be made as of a specific other date or otherwise expressly modified in accordance with Section 10.17, are true and correct in all material respects on the date of the Advance as if made on and as of the date of the Advance;

9.2.2 except in the case of Swing Line Advances, the Agent shall have received a timely, completed Notice of Borrowing;

9.2.3 no Default or Event of Default shall have occurred and be continuing;

provided that, a rollover, conversion or extension of an existing Advance shall not be subject to the conditions precedent set out in subsections 9.2.1 and 9.2.2.

9.3 **Waiver of Conditions Precedent**

The conditions set out in Sections 9.1 and 9.2 are solely for the benefit of the Lenders. The conditions set out in Section 9.1 may be waived by the Agent with the consent of each Lender. The conditions set out in Section 9.2 may be waived in respect of a particular Advance by the Majority Lenders, without prejudice to the right of the Agent and the Lenders to assert any such condition in connection with any subsequently requested Advance.

10. REPRESENTATIONS AND WARRANTIES

For so long as any Loan Obligations remain outstanding and unpaid (other than those Loan Obligations which survive the termination of this Agreement), or the Borrower is entitled to borrow or obtain credit hereunder (whether or not the conditions precedent to such borrowing or obtaining of credit have been or may be satisfied), the Borrower hereby represents and warrants with respect to itself and each other Obligor, and each other Obligor hereby represents and warrants with respect to itself, that:

10.1 **Existence, Power and Authority**

It has the corporate (or other equivalent) power and authority to enter into and perform its obligations under each Loan Document to which it is a party, and except as permitted under Section 14.10 after the Effective Date, it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, amalgamation or organization. It has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts, and to execute and deliver the Loan Documents to which it is a party and to perform its obligations thereunder.

10.2 **Loan Documents**

10.2.1 It is not required to obtain any Permit or to effect any filing or registration with any Governmental Authority in connection with the execution, delivery or performance of this Agreement or the other Loan Documents to which it is a party.

10.2.2 The entering into and the performance by it of the Loan Documents to which it is a party (a) have been duly authorized by all necessary corporate or other action on its part, (b) do not and will not violate its Constating Documents or any Applicable Law, (c) do not and will not result in a breach of or constitute (with the giving of notice, the lapse of time or both) a default under or require a consent under any Material Permit or any Material Contract to which it is a party or by which it or its Property is bound, and (d) do not and will not result in the creation of any Lien on any of its Property and will not require it to create any Lien on any of its Property and will not result in the forfeiture of any of its Property.

10.2.3 Its Constating Documents do not restrict the power of its directors, trustees or partners, as the case may be, to borrow money or to give financial assistance by way of loan, guarantee or otherwise, except for restrictions under any Constating Document with which have been complied.

10.2.4 The Loan Documents to which it is or will be a party have been or will be duly executed and delivered by it (or on its behalf) and, when executed and delivered, will constitute legal, valid and binding

obligations enforceable against it in accordance with their respective terms, subject to the availability of equitable remedies and the effect of bankruptcy, insolvency and other laws of general application limiting the enforceability of creditors' rights generally, and equitable principles, and to the fact that equitable remedies, including specific performance and injunctive relief, are discretionary and may not be ordered in respect of certain defaults.

10.3 **Conduct of Business**

10.3.1 It is qualified to carry on business in all jurisdictions in which the Property owned or leased by it or the nature of the activities carried on by it makes such qualification necessary, except to the extent that the non-qualification would not reasonably be expected to have a Material Adverse Effect.

10.3.2 It has all Permits required to own its Property and to carry on the business in which it is engaged (at the time this representation and warranty is given) and all such Permits are in good standing, except to the extent that the absence of Permits or lack of good standing of Permits would not reasonably be expected to have a Material Adverse Effect.

10.3.3 It is not in violation of any Applicable Law or Contract, the violation of which would reasonably be expected to have a Material Adverse Effect.

10.3.4 As at the Effective Date, the only business carried on by it is the Core Business.

10.4 **Litigation**

There are no actions, suits or legal proceedings instituted or pending nor, to its knowledge, threatened, against it or its Property before any arbitrator or any other Governmental Authority or instituted by any Governmental Authority which, if decided against it, would reasonably, considered on a consolidated basis with the other Obligors, be expected to have a Material Adverse Effect. As at the Effective Date, the only material litigation against it is described in Schedule C.

10.5 **Financial Statements and Information**

10.5.1 The historical financial statements which have been furnished to the Agent and the Lenders, or any of them, in connection with this Agreement, taken as a whole, are complete and fairly present the financial position of the Borrower on a consolidated basis as of the dates referred to therein and have been prepared in accordance with GAAP.

10.5.2 All projections, including forecasts, budgets, pro formas and business plans of the Borrower on a consolidated basis provided by the Borrower to the Agent and the Lenders, or any of them, under or in connection with this Agreement were prepared in good faith based on assumptions which, at the time of preparation thereof, were believed to be reasonable and are believed to be reasonable estimates of the prospects of the businesses referred to therein.

10.5.3 It is not in default under any Permitted Lien, or any Contract creating or otherwise relating to a Permitted Lien, to the extent that such defaults, together with any such defaults by the other Obligors, would reasonably be expected to have a Material Adverse Effect.

10.5.4 It has (a) no Debt that is not permitted under Section 14.1, (b) except as disclosed in writing to the Agent, no material Contingent Obligations which are not disclosed or referred to in the most recent financial statements delivered in accordance with Section 13.1 and (c) except as disclosed in writing to the Agent, not incurred any Debt which is not disclosed in or reflected in such financial statements, other than Debt incurred in the Ordinary Course since the date of such financial statements.

10.6 **Subsidiaries, etc.**

10.6.1 Schedule D fully and fairly describes, as of the Effective Date, the ownership of all of its issued and outstanding Equity Interests and of Equity Interests that it owns in Subsidiaries. Except as set out in Schedule D, as of the Effective Date, it does not have any Subsidiaries, direct or indirect, is not a partner in any partnership (general or limited) and is not a co-venturer in any joint venture, as of the date hereof, and, as of the Effective Date, Schedule D contains (except as noted therein) complete and correct lists (i) of the Borrower's Subsidiaries, showing, as to each Subsidiary, the correct name thereof, the jurisdiction of its organization, the percentage of its Equity Interests outstanding owned by the Borrower and each other Subsidiary and whether such Subsidiary will on the Effective Date be a Guarantor, (ii) of the Borrower's Affiliates, other than Subsidiaries, and (iii) of the Borrower's directors and senior officers.

10.6.2 The complete and accurate organization structure of the Obligors as of the Effective Date is set forth on Schedule D.

10.6.3 As of the Effective Date, all of the outstanding Equity Interests of each Subsidiary shown in Schedule D as being owned by the Borrower and its Subsidiaries have been validly issued, are fully paid and nonassessable and are owned by the Borrower or another Subsidiary free and clear of any Lien (other than any Lien created by statute or by

operation of law, the Mexican Pledge or as permitted by subsection 1.1.155.15), and except as otherwise disclosed in Schedule D.

10.6.4 As of the Effective Date, no Subsidiary is a party to, or otherwise subject to any legal, regulatory, contractual or other restriction (other than this Agreement, and the Note Purchase Agreement, and customary limitations imposed by corporate law or similar statutes) restricting the ability of such Subsidiary to pay dividends out of profits or make any other similar distributions of profits to the Borrower or any of its Subsidiaries that owns outstanding Equity Interests of such Subsidiary.

10.7 **Title to Property**

It has good and sufficient title to all material personal or movable Property and good and marketable title to all material real or immovable Property or material leasehold interests therein owned or leased by it, free and clear from any Liens, other than any Permitted Liens. As of the Effective Date, all leases to which the Borrower or any Subsidiary is party and that individually or in the aggregate are material are valid and subsisting and are in full force and effect in all material respects.

10.8 **Taxes**

It has filed within the prescribed time periods all federal, provincial or other tax returns which it is required by Applicable Law to file, and all material taxes, assessments and other duties levied by each applicable Governmental Authority with respect to each of the Obligors or their properties, assets, income or franchises, have been paid when due, except to the extent that payment thereof is being contested in good faith by it in accordance with the appropriate procedures, for which adequate reserves have been established in its books.

10.9 **Insurance**

It has contracted for the insurance coverage described in Section 12.8, which insurance is in full force and effect.

10.10 **No Material Adverse Effect**

No event has occurred and no circumstance exists which would reasonably be expected to have a Material Adverse Effect.

10.11 **Pension Matters**

10.11.1 No steps have been taken to terminate any Pension Plan (wholly or in part), which would result in an Obligor being required to make an additional contribution to the Pension Plan; no contribution failure has occurred with respect to any Pension Plan sufficient to give rise to a Lien or charge under any Applicable Laws of any jurisdiction governing pension benefits; no condition exists and no event or

transaction has occurred with respect to any Pension Plan which might result in the incurrence by any Obligor of any liability, fine or penalty; and no Obligor has any contingent liability with respect to any post-retirement non-pension benefit; in each case, that would reasonably be expected to have a Material Adverse Effect.

10.11.2 Each Pension Plan is in compliance in all material respects with all Applicable Laws governing pension benefits and Taxes, (i) all contributions (including employee contributions made by authorized payroll deductions or other withholdings) required to be made to the appropriate funding agency in accordance with all Applicable Laws and the terms of each Pension Plan have been made in accordance with all Applicable Laws and the terms of each Pension Plan, (ii) all liabilities under each Pension Plan are fully funded, on a going concern and solvency basis, in accordance with the terms of the respective Pension Plans, the requirements of Applicable Laws governing pension benefits and the most recent actuarial report filed with Governmental Authorities with respect to the Pension Plan, and (iii) no event has occurred and no conditions exist with respect to any Pension Plan that has resulted or would reasonably be expected to result in any Pension Plan having its registration revoked or refused for the purposes of any Applicable Laws governing pension benefits or Taxes or being placed under the administration of any relevant pension benefits Governmental Authority or being required to pay any Taxes or penalties under any Applicable Laws governing pension benefits or Taxes, except for any exceptions to clauses (i) through (iii) above that would not reasonably be expected to have a Material Adverse Effect.

10.12 **Ranking and Priority**

The Loan Obligations are unsecured unsubordinated obligations of the Borrower ranking *pari passu* with all other unsecured unsubordinated Debt of the Borrower, except for any such Debt preferred by operation of law. The Guaranteed Obligations are unsecured unsubordinated obligations of each Guarantor ranking *pari passu* with all other unsecured unsubordinated Debt of such Guarantor, except for any such Debt preferred by operation of law.

10.13 **Absence of Default**

There exists no Default or Event of Default hereunder.

10.14 **Environment**

10.14.1 Other than as disclosed in Schedule C, there are no existing claims, demands, damages, suits, proceedings, actions, negotiations or causes of action of any nature whatsoever, whether pending or, to its knowledge, threatened, arising out of the presence on any Property

owned or controlled by it, either past or present, of any Hazardous Substances, or out of any past or present activity conducted on any Property now owned by it, whether or not conducted by such or any other Obligor, involving Hazardous Substances, which would reasonably be expected to have a Material Adverse Effect.

10.14.2 To its knowledge, after due enquiry:

10.14.2.1 there are no Hazardous Substances existing on or under any Property of any Obligor which constitutes a violation of any Environmental Law for which an owner, operator or person in control of a Property may be held liable other than such as would not reasonably be expected to have a Material Adverse Effect;

10.14.2.2 the business of each of the Obligors is being carried on so as to comply in all material respects with all Environmental Laws and all Applicable Laws concerning health and safety matters other than any non-compliance which would not reasonably be expected to have a Material Adverse Effect; and

10.14.2.3 no Hazardous Substance has been spilled or emitted into the environment contrary to Environmental Laws from any Property owned, operated or controlled by any Obligor other than such as would not reasonably be expected to have a Material Adverse Effect.

10.15 **Mines**

As of the Effective Date, the Goldex Mine, the Lapa Mine, the LaRonde Mine and the Meadowbank Mine are each owned by the Borrower. As of the Effective Date, the Kittila Mine is owned by Agnico-Eagle AB, a Swedish corporation, which is an indirect, wholly-owned Subsidiary of the Borrower, or by another Obligor, and the Pinos Altos Mine is owned by Agnico-Eagle Mexico S.A. de C.V., a Mexican corporation which is an indirect, wholly-owned Subsidiary of the Borrower, or by another Obligor.

10.16 **Complete and Accurate Information**

All written information, reports and other papers and data with respect to the Obligors or their Properties which have been furnished by the Borrower to the Agent or the Lenders were, at the time the same were so furnished, complete and correct in all material respects. No document furnished or statement made in writing to the Agent or the Lenders by the Borrower in connection with the negotiation, preparation or execution of the Loan Documents at the time the same were furnished or made contains any untrue statement of a material fact or omits to state a material fact which is necessary to make the statements contained in such documents true and accurate in all material respects.

10.17 **Survival of Representations and Warranties**

All of the representations and warranties made hereunder are true and correct at the Effective Date, shall be true and correct (and shall be deemed to be repeated and made) as of the date of each Advance hereunder (except for rollovers and conversions of existing Advances and where qualified in this Article 10 as being made at a particular other date, for which such representations and warranties shall be true and correct as at that particular other date, and subject to such modifications permitted herein which are communicated by the Borrower to the Agent in writing), and shall survive the execution and delivery of this Agreement, any investigation by or on behalf of the Lenders or the making of any Advance hereunder, if any of the same are waived they shall only be waived in writing. The Lenders shall be deemed to have relied upon such representations and warranties at each such time as a condition of making an Advance hereunder or continuing to extend the Credit Facility hereunder. The acceptance by the Borrower of any Advances issued on the Effective Date shall be deemed to be a representation and warranty made by the Borrower to the effect that all of the conditions precedent to the making of such Advances have been satisfied, except to the extent any such conditions precedent have been waived by the Lenders.

11. FINANCIAL COVENANTS

For so long as any Loan Obligations remain outstanding (other than those Loan Obligations that survive termination of this Agreement), or the Borrower is entitled to borrow or obtain credit hereunder (whether or not the conditions precedent to such borrowing or obtaining of credit have been or may be satisfied):

11.1 **Total Net Debt to EBITDA Ratio**

The Borrower shall, at all times, maintain a Total Net Debt to EBITDA Ratio of not more than 3.50:1.00, on a rolling four-quarter basis.

11.2 **Tangible Net Worth**

Commencing with the fiscal quarter ending March 31, 2010 and thereafter, the Borrower shall, at all times, have maintained or shall maintain, as applicable, a Tangible Net Worth in an amount of not less than US$1,650,000,000, plus 50% of the Borrower's consolidated net income for each of its fiscal quarters, on a cumulative basis, commencing with its fiscal quarter ending March 31, 2010 (excluding any fiscal quarters in which the Borrower incurs a net loss) (all as determined on a consolidated basis in accordance with GAAP consistently applied), plus 50% of the net proceeds of any public offerings of Equity Interests (other than convertible Debt) of the Borrower received during such fiscal quarters, on a cumulative basis.

12. AFFIRMATIVE COVENANTS

For so long as any Loan Obligations remain outstanding (other than those Loan Obligations that survive termination of this Agreement), or the Borrower is entitled to borrow or obtain credit

hereunder (whether or not the conditions precedent to such borrowing or obtaining of credit have been or may be satisfied), each Obligor agrees as follows:

12.1 **Existence and Good Standing**

It shall (a) except as may be permitted by Section 14.10, preserve and maintain, as applicable, its corporate or other form of existence, (b) operate its affairs in compliance with its Constating Documents and (c) except as may be permitted by Section 14.10, remain in good standing in all applicable jurisdictions except to the extent that a failure to remain in good standing would not reasonably be expected to have a Material Adverse Effect.

12.2 **Permits**

It shall at all times maintain in effect and obtain all Permits required by it to carry on its business, except to the extent that a failure to do so would not reasonably be expected to have a Material Adverse Effect.

12.3 **Books and Records**

It shall keep or cause to be kept appropriate books and records of account and record or cause to be recorded faithfully and accurately all transactions with respect to its business in accordance with GAAP.

12.4 **Property**

It shall maintain all of its Property necessary for the proper conduct of its business in good condition (ordinary wear and tear excepted) and make all necessary repairs, renewals, replacements and improvements thereof, except where the failure to do same would not reasonably be expected to have a Material Adverse Effect.

12.5 **Material Contracts**

It shall maintain in good standing and shall obtain, as and when required, all Material Contracts which it requires to permit it to acquire, own, operate and maintain its business and Property, except to the extent that a failure to do so would not reasonably be expected to have a Material Adverse Effect, and perform its obligations under any Loan Document to which it is or will be a party. It shall cause to be faithfully observed, performed and discharged the covenants, conditions and obligations imposed on it under each Material Contract to which it is a party, and shall do all other things necessary in order to protect its interests thereunder, except to the extent and for so long as any such obligation is contested in good faith by appropriate proceedings being diligently pursued, or except where the failure to do same would not reasonably be expected to have a Material Adverse Effect.

12.6 **Financial Information**

It shall ensure that:

12.6.1 all of the historical financial statements which are furnished to the Agent and the Lenders, or any of them, in connection with this Agreement from time to time are complete and fairly present the financial position of the Borrower on a consolidated basis as of the dates referred to therein and are prepared in accordance with GAAP; and

12.6.2 all projections, including forecasts, budgets, pro formas and business plans of the Borrower on a consolidated basis provided by the Borrower to the Agent and the Lenders, or any of them, under or in connection with this Agreement from time to time are prepared in good faith based on assumptions which are, at the time of preparation thereof, believed to be reasonable and are believed to be reasonable estimates of the prospects of the businesses referred to therein.

12.7 **Compliance with Applicable Law**

It shall operate its business in compliance with Applicable Laws (including Environmental Laws) except to the extent that a failure to do so would not reasonably be expected to have a Material Adverse Effect.

12.8 **Insurance**

It shall maintain, with financially sound and reputable insurers, insurance with respect to its properties and business against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated.

12.9 **Payment of Taxes**

It shall pay all Taxes which are due and payable by it; withhold from each payment made to any of its past or present employees, officers or directors, and to any non-resident of the country in which it is resident, the amount of all Taxes and other deductions required to be withheld therefrom and pay the same to the proper tax or other receiving officers within the time required under any Applicable Law; and collect from all Persons the amount of all Taxes required to be collected from them and remit the same to the proper tax or other receiving officers within the time required under any Applicable Law; in each case, unless any such Taxes are (a) being contested in good faith by appropriate proceedings promptly initiated and diligently conducted and (b) reserves or other appropriate provision, if any, as shall be required by GAAP shall have been made therefor.

12.10 **Access and Inspection**

It shall allow the employees and representatives of the Agent and/or the Lenders, at any time during normal business hours and on reasonable notice, to have access to and inspect the Property of the Obligors (without any invasive or intrusive testing), to inspect and take extracts from or copies of the books and records of the Obligors and to discuss the business, Property, liabilities, financial position, operating results or business prospects of the Obligors with the officers and auditors of the Obligors, all at the cost of the Agent and/or the Lenders, as the case may be; provided that, the employees and representatives of the Lenders shall only have such access and rights of inspection and discussion at the same time or times as the employees and representatives of the Agent have such access and rights of inspection and discussion. Notwithstanding the foregoing, if an Event of Default has occurred and is continuing, it shall allow the Agent and/or the Lenders, their employees and representatives, and any third party consultants or engineers designated by the Agent, and their respective employees and representatives, at any time, to have access to and inspect the Property of the Obligors, to inspect and take extracts from or copies of the books and records of the Obligors and to discuss the business, Property, liabilities, financial position, operating results or business prospects of the Obligors with the officers and auditors of the Obligors, all at the cost of the Borrower; provided that, the employees and representatives of the Lenders shall only have such access and rights of inspection and discussion at the same time or times as the employees and representatives of the Agent have such access and rights of inspection and discussion.

12.11 **Maintenance of Accounts**

It shall maintain one or more operating accounts at the Branch or other branches of the Agent at all times during the term of this Agreement, as well as one or more accounts with the Swing Line Lender.

12.12 **Performance of Obligations**

It shall duly and punctually pay and perform its indebtedness, liabilities and obligations hereunder and under the other Loan Documents at the times and places and in the manner required by the terms hereof and thereof.

12.13 **Litigation**

It shall diligently and in good faith contest any actions, suits or legal proceedings instituted and outstanding or pending against it, the outcome of which would reasonably be expected to have a Material Adverse Effect, and shall make such reserves or other appropriate provision therefor, if any, as shall be required by GAAP.

12.14 **Payment of Fees and Other Expenses**

Whether the transactions contemplated by this Agreement are concluded or not and whether or not any part of the Credit Facility is actually advanced, in whole or in part, the Borrower shall pay:

12.14.1 the reasonable, documented costs of syndicating, as well as the legal fees and costs incurred by the Agent, acting on behalf of the Lenders, for the preparation, negotiation, execution, delivery, administration, registration, publication and/or service of the term sheet and related documentation, this Agreement and the other Loan Documents, as well as any amendments, modifications, waivers, consents or examinations pertaining to this Agreement and the other Loan Documents; and

12.14.2 all reasonable, documented fees and out-of-pocket costs and expenses, including the legal fees and costs, incurred by the Agent, any Lender or the Issuing Lender to preserve, enforce, protect or exercise its rights hereunder or under the other Loan Documents, including all such fees and costs incurred during any workout, restructuring or negotiations in respect of the Credit Facility, any Advances and any Loan Obligations, provided that the Borrower shall not be required to pay the legal fees of more than one set of counsel for the Agent and the Lenders as a collective unit, without limiting that collective unit from retaining as many counsel in as many jurisdictions as that collective unit requires, acting together;

provided that, the Borrower shall not be responsible for the fees and expenses of any independent engineer or independent consultants appointed or consulted pursuant to Section 19.4 except to the extent that such appointment or consultation occurred upon and during the continuance of an Event of Default. All amounts due to the Agent and the Lenders pursuant to this Section 12.14 shall bear interest on the Prime Rate Basis from the date that is 30 days following demand (together with the delivery of any relevant invoice) by the Agent until the Borrower has paid the same in full, with interest on unpaid interest. The obligations of the Borrower under this Section 12.14 as such obligations relate to costs and expenses incurred prior to the repayment of the Loan Obligations and termination of the Credit Agreement shall survive the repayment of the Loan Obligations and the termination of the Commitments.

12.15 **Priority of Obligations.**

The Borrower will ensure that its payment obligations under this Agreement will at all times rank at least *pari passu* , without preference or priority, with all other unsecured and unsubordinated Debt of the Borrower, except for any such Debt preferred by operation of law.

13. REPORTING AND NOTICE REQUIREMENTS

During the term of this Agreement (excluding the duration of any provision hereof that survives termination of this Agreement), the Borrower shall deliver the reports specified below and shall give notices in the circumstances specified below, all in a form satisfactory to the Lenders, acting reasonably.

13.1 **Financial and Other Reporting**

13.1.1 The Borrower shall, as soon as practicable and in any event within 60 days of the end of each of its first three fiscal quarters, cause to be prepared and delivered to the Agent, its unaudited consolidated financial statements as at the end of such quarter, in each case including, without limitation, balance sheet, statement of income and retained earnings, statement of changes in financial position and management's discussion and analysis.

13.1.2 The Borrower shall, as soon as practicable and in any event within 120 days after the end of each of its fiscal years, prepare and deliver to the Agent its consolidated annual financial statements, including, without limitation, balance sheet, statement of income and retained earnings, statement of changes in financial position for such fiscal year and management's discussion and analysis, together with the notes thereto, which shall be audited by a nationally recognized accounting firm.

13.1.3 The Borrower shall, concurrently with the delivery of the quarterly and annual financial statements referred to in subsections 13.1.1 and 13.1.2, provide the Agent with a Compliance Certificate.

13.1.4 The Borrower shall, concurrently with the delivery of the quarterly and annual financial statements referred to in subsections 13.1.1 and 13.1.2, provide the Agent with a report setting forth each Derivative Instrument to which it or any other Obligor is a party, together with the counterparty thereto and the Obligor Hedging Exposure thereunder.

13.1.5 The Borrower shall, concurrently with the delivery of the quarterly and annual financial statements referred to in subsections 13.1.1 and 13.1.2, provide the Agent with an operating report on the mines owned and controlled by it and its Subsidiaries (being the " **Chief Operating Officer's Quarterly Report to the Board of Directors** ") in reasonable detail as required by the Lenders.

13.1.6 The Borrower shall, concurrently with the delivery of the annual financial statements referred to in subsection 13.1.2, provide the Agent with a copy of its mineral reserve statements in reasonable detail.

13.1.7 The Borrower shall, as soon as practicable and in any event within 270 days after the end of each of its fiscal years, provide the Agent with copies of its annual life of mine plans in reasonable detail.

13.1.8 The Borrower shall, promptly upon the filing, publishing, delivery or reporting by or on behalf of the Borrower or any other Obligor of any release, report, statement (including financial statements) or document to any regulatory authority, provide a copy of each such release, report,

statement or document to the Agent except in circumstances where such filing is made on a confidential basis, in which case it shall deliver a copy thereof when such filing is no longer confidential.

13.1.9 The Borrower shall promptly provide the Agent with all other information, reports and certificates reasonably requested by the Agent from time to time concerning the business, financial condition and Property of the Borrower and each other Obligor.

If there is any change in a fiscal year from the accounting policies, practices and calculation methods used by the Borrower in preparing its financial statements, or components thereof, the Borrower shall provide the Lenders with all information that the Lenders require to ensure that reports provided to the Lenders, after any such change, are comparable to previous reports. In addition, all calculations made for the purposes of this Agreement shall, unless and until modified in accordance with Section 1.4, continue to be made based on the accounting policies, practices and calculation methods that were used in preparing the financial statements immediately before this Agreement came into effect if the changed policies, practices and methods would affect the results of those calculations.

13.2 **Requirements for Notice**

The Borrower shall, promptly after it becomes aware thereof, notify the Agent of:

13.2.1 any Default or Event of Default;

13.2.2 the occurrence of any action, suit, dispute, arbitration, proceeding, labour or industrial dispute or other circumstance affecting it, the result of which if determined adversely would reasonably be expected to have a Material Adverse Effect, and shall from time to time provide the Agent with all reasonable information requested by any of the Lenders concerning the status thereof;

13.2.3 any violation, alleged violation, notice of infraction, order, claim, suit or proceeding relating to Environmental Laws or the presence of Hazardous Substances on or originating from the Property or operations of any Obligor which would reasonably be expected to have a Material Adverse Effect; and

13.2.4 the occurrence or existence of event or circumstance known to it which would reasonably be expected to have a Material Adverse Effect.

14. NEGATIVE COVENANTS

For so long as any Loan Obligations remain outstanding (other than those Loan Obligations that survive termination of this Agreement), or the Borrower is entitled to borrow or obtain credit hereunder (whether or not the conditions precedent to such borrowing or obtaining of credit have

been or may be satisfied), no Obligor shall, without the prior written consent of the Majority Lenders:

14.1 **Debt**

Incur, assume or permit to exist any Debt other than Permitted Debt. No Subsidiary of the Borrower shall guarantee, or otherwise enter into any arrangement to assure the payment or performance of, any obligations of any Obligor (other than itself, as applicable) to any Other Derivative Counterparty, and the Borrower shall not guarantee, or otherwise enter into any arrangement to assure the payment or performance of, any obligations of any other Obligor to any Other Derivative Counterparty. Notwithstanding the foregoing, Agnico-Eagle Mines Mexico Cooperatie U.A. shall not incur, assume or permit to exist any Debt other than Debt incurred by it under this Agreement, under its Guarantee, from another Obligor, under guarantees granted to Lenders or Affiliates of Lenders of the obligations under Derivative Instruments entered into between any Obligor and any Lender or any Affiliate of any Lender, and under a guarantee by it of the obligations of the Borrower under the Note Purchase Agreement and the Notes; and Agnico-Eagle Mines Sweden Cooperatie U.A. shall not incur, assume or permit to exist any Debt other than Debt incurred by it under this Agreement, under its Guarantee, from another Obligor, under guarantees granted to Lenders or Affiliates of Lenders of the obligations under Derivative Instruments entered into between any Obligor and any Lender or any Affiliate of any Lender, and under a guarantee by it of the obligations of the Borrower under the Note Purchase Agreement and the Notes.

14.2 **Liens**

Create, assume, enter into, or permit to exist, any Lien on its Property other than Permitted Liens.

14.3 **Investments**

Make any Investment other than:

14.3.1 Investments in the Core Business or in a business ancillary to or complementary to the Core Business which are made at a time when no Default or Event of Default has occurred which is continuing and no Default or Event of Default would result from such Investment;

14.3.2 Investments in Cash Equivalents; or

14.3.3 Investments by an Obligor in another Obligor.

14.4 **Distributions**

Make any Distribution to a Person other than an Obligor if a Default or an Event of Default has occurred which is continuing or if a Default or Event of Default would occur as a result of the Distribution.

14.5 **Asset Dispositions**

Make any Asset Disposition of any Material Assets except:

14.5.1 for sales of inventory;

14.5.2 as permitted under Section 14.10;

14.5.3 for sales in the Ordinary Course of obsolete or redundant equipment or equipment of no further use in an Obligor's business, unless a Default or an Event of Default has occurred and is continuing or would result therefrom;

14.5.4 where the aggregate Net Cash Proceeds of Asset Dispositions made on Arm's Length terms by the Obligors in any fiscal year of the Borrower does not exceed US$50,000,000 (or the equivalent thereof in other relevant currencies), unless a Default or an Event of Default has occurred and is continuing or would result therefrom; or

14.5.5 from an Obligor to another Obligor other than, subject to Section 14.5.4, any Asset Disposition of the Goldex Mine, the Lapa Mine, the LaRonde Mine or the Meadowbank Mine, or any part thereof.

14.6 **Derivative Instruments**

14.6.1 Enter into or maintain any Derivative Instrument:

14.6.1.1 for any purpose other than hedging or mitigating of interest rate, commodity or foreign exchange risks to which any Obligor is exposed in the conduct of its business or the management of its liabilities, and not for the purpose of speculation;

14.6.1.2 on a margin call basis or where the applicable Obligor has granted the applicable counterparty security for any obligations under the Derivative Instrument; or

14.6.1.3 with an Other Derivative Counterparty, where the obligations under such Derivative Instrument are guaranteed by another Obligor or another Obligor has entered into any other unsecured agreement to assure payment or performance of such obligations.

14.6.2 Make commitments to deliver gold or any other commodity that it produces that in the aggregate exceed 75% of the Borrower's scheduled production (on a consolidated basis) of such commodity in any three month period.

14.7 **Line of Business**

Carry on business activities that differ materially or substantially from the Core Business.

14.8 **Affiliate Transactions**

Enter into any transaction or group of related transactions of any kind (including, without limitation, the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate or Associate (except any Obligor), or Person of which it is an Associate (except any Obligor), except on a commercially reasonable basis as if it were dealing with such Person at Arm's Length.

14.9 **Subordinated Debt**

Pay any amount in relation to any Subordinated Debt other than as expressly permitted under any applicable Intercreditor Agreement.

14.10 **Business Combination, Reorganization, etc.**

14.10.1 Enter into any merger, consolidation, amalgamation, statutory arrangement (involving a business combination) or other reorganization, or liquidate, wind-up or dissolve itself (or suffer any liquidation, wind-up or dissolution), or any Capital Reorganization, other than:

14.10.1.1 any Capital Reorganization of a Guarantor;

14.10.1.2 any Capital Reorganization of the Borrower in which the holders of the Equity Interests of the Borrower immediately prior to the Capital Reorganization continue to have, directly or indirectly, more than 50% of the Equity Interests of the Borrower or applicable Successor Entity immediately after such Capital Reorganization and no Default or Event of Default would result from such Capital Reorganization;

14.10.1.3 any Subsidiary of an Obligor that is not an Obligor may enter into any merger, consolidation, amalgamation, statutory arrangement (involving a business combination) or other reorganization with, or liquidate, wind-up or dissolve itself (or suffer any liquidation, wind-up or dissolution) into, an Obligor so long as no Default or Event of Default is then existing and no Default or Event of Default would result from the consummation of such merger, amalgamation or consolidation;

14.10.1.4 an Obligor (the " **Predecessor Obligor** ") may enter into any merger, consolidation, amalgamation, statutory

arrangement (involving a business combination) or other reorganization with, or liquidate, wind-up or dissolve itself (or suffer any liquidation, wind-up or dissolution) into, any other Person (which may be an Obligor) (any such transaction, a " **Business Combination** ") provided that:

(a) the successor entity formed as a result of such Business Combination or the entity surviving such Business Combination, as applicable (each, a " **Successor Entity** ") shall (i) have the corporate (or analogous) power and authority to perform the obligations of the Predecessor Obligor under the Loan Documents to which the Predecessor Obligor is party, and (ii) as soon as practicable, and in any event, within five (5) Business Days, following such Business Combination, expressly confirm and, if the Successor Entity is not the surviving Predecessor Obligor, assume all the obligations of the Predecessor Obligor under this Agreement and the other Loan Documents to which the Predecessor Obligor is a party pursuant to such documentation as may be reasonably satisfactory to the Agent;

(b) such Business Combination does not materially impair the ability of any Obligor to perform its obligations under any Loan Document to which it is a party;

(c) no Default or Event of Default is then existing and no Default or Event of Default would result from the consummation of such Business Combination; and

(d) in the case of a Business Combination involving the Borrower, (x) the Successor Entity shall be existing under the laws of the United States or any State thereof (including the District of Columbia), Canada or any Province thereof or any other country that on April 30, 2004 was a member of the European Union (other than Greece, Italy, Portugal or Spain) and (y) each Guarantor shall acknowledge that its Guarantee shall continue in full force and effect.

15. EVENTS OF DEFAULT AND ENFORCEMENT

15.1 **Events of Default**

The occurrence of any of the following events shall constitute an Event of Default:

15.1.1 If the Borrower fails to pay any principal amount of any Advance when due and payable; or

15.1.2 If the Borrower fails to pay any amount of interest, fees, commissions or other Loan Obligations (other than amounts on account of principal) when due, and such failure continues for 5 Business Days after such amount becomes due; or

15.1.3 If any representation or warranty made by any Obligor or deemed to have been made by any Obligor pursuant to this Agreement, or any representation or warranty made by an officer of any Obligor in any Loan Document or in any certificate, agreement, instrument or written statement delivered by any Obligor or by an officer of any Obligor pursuant thereto was, at the time the same was made, incorrect in any material respect, and if the circumstances giving rise to such incorrect representation or warranty are capable of being corrected (such that thereafter such representation or warranty would be correct), such representation or warranty remains uncorrected for a period of 30 days after the Obligor becomes aware that such representation or warranty was incorrect, whether on its own or by notice from the Agent; or

15.1.4 If any Obligor breaches or fails to perform any of its obligations or undertakings hereunder or under any other Loan Document not otherwise contemplated by this Section 15.1 and has not remedied the Default within 30 days following the date on which the Agent has given written notice to the Borrower; or

15.1.5 If any of the financial covenants set out in Article 11 are not complied with; or

15.1.6 If a default occurs under one or more agreements or instruments relating to Debt of the Borrower or any Material Subsidiary other than the Loan Obligations, if the effect of such default is to accelerate, or to permit the acceleration of the due date of such Debt (whether or not acceleration actually occurs), or if the Borrower or any Material Subsidiary fails to pay any amount under any Derivative Instrument when due, whether at maturity, upon acceleration, demand or otherwise; in an aggregate amount of US$50,000,000 or more (or the equivalent thereof in any other currency); or

15.1.7 If the Borrower or any Material Subsidiary ceases or threatens to cease to carry on its business (except as otherwise permitted by Section 14.10) or admits its inability or fails to pay its Debt generally; or

15.1.8 If an Obligor denies its obligations under the Loan Documents or claims any of the Loan Documents to be invalid or unenforceable, in whole or in part; or any of the Loan Documents is invalidated or determined to be unenforceable by any act, regulation or action of any Governmental Authority or is determined to be invalid or

unenforceable by a court or other judicial entity of competent jurisdiction and such determination has not been stayed pending appeal, unless such invalidity or unenforceability can be cured and such invalidity or unenforceability is cured within 30 consecutive days of notice thereof being given by the Agent to the Borrower of the occurrence of such invalidity or unenforceability, unless such invalidity or unenforceability occurred as a result of a contest initiated, acquiesced in or consented to by an Obligor; or

15.1.9 If one or more judgments are rendered by a court of competent jurisdiction against the Borrower or any Material Subsidiary in an aggregate amount in excess of US$20,000,000 (or, if applicable, the equivalent thereof in other currencies) and (a) the same are not released, bonded, satisfied, discharged, vacated, stayed or accepted for payment by an insurer within 45 consecutive days after their entry, commencement or levy or (b) such Person is not contesting such judgments or decrees in good faith and by appropriate proceedings and adequate reserves in accordance with GAAP have not been set aside on its books; or

15.1.10 If Property of the Borrower or any Material Subsidiary having an aggregate value of more than US$20,000,000 (or, if applicable, the equivalent thereof in other currencies) is seized or taken possession of (or subject to other similar legal proceedings by a creditor for seizure or possession of Property) (the " **Seizure Proceeding** "), except to the extent that the applicable Person is diligently and in good faith contesting any such Seizure Proceeding by appropriate proceedings and such Seizure Proceeding remains undismissed or unstayed for a period of 60 consecutive days; or the Borrower or any Material Subsidiary takes any action in furtherance of, or indicates its consent to, approval of, or acquiescence in, any such Seizure Proceeding; or

15.1.11 If (a) the Borrower or any Material Subsidiary commits an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* (Canada) or any other applicable legislation in any applicable jurisdiction, makes an assignment in favour of its creditors, consents to the filing of an application for a bankruptcy order against it, files a notice of intention to make a proposal or a proposal within the meaning of the *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors Arrangement Act* (Canada) or takes such action or any other action for the relief of debtors under any other applicable legislation in any applicable jurisdiction, or makes a motion to a tribunal to name, or consents to, approves or accepts the appointment of a trustee-in-bankruptcy, receiver, liquidator, sequestrator or other similar official with respect to itself or its Property, commences any other proceeding with respect to itself or its Property under the provisions of any Applicable Law contemplating reorganizations, proposals,

rectifications, compromises or liquidations in connection with insolvent Persons, in any jurisdiction whatsoever, (b) a trustee-in-bankruptcy, receiver, liquidator or sequestrator is named with respect to the Borrower, any Material Subsidiary or any of their respective Property or the Borrower or any Material Subsidiary is judged insolvent or bankrupt or (c) a proceeding seeking to name a trustee-in-bankruptcy, receiver, liquidator, sequestrator or other similar official, or to force the Borrower or any Material Subsidiary into bankruptcy, is commenced against the Borrower or such Material Subsidiary (an " **Insolvency Proceeding** ") unless the applicable Person is diligently and in good faith contesting such Insolvency Proceeding by appropriate proceedings and such Insolvency Proceeding is not settled or withdrawn within 60 consecutive days of its commencement; or

15.1.12 If there occurs any Change of Control of the Borrower.

15.2 **Remedies**

Upon the occurrence of any Event of Default which is continuing, the Agent may, at its option, and shall, if required to do so by the Majority Lenders, declare immediately due and payable, without presentation, demand, protest or other notice of any nature, which the Borrower hereby expressly waives, notwithstanding any provision to the contrary effect in this Agreement or in the other Loan Documents:

15.2.1 the entire amount of the Loan Obligations, including (subject to Section 15.4) the amount corresponding to the face amount of all Letters of Credit then outstanding, the principal amount of the BA Advances then outstanding, in principal and interest, notwithstanding the fact that one or more of the holders of the Bankers' Acceptances have not demanded payment in whole or in part or have demanded only partial payment from the Lenders, and the amount of the Other Supported Obligations. The Borrower shall not have the right to invoke against the Agent or the Lenders (or any Affiliate of any Lender) any defence or right of action, indemnification or compensation of any nature or kind whatsoever that the Borrower may at any time have or have had with respect to any holder of one or more of the Letters of Credit, Derivative Instruments or Bankers' Acceptances issued in accordance with the provisions hereof; and

15.2.2 an amount equal to the amount of losses, costs and expenses assumed by the Lenders and referred to in Sections 6.4 and 19.15; and

the Credit Facility shall cease and as and from such time shall be cancelled, and the Lenders may exercise all of their rights and recourses under the provisions of this Agreement and of the other Loan Documents. For greater certainty, (i) from and after the occurrence and during the continuance of any Default or Event of Default, the Lenders shall not be obliged to make any further Advances under the Credit Facility and (ii) after

the Agent makes a declaration as contemplated by this Section 15.2 or the Loan Obligations otherwise become immediately due and payable, no Event of Default may be cured by the Obligors.

15.3 **Notice**

Except where otherwise expressly provided herein, no notice or demand of any nature is required to be given to the Borrower by the Agent in order to put the Borrower in default, the latter being in default by the simple lapse of time granted to execute an obligation or by the simple occurrence of a Default.

15.4 **Escrowed Funds for Letters of Credit and Bankers' Acceptances**

15.4.1 Immediately upon any Loan Obligations becoming due and payable under Section 15.2, the Borrower shall, without necessity of further act or evidence, be and become thereby unconditionally obligated to deposit forthwith with the Agent for the benefit of, as applicable, the Issuing Lender and each other Lender cash or Cash Equivalents equal to the full face amount at maturity of all Bankers' Acceptances then outstanding for its account and all Letter of Credit Obligations.

15.4.2 On that day which is 5 Business Days prior to the Maturity Date, the Borrower shall, without necessity of further act or evidence, be and become unconditionally obligated to deposit forthwith with the Agent for the benefit of the Issuing Lender cash or Cash Equivalents equal to all Letter of Credit Obligations.

15.4.3 In the event of any purported prepayment of a Bankers' Acceptance or if the Borrower otherwise requests that it be permitted to cash collateralize a Bankers' Acceptance, it shall, without necessity of further act or evidence, be and become thereby unconditionally obligated to deposit forthwith with the Agent for the benefit of the Lenders cash or Cash Equivalents equal to the full face amount at maturity of all applicable Bankers' Acceptances.

15.4.4 The Borrower hereby unconditionally promises and agrees to deposit with the Agent immediately upon demand cash or Cash Equivalents in the amount so demanded.

15.4.5 The Borrower authorizes the Lenders, or any of them, to debit its accounts with the amount required to pay such Letters of Credit and to pay such Bankers' Acceptances, notwithstanding that such Bankers' Acceptances may be held by the Lenders, or any of them, in their own right at maturity. Such amounts paid to, or obtained by, the Agent in respect of Bankers' Acceptances and Letters of Credit shall be applied against, and shall reduce, pro rata among the Lenders, to the extent of the amounts paid to, or obtained by, the Agent in respect of Bankers' Acceptances and Letters of Credit, respectively, the obligations of the

Borrower to pay amounts then or thereafter payable under Bankers' Acceptances and Letters of Credit, respectively, at the times amounts become payable thereunder. The Borrower shall be entitled to receive interest on cash or Cash Equivalents held by the Agent under this Section if no Event of Default has occurred and is continuing, but neither the Agent nor any Lender shall be responsible for the rate of return, if any, earned on such amounts.

15.4.6 If the Agent holds cash or Cash Equivalents in the amount of the full face amount of the Bankers' Acceptances and the Letter of Credit Obligations at the Maturity Date, such cash and Cash Equivalents shall be the property of the Lenders to be applied as set out in Section 15.4.5, and except for any obligations herein which by their terms survive termination of this Agreement and which may relate to such outstanding Letters of Credit and Bankers' Acceptances, the Borrower shall have no further obligations under or in connection with such Letters of Credit or Bankers' Acceptance.

15.5 **Costs**

If an Event of Default occurs, and within the limits contemplated by Section 12.14, the Agent may impute to the account of the Lenders and pay to other Persons reasonable sums for services rendered with respect to obtaining payment hereunder and may deduct the amount of such costs and payments from the proceeds which it receives therefrom. The balance of such proceeds may be held by the Agent and, when the Agent decides it is opportune, may be applied to the account of the part of the Loan Obligations of the Borrower to the Lenders which the Agent deems preferable, without prejudice to the rights of the Lenders against the Borrower for any loss of profit.

15.6 **Relations with the Obligors**

As between the Agent and the Obligors, the Agent may grant extensions, renounce security (if any security has, at the time been granted to the Agent), accept compromises, grant acquittances and releases and otherwise negotiate with the Obligors, as it deems advisable in accordance with the terms of this Agreement, without in any way diminishing the liability of the Obligors nor prejudicing the rights of the Lenders hereunder.

15.7 **Application of Proceeds**

Notwithstanding any other provision of this Agreement or any other Loan Document, the Agent shall apply the proceeds of realization arising from the enforcement of this Agreement or any other Loan Document and of any credit or compensating balance in reduction of the Loan Obligations and the Other Supported Obligations on a *pro rata* basis.

16. THE AGENT AND THE LENDERS

16.1 **Authorization of Agent**

Each Lender hereby irrevocably appoints and authorizes the Agent to act for all purposes as its agent hereunder and under the other Loan Documents with such powers as are expressly delegated to the Agent by the terms of this Agreement, together with such other powers as are reasonably incidental thereto. The Agent shall have no duties or responsibilities except those expressly set forth in this Agreement. As to any matters not expressly provided for by this Agreement, the Agent shall act hereunder or in connection herewith in accordance with the instructions of the Lenders in accordance with the provisions of this Article, but in the absence of any such instructions, the Agent may (but shall not be obliged to) act as it shall deem fit in the best interests of the Lenders, and any such instructions and any action taken by the Agent in accordance herewith shall be binding upon each Lender. The Agent and its Related Parties shall not, by reason of this Agreement, be deemed to be a trustee or fiduciary for the benefit of any Lender, any Obligor or any other Person, irrespective of whether a Default or Event of Default may have occurred. Neither the Agent nor any of its Related Parties shall be responsible to the Lenders for (a) any recitals, statements, representations or warranties contained in this Agreement or any other Loan Document or in any certificate or other document referred to, or provided for in, or received by any of them under, this Agreement, (b) the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or any collateral provided for thereby, (c) the satisfaction of any condition specified in this Agreement, other than to confirm receipt of items expressly required to be delivered to the Agent or (d) any failure by the Borrower or any other Obligor to perform its obligations hereunder or under any other Loan Documents. The Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Agent from among the Lenders (including the Person serving as Agent) and their respective Affiliates. The Lenders agree that the Agent may employ agents and attorneys and shall not be responsible for the negligence or misconduct of any such agents or attorneys selected by it with reasonable care. Neither the Agent nor any of its Related Parties shall be responsible to the Lenders for any action taken or omitted to be taken by it or its Related Parties under or in connection herewith, except for its or their own gross negligence or wilful misconduct. Notwithstanding the foregoing, the Agent may, without the consent of the Lenders, but for greater certainty only, with the consent of the other parties hereto, make amendments to the Loan Documents that are for the sole purpose of curing any immaterial or administrative ambiguity, defect or inconsistency, but the Agent shall promptly notify the Lenders of any such action.

16.2 **Agent's Responsibility**

16.2.1 The Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise

authenticated by the proper Person. The Agent may also rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of an Advance that by its terms must be fulfilled to the satisfaction of a Lender or the Issuing Lender, the Agent may presume that such condition is satisfactory to such Lender or the Issuing Lender unless the Agent shall have received notice to the contrary from such Lender or the Issuing Lender prior to the making of such Advance. The Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts. The Agent may deem and treat each Lender as the holder of the Commitment made by such Lender for all purposes hereof unless and until an Assignment has been completed in accordance with Section 18.2.

16.2.2 The Agent shall not be deemed to have knowledge of the occurrence of a Default or Event of Default unless the Agent has received notice from a Lender or the Borrower describing such a Default or Event of Default and stating that such notice is a " **Notice of Default** ". In the event that the Agent receives such a notice of the occurrence of a Default or Event of Default or otherwise becomes aware that a Default or Event of Default has occurred, the Agent shall promptly give notice thereof to the Lenders. The Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Lenders in accordance with the provisions of this Article provided that, unless and until the Agent shall have received such directions, the Agent may (but shall not be obliged to) take such action, or refrain from taking such action, with respect to such a Default or Event of Default as it shall deem advisable in the best interest of the Lenders. The Agent shall not be required to take any action that, in its opinion or in the opinion of its counsel, may expose the Agent to liability or that is contrary to any Loan Document or Applicable Law.

16.2.3 Except (in the case of the Agent) for notices, reports and other documents and information expressly required to be furnished to the Lenders by the Agent hereunder, the Agent shall have no duty or responsibility to provide any Lender with any credit or other information concerning the affairs or financial condition of the Obligors which may come to the attention of the Agent, except where provided to the Agent for the Lenders as set out herein. Nothing in this Agreement shall oblige the Agent to disclose any information relating to the Obligors if such disclosure would or might, in the opinion of the Agent, constitute a breach of any Applicable Law or duty of secrecy or confidence.

16.2.4 The Agent shall have no responsibility (a) to any Obligor on account of the failure of any Lender to perform its obligations hereunder or under any other Loan Document or (b) to any Lender on account of the failure of any Obligor to perform its obligations hereunder or under any other Loan Document.

16.2.5 Each Lender severally represents and warrants to the Agent that it has made its own independent investigation of the financial condition and affairs of the Obligors in connection with the making and continuation of its Commitment and has not relied on any information provided to such Lender by the Agent in connection herewith, and each Lender represents and warrants to the Agent that it shall continue to make its own independent appraisal of the creditworthiness of the Obligors while any Loan Obligations are outstanding or the Lenders have any obligations hereunder.

16.3 **Rights of Agent as Lender**

With respect to its Commitment, the Agent in its capacity as a Lender shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not acting as the Agent. The Agent may (without having to account therefor to any Lender) accept deposits from, lend money to and generally engage in any kind of banking or other business with the Obligors as if it were not acting as the Agent and may accept fees and other consideration from the Obligors for customary services in connection with this Agreement and the Loan Obligations and otherwise without having to account for the same to the Lenders.

Any reference in this Agreement to the Agent means, where the Agent is also a Lender, the agency department of such Lender specifically responsible for acting as Agent under and in connection with this Agreement. In acting as Agent, the agency department will be treated as a separate entity from any other department or division of the Lender in question. Without limiting the foregoing, the Agent shall not be deemed to have notice of a document or information received by any other department or division of that Lender, nor will the Lender concerned be deemed to have notice of a document or information received by the Agent.

16.4 **Indemnity by Lenders**

Each Lender shall indemnify the Agent and hold it harmless, to the extent not otherwise reimbursed by the Borrower or another Obligor, rateably in accordance with its Applicable Percentage and not jointly or jointly and severally, for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever (including the fees, charges and disbursements of counsel) which may be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of this Agreement or any other Loan Documents or the transactions contemplated hereby or thereby (excluding, unless a Default or Event of Default is apprehended or has occurred and is continuing, normal

administrative costs and expenses incidental to the performance of its agency duties hereunder) or the enforcement of any of the terms hereof or of any other Loan Documents, provided that no Lender shall be liable for any of the foregoing to the extent they arise from the Agent's gross negligence or wilful misconduct.

16.5 **Notice by Agent to Lenders**

As soon as practicable after its receipt thereof, the Agent will forward to each Lender a copy of each report, notice or other document required by this Agreement to be delivered to the Agent for such Lender.

16.6 **Protection of Agent - Advances and Payments**

16.6.1 Unless the Agent shall have been notified in writing by any Lender prior to a Drawdown Date that such Lender does not intend to make available to the Agent such Lender's Applicable Percentage of such Advance, the Agent may assume that such Lender has made such Lender's Applicable Percentage of such Advance available to the Agent on the Drawdown Date and the Agent may, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such corresponding amount is not in fact made available to the Agent by such Lender, the Agent shall be entitled to recover such amount (together with interest thereon at the rate determined by the Agent as being its applicable rate for interbank compensation based on prevailing banking industry standards) on demand from such Lender or, if such Lender fails to reimburse the Agent for such amount on demand, from the Borrower.

16.6.2 Unless the Agent shall have been notified in writing by the Borrower prior to the date on which any payment is due hereunder that the Borrower does not intend to make such payment, the Agent may assume that the Borrower will make such payment when due and the Agent may, in reliance upon such assumption, make available to each Lender on such payment date an amount equal to such Lender's *pro rata* share of such assumed payment. If it is established that the Borrower has not in fact made such payment to the Agent, each Lender shall forthwith on demand repay to the Agent the amount made available to such Lender (together with interest thereon at the rate determined by the Agent as being its applicable rate for interbank compensation based on prevailing banking industry standards).

16.7 **Notice by Lenders to Agent**

Each Lender shall endeavour to use its best efforts to notify the Agent of the occurrence of any Default or Event of Default forthwith upon becoming aware of such event, but no Lender shall be liable if it fails to give such notice to the Agent.

16.8 **Sharing Among the Lenders**

Each Lender, and by its acceptance of the benefit of each Guarantee, each Other Supported Party, agrees that as amongst themselves, except as otherwise provided for by the provisions of this Agreement, all amounts received by the Agent, in its capacity as administrative agent for the Lenders pursuant to this Agreement or any other Loan Document (other than the Agency Fee Letter, the Fee Letter and the Prior Fee Letters) and whether received by voluntary payment, by the exercise of the right of set-off or compensation or by counterclaim, cross-claim, separate action or as proceeds of realization of any security:

16.8.1 prior to any Loan Obligations becoming due and payable under Section 15.2, shall be shared by each Lender *pro rata* , determined in accordance with the Applicable Percentages of each Lender; and

16.8.2 following any Loan Obligations becoming due and payable under Section 15.2, shall be shared by each Supported Party, *pro rata* , based on its percentage of the aggregate Supported Obligations;

and each Lender undertakes to do all such things as may be reasonably required to give full effect to this Section 16.8. If any amount so shared is later recovered from the Lender who originally received it, each other Lender shall restore its proportionate share of such amount to such Lender, without interest.

As a necessary consequence of the foregoing, each Lender shall share, in a percentage equal to its Applicable Percentage, any losses incurred as a result of any Event of Default, and shall pay to the Agent, within 2 Business Days following a request by the Agent, any amount required to ensure that such Lender bears its Applicable Percentage of such losses, if any, including any amounts required to be paid to any Lender in respect of any Bankers' Acceptances and Letters of Credit. Such obligation to share losses shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation, (a) any set-off, compensation, counterclaim, recoupment, defence or other right which such Lender may have against the Agent, any Obligor or any other Person for any reason whatsoever, (b) the occurrence or continuance of any Default or Event of Default, (c) any adverse change in the condition (financial or otherwise) of the Borrower or any other Person, (d) any breach of this Agreement by the Borrower or any other Person, or (e) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing. Where necessary to give effect to this Section 16.8, a Lender shall purchase a participation in the Advances of other Lenders. If any Lender does not make available the amount required hereunder, the Agent shall be entitled to recover such amount on demand from such Lender, together with interest thereon at the rate determined by the Agent as being its applicable rate for interbank compensation based on prevailing banking industry standards from the date of non payment until such amount is paid in full.

The provisions of this Section shall not be construed to apply to (a) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its

Loan Obligations to any Assignee or Participant, other than to any Obligor or any Affiliate of an Obligor (as to which the provisions of this paragraph shall apply), (b) any payment made while no Event of Default has occurred and is continuing in respect of obligations of the Borrower to such Lender that do not arise under or in connection with the Loan Documents, (c) any payment made in respect of an obligation that is secured by a Permitted Lien or that is otherwise entitled to priority over any Obligor's obligations under or in connection with the Loan Documents, (d) any reduction arising from an amount owing to an Obligor on account of Derivative Obligations upon the termination of any Derivative Instrument except for a net amount available after the termination of all Derivative Obligations between the Obligors and such Lender (or an Affiliate of a Lender) and the set-off of resulting amounts owing by the Obligors and to the Obligors, or (e) any payment to which such Lender is entitled as a result of any form of credit insurance obtained by such Lender.

16.9 **Procedure With Respect to Advances**

Subject to the applicable provisions of this Agreement, upon receipt of a Notice of Borrowing from the Borrower, the Agent shall, without delay, advise each Lender of the receipt of such notice, of the Drawdown Date, of its Applicable Percentage of the amount of such Advance and of the relevant details of the Agent's account(s). Subject to the applicable provisions of this Agreement, each Lender shall disburse its Applicable Percentage of each Advance, and shall make it available to the Agent (no later than 10:00 a.m.) on the Drawdown Date, by depositing its Applicable Percentage of the Advance in the Agent's account in the applicable currency, as the case may be. The Agent will make such amounts available to the Borrower on the Drawdown Date, at the Branch, and, in the absence of other arrangements made in writing between the Agent and the Borrower, by transferring or causing to be transferred an equivalent amount in the case of a Prime Rate Advance, US Base Rate Advance, Libor Advance and the Available Proceeds in the case of Bankers' Acceptances, in accordance with the instructions of the Borrower which appear in the Notice of Borrowing with respect to each Advance; however, the obligation of the Agent with respect hereto is limited to taking the steps judged commercially reasonable in order to follow such instructions, and once undertaken, such steps shall constitute *prima facie* evidence that the amounts have been disbursed in accordance with the applicable provisions. Subject to the foregoing sentence, the Agent shall not be liable for damages, claims or costs imputed to the Borrower and resulting from the fact that the amount of an Advance did not arrive at its agreed-upon destination.

16.10 **Non-Payment by Lenders**

If any Lender shall fail to make any payment required to be made by it hereunder to the Agent, the Issuing Lender or the Swing Line Lender, then the Agent may, in its discretion and notwithstanding any contrary provision hereof, (i) apply any amounts thereafter received by the Agent for the account of such Lender and for the benefit of the Agent, the Issuing Lender or the Swing Line Lender to satisfy such Lender's obligations hereunder until all such unsatisfied obligations are fully paid, and/or (ii) hold any such amounts in a segregated account for, and application to, any future funding obligations of such Lender

hereunder; in the case of each of (i) and (ii) above, in any order as determined by the Agent in its discretion.

16.11 **Accounts Kept by Each Lender**

Each Lender shall keep in its books, in respect of its Commitment, accounts for Libor Advances, Prime Rate Advances, US Base Rate Advances, Bankers' Acceptances and other amounts payable by the Borrower under this Agreement. Each Lender shall make appropriate entries showing, as debits, the amount of the Debt of the Borrower to it in respect of the Libor Advances, Prime Rate Advances, US Base Rate Advances and BA Advances, as the case may be, the amount of all accrued interest and any other amount due to such Lender pursuant hereto and, as credits, each payment or repayment of principal and interest made in respect of such Debt as well as any other amount paid to such Lender pursuant hereto. These accounts shall constitute (in the absence of contradictory entries in the accounts of the Agent referred to in Section 3.7) *prima facie* evidence of their content against the Borrower.

16.12 **Binding Determinations**

The Agent shall in good faith to make any determination that is required in order to apply this Agreement and, once made, such determination shall be final and binding upon all Lenders, except in the case of manifest error.

16.13 **Amendment of Article 16**

The provisions of this Article 16 relating to the rights and obligations of the Lenders and the Agent *inter se* , other than under Sections 16.14 or 16.15, may be amended or added to, from time to time, by the execution by the Agent and the Lenders of an instrument in writing and such instrument in writing shall validly and effectively amend or add to any or all of the provisions of this Article affecting the Lenders without requiring the execution of such instrument in writing by the Borrower.

16.14 **Decisions, Amendments and Waivers of the Lenders**

Subject to the provisions of Section 16.15, all decisions taken by the Lenders shall be taken as follows: (a) if there are two Lenders, by unanimous consent, or (b) if there are three or more Lenders, by the Majority Lenders. The Agent shall confirm such consent to each Lender and to the Borrower. Notwithstanding the foregoing, no amendment, modification or waiver of any provision of any Loan Document dealing with the rights and duties of the Agent shall be taken without the written consent of the Agent, no amendment, modification or waiver of any provision of any Loan Document dealing with the rights and duties of the Issuing Lender shall be taken without the written consent of the Issuing Lender, and no amendment, modification or waiver of any provision of any Loan Document dealing with the rights and duties of the Swing Line Lender shall be taken without the written consent of the Swing Line Lender. Notwithstanding any other provision hereof, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the Commitment of such Lender may not be increased or extended without the consent of such Lender.

16.15 **Authorized Waivers, Variations and Omissions**

If so authorized in writing by the Lenders, the Agent, on behalf of the Lenders, may grant waivers, consents, vary the terms of this Agreement and the other Loan Documents and do or omit to do all acts and things in connection herewith or therewith. Notwithstanding the foregoing, except with the prior written agreement of each Lender, nothing in Section 15.6, Section 16.14 or this Section 16.15 shall authorize (a) any extension of the date for, or alteration in the amount, currency or mode of calculation or computation of any payment of principal or interest, fees or other amounts, with the effect, in the case of the alteration in the amount or mode of calculation or computation or any payment of principal or interest, fees or other amounts, that any such principal, interest, fees or other amounts would be reduced, (b) any reduction in the interest rate applicable to the payment of principal, fees or other amounts, (c) any increase in the Commitment of a Lender, (d) any extension of any Maturity Date (other than as set out in Section 2.5), (e) any change in the terms of this Article 16, (f) any change in the manner of making decisions among the Lenders, including the definition of Majority Lenders, (g) the release of the obligations of any Obligor except to the extent permitted by Section 8.2.2 or Section 14.10, (h) the release, in whole or in part, of any of the Loan Documents or of any of the Guarantees, (i) any change in or any waiver of the conditions precedent provided for in Section 9.1 or (j) any amendment to this Section 16.15.

16.16 **Provisions for the Benefit of Lenders Only**

The provisions of this Article 16 relating to the rights and obligations of the Lenders and Agent *inter se* shall be operative as between the Lenders and Agent only, and the Obligors shall not have any rights under or be entitled to rely for any purposes upon such provisions.

16.17 **Assignment by Agent to an Affiliate**

The Agent may, at any time and from time to time, assign its rights and transfer its obligations hereunder, in whole or in part, to an Affiliate acceptable to the Borrower, acting reasonably, upon notice to the Lenders, provided that such assignment does not result in an increase in the amounts payable by any Obligor hereunder.

16.18 **Collective Action of the Lenders**

Each of the Lenders hereby acknowledges that to the extent permitted by Applicable Law, any Guarantees and the remedies provided under the Loan Documents to the Lenders are for the benefit of the Lenders (and Other Supported Parties) collectively and acting together and not severally and further acknowledges that its rights hereunder and under any Guarantees are to be exercised not severally, but by the Agent upon the decision of the requisite majority of Lenders as contemplated in the relevant Loan Document. Accordingly, notwithstanding any provision of any Loan Document, each of the Lenders covenants and agrees that it shall not be entitled to take any action under any of the Loan Documents including any declaration of Event of Default hereunder, such that any such action may only be taken through the Agent in accordance with the

provisions hereof or upon the prior written agreement of the Majority Lenders. Each of the Lenders agrees to cooperate with the Agent as reasonably requested from time to time.

16.19 **Resignation of Agent**

16.19.1 The Agent may at any time give notice of its resignation to the Lenders, the Issuing Lender and the Borrower. Upon receipt of any such notice of resignation, the Majority Lenders shall have the right, in consultation with the Borrower, to appoint a successor, which shall be a Lender having an office in Toronto, Ontario, or an Affiliate of any such Lender with an office in Toronto. The Agent may also be removed at any time by the Majority Lenders upon 30 days' notice to the Agent and the Borrower as long as the Majority Lenders, in consultation with the Borrower, appoint and obtain the acceptance of a successor within such 30 days, which shall be a Lender having an office in Toronto, or an Affiliate of any such Lender with an office in Toronto.

16.19.2 If no such successor shall have been so appointed by the Majority Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may on behalf of the Lenders, appoint a successor Agent meeting the qualifications specified in subsection 16.19.1, provided that if the Agent shall notify the Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (a) the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held or cash or Cash Equivalents held in escrow by the Agent on behalf of the Lenders under any of the Loan Documents, the retiring Agent shall continue to hold such collateral security or cash or Cash Equivalents until such time as a successor Agent is appointed) and (b) all payments, communications and determinations provided to be made by, to or through the Agent shall instead be made by or to each Lender directly, until such time as the Majority Lenders appoint a successor Agent as provided for above in Section 16.19.1.

16.19.3 Upon a successor's appointment as Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the former Agent, and the former Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided in the preceding paragraph). The fees payable by the Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the termination of the service of the former Agent, the

provisions of this Section 16.19 and of Section 19.15 shall continue in effect for the benefit of such former Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the former Agent was acting as Agent.

17. CURRENCY CONVERSION, ETC.

17.1 Rules of Conversion

If for the purpose of obtaining judgment in any court or for any other purpose hereunder, it is necessary to convert an amount due, advanced or to be advanced hereunder from the currency in which it is due (the " **First Currency** ") into another currency (the " **Second Currency** ") the rate of exchange used shall be that at which, in accordance with normal banking procedures, the Agent could purchase, in the Canadian money market or the Canadian exchange market, as the case may be, the First Currency with the Second Currency on the date on which the judgment is rendered, the sum is payable or advanced or to be advanced, as the case may be. The Borrower agrees that its obligations in respect of any First Currency due from it to the Agent or the Lenders in accordance with the provisions hereof shall, notwithstanding any judgment rendered or payment made in the Second Currency, be discharged by a payment made to the Agent on account thereof in the Second Currency only to the extent that, on the Business Day following receipt of such payment in the Second Currency, the Agent may, in accordance with normal banking procedures, purchase on the Canadian money market or the Canadian foreign exchange market, as the case may be, the First Currency with the amount of the Second Currency so paid or which a judgment rendered payable (the rate applicable to such purchase being in this Section called the (" **FX Rate** ")); and if the amount of the First Currency which may be so purchased is less than the amount originally due in the First Currency, the Borrower agrees as a separate and independent obligation and notwithstanding any such payment or judgment to indemnify the Lenders against such deficiency. The agreements in this Section shall survive the termination of the Commitments and the repayment of all other amounts outstanding hereunder and under the other Loan Documents.

17.2 Determination of Equivalent Amount in another Currencies

If, in their discretion, the Lenders or the Agent choose or, pursuant to the terms of this Agreement, are obliged to choose, calculate or determine the equivalent in one currency of the amount in another currency the Agent, in accordance with the conversion rules stipulated in Section 17.1:

17.2.1 on any Drawdown Date; or

17.2.2 at any other time when such a calculation or determination under this Agreement (including Section 2.9) or any other Loan Document is contemplated;

shall, using the FX Rate at such time on such date, determine the equivalent amount in such currency, as the case may be, of any security or amount expressed in the other

currency pursuant to the terms hereof. Immediately following such determination, the Agent shall inform the Borrower of the conclusion which the Lenders have reached.

18. ASSIGNMENT

18.1 **Assignment by the Borrower**

The rights of the Borrower and each other Obligor under the provisions hereof may not be transferred or assigned (except by operation of law as may be permitted pursuant to Section 14.10), and no Obligor may transfer or assign any of its obligations, any such assignment being null and void and of no effect against the Agent and the Lenders and rendering any balance outstanding of the Loan Obligations immediately due and payable at the option of the Lenders and further releasing the Lenders from any obligation to make any further Advances under the provisions hereof.

18.2 **Assignments and Transfers by the Lenders**

18.2.1 No Lender may assign or otherwise transfer any of its rights or obligations hereunder except (a) to an Eligible Assignee in accordance with the provisions of subsection 18.2.2, or (b) by way of a sale of a participation in accordance with the provisions of Section 18.5 (and any other attempted assignment or transfer by any party hereto shall be null and void).

18.2.2 Each Lender may assign or transfer to an Eligible Assignee in accordance with this Article 18 up to 100% of its rights, benefits and obligations hereunder; provided that:

18.2.2.1 except (a) if an Event of Default has occurred that is continuing, (b) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loan Obligations at the time owing to it or (c) in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund with respect to a Lender, the aggregate amount of the Commitment being assigned (which for this purpose includes Advances outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Advances of the applicable assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption Agreement with respect to such assignment is delivered to the Agent or, if " **Trade Date** " is specified in the Assignment and Assumption Agreement, as of the Trade Date) shall not be less than US$10,000,000, unless each of the Agent and, so long as no Default or Event of Default has occurred and is continuing, the Borrower,

otherwise consent to a lower amount (each such consent not to be unreasonably withheld or delayed);

18.2.2.2 any assignment must be approved by the Agent (such approval not to be unreasonably withheld or delayed) unless the proposed Assignee is itself already a Lender;

18.2.2.3 any assignment must be approved by the Issuing Lender (such approval not to be unreasonably withheld or delayed, unless the Person that is the proposed assignee has a credit rating of less than BBB by S&P or Baa2 by Moody's, in which case, such approval to be in the Issuing Lender's sole discretion), unless the Person that is the proposed assignee is itself already a Lender with a Commitment under this Agreement;

18.2.2.4 any assignment must be approved by the Borrower (such approval not to be unreasonably withheld or delayed, provided that it shall be reasonable for the Borrower to withhold its consent if such assignment would give rise to a direct claim against an Obligor under Article 6 or Section 19.15) unless (i) the proposed Assignee is itself already a Lender, or (ii) a Default has occurred that is continuing, or (iii) an Event of Default has occurred that is continuing; and

18.2.2.5 the parties to each Assignment shall execute and deliver to the Agent an Assignment and Assumption Agreement, together with a processing and recordation fee in an amount of US$5,000, and the Eligible Assignee, if it is not a Lender, shall deliver to the Agent an administrative questionnaire.

Subject to acceptance and recording thereof by the Agent pursuant to Section 18.3, from and after the effective date specified in each Assignment and Assumption Agreement, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption Agreement, have the rights and obligations of a Lender under this Agreement and the other Loan Documents, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption Agreement, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption Agreement covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) with respect to matters and circumstances from and after the effective date of such Assignment but shall continue to be entitled to the benefits of Article 6 and Section 19.15 with respect to facts and circumstances occurring prior to the effective date of such Assignment. For greater certainty, subject to

the second last sentence of Section 19.15, no Lender that is a Defaulting Lender shall be released from any obligation in respect of damages arising in connection with it being or becoming a Defaulting Lender. Any Assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 18.5. Any payment by an Assignee to an assigning Lender in connection with an Assignment or transfer shall not be or be deemed to be a repayment by the Borrower or a new Advance to the Borrower.

18.3 **Register**

The Agent shall maintain at one of its offices in Toronto, Ontario, a copy of each Assignment and Assumption Agreement delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Advances owing to, each Lender pursuant to the terms hereof from time to time (the " **Register** "). The entries in the Register shall be *prima facie* evidence of each of the foregoing items, and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding any notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

18.4 **Electronic Execution of Assignments**

The words " **execution** ," " **signed** ," " **signature** ," and words of like import in any Assignment and Assumption Agreement shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law, including Parts 2 and 3 of the *Personal Information Protection and Electronic Documents Act* (Canada), the *Electronic Commerce Act, 2000* (Ontario) and other similar federal or provincial laws based on the *Uniform Electronic Commerce Act* of the Uniform Law Conference of Canada or its *Uniform Electronic Evidence Act* , as the case may be.

18.5 **Participations**

Any Lender may at any time, without the consent of, the Borrower or the Agent, sell participations to any Person (other than a natural person, an Obligor or any Affiliate of an Obligor) (each, a " **Participant** ") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Advances owing to it); provided that (a) such Lender's obligations under this Agreement shall remain unchanged, (b) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and (c) the Borrower, the Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement; provided

further that, on or after any sale by a Lender of such a participation, such Lender shall forthwith provide notice thereof to the Agent and the Borrower. Any payment by a Participant to a Lender in connection with a sale of a participation shall not be or be deemed to be a repayment by the Borrower or a new Advance to the Borrower. Subject to Section 18.6, the Borrower agrees that each Participant shall be entitled to the benefits of Article 6 to the same extent as if it were a Lender and had acquired its interest by Assignment pursuant to subsection 18.2.2.

18.6 **Limitations Upon Participant Rights**

A Participant shall not be entitled to receive any greater payment under Sections 6.2 and 6.3 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant. A Participant that would be a Foreign Lender if it were a Lender to the Borrower shall not be entitled to the benefits of Section 6.3 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with subsection 6.3.5 as though it were a Lender to the Borrower.

18.7 **Promissory Notes**

Upon the request of any Lender, the Borrower will execute and deliver one or more promissory notes in form and substance acceptable to such Lender, acting reasonably, evidencing the Commitment under this Agreement and any Advances hereunder.

19. MISCELLANEOUS

19.1 **Notices**

19.1.1 General . Except where otherwise expressly specified herein, all notices, requests, demands or other communications between the parties hereto shall be in writing and shall be made by prepaid registered mail, prepaid overnight courier, fax or physical delivery to the address or fax number of such party and to the attention indicated on the signature page of this Agreement of such party or to any other address, attention or fax number which such party hereto may subsequently communicate to each in writing in such manner. Any notice, request, demand or other communication shall be deemed to have been received by the party to whom it is addressed (a) upon receipt by the addressee (or refusal thereof), in the case of prepaid overnight courier or physical delivery, (b) three days after delivery in the mail, if sent by prepaid registered mail, and (c) on the day of transmission, if faxed before 5:00 p.m. (local time) on a Business Day, and on the next Business Day following transmission, if faxed after 5:00 p.m. (local time) on a Business Day; provided that, any notice to the Borrower shall be deemed to be notice to all Obligors. If normal postal or fax service is interrupted by strike, work slow-down or other cause, the party sending the notice shall use such services which have

not been interrupted or shall deliver such notice by messenger in order to ensure its prompt receipt by the other party. Notwithstanding any other provision in the Loan Documents, any notice, request, demand or other communication which is required to be given or delivered to any Guarantor hereunder or under any other Loan Document shall be deemed to have been given to and received by such Obligor if given in the manner required by this Section to the Borrower.

19.1.2 Electronic Communications . Notices and other communications by the Agent to the Lenders and the Issuing Lender hereunder may be delivered or furnished by electronic communication (including email and Internet or intranet websites) pursuant to procedures approved by the Agent, provided that the foregoing shall not apply to notices by the Agent to any Lender of Advances to be made or Letters of Credit to be issued if such Lender has notified the Agent that it is incapable of receiving notices by electronic communication. The Agent or the Borrower may, in their discretion, agree to accept notices and other communications to each other hereunder by electronic communications pursuant to procedures approved by them, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Agent otherwise prescribes, (a) notices and other communications sent to an email address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the " **return receipt requested** " function, as available, return email or other written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, and (b) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (a) of notification that such notice or communication is available and identifying the website address therefor.

19.2 **Amendment and Waiver**

The rights, remedies and recourses of the Agent and the Lenders under this Agreement and the other Loan Documents are cumulative and do not exclude any other rights, remedies and recourses which the Agent or the Lenders might have, and no omission or delay on the part of the Agent or the Lenders in the exercise of any right shall have the effect of operating as a waiver of any such right, remedy or recourse, and the partial or sole exercise of a right, remedy, recourse or power will not prevent the Agent or the Lenders from exercising thereafter any other right, remedy, recourse or power. Without limiting the generality of the foregoing sentence, in the event that the Agent does not immediately make a declaration accelerating the Loan Obligations under Section 15.2 following the occurrence of an Event of Default, such absence of a declaration shall not be construed as a waiver of its right to make such a declaration and shall in no way

hinder, estop or prevent the Agent from making such a declaration at a later time. The provisions of this Agreement may only be amended or waived by an instrument in writing in each case signed by the Agent with the approval of, as applicable, the Lenders or Majority Lenders in accordance with Section 16.15, or by the Lenders or Majority Lenders, as applicable, on the same terms, and further, unless otherwise expressly provided herein, may only be amended by written instrument of the Obligors.

19.3 **Lender Replacement**

19.3.1 The Borrower may, at any time, by written request to the Agent (each, a " **Unanimous Lender Request** "), request an amendment or waiver that requires the prior written consent of each Lender pursuant to Section 16.15. A copy of the Unanimous Lender Request shall be provided by the Agent to each Lender. Each Lender may, in its sole discretion, by written notice to the Agent (the " **Unanimous Lender Response Notice** "), within ten Business Days of the Agent's receipt of the Unanimous Lender Request (the " **Unanimous Lender Response Period** "), approve or decline the Unanimous Lender Request. If any Lender does not provide a Unanimous Lender Response Notice within the Unanimous Lender Response Period, such Lender shall be deemed to have declined the Unanimous Lender Request.

19.3.2 On or before the second Business Day after the Unanimous Lender Response Period, the Agent shall give written notice (the " **Accepting Lender Notice** ") to the Borrower and each Lender, identifying each Lender that approved the Unanimous Lender Request within the Unanimous Lender Response Period (the " **Approving Lenders** ") and each Lender that declined or was deemed to have declined the Unanimous Lender Request (the " **Declining Lenders** ") and their respective Commitments, and if Lenders with Commitments that in the aggregate are greater than 30% of the aggregate Commitments of all Lenders do not approve the Unanimous Lender Request, the notice shall state that the Unanimous Lender Request has been declined. In such case, the Unanimous Lender Request will be declined.

19.3.3 If the aggregate Commitments of the Approving Lenders are equal to or greater than 70% but less than 100% of the aggregate Commitments of all Lenders, the Borrower may, at any time on or before the tenth Business Day following the receipt of the Accepting Lender Notice, by written request to the Agent (each, an " **Acquisition Request Notice** "), a copy which shall be provided by the Agent to each Lender within one Business Day of the Agent receiving same, request that the rights and obligations of the Declining Lenders be assigned in accordance with this Section 19.3 and the following shall apply:

19.3.3.1 Any Approving Lender may, at its option, acquire all or any portion of the rights and obligations of the Declining

Lenders under the Loan Documents (all of such rights and obligations being herein called the " **Available Amount** ") by giving written notice to the Agent (an " **Acquisition Notice** ") of the portion of the Available Amount which it is prepared to acquire (the " **Desired Acquisition Amount** "). Such Acquisition Notice shall be given within six Business Days following the giving of the Acquisition Request Notice by the Borrower to the Agent (such deadline being herein called the " **Acquisition Deadline** "). If only one Approving Lender gives an Acquisition Notice to the Agent or if more than one Approving Lender gives an Acquisition Notice to the Agent but the aggregate of their Desired Acquisition Amounts is less than or equal to the Available Amount, then each such Approving Lender shall be entitled to acquire its Desired Acquisition Amount of the rights and obligations of the Declining Lenders under the Loan Documents. If more than one Approving Lender gives an Acquisition Notice to the Agent and the aggregate of the Desired Acquisition Amounts is greater than the Available Amount, then each such Approving Lender shall be entitled to acquire a *pro rata* share of the rights and obligations of the Declining Lenders under the Loan Documents, such *pro rata* share being determined based on the relative Desired Acquisition Amount of each such Approving Lender.

19.3.3.2 On or before the second Business Day following the Acquisition Deadline, the Agent shall give to the Borrower and each Lender a written notice identifying the Available Amount of each Declining Lender and the portion thereof to be acquired by each Approving Lender. Each of such acquisitions shall be completed on the date which is ten Business Days following the Acquisition Deadline, in accordance with the procedures set out in Section 18.2. If a Declining Lender or an Affiliate of such Declining Lender is a party to a Derivative Instrument with an Obligor, upon the completion of the acquisition of such Declining Lender's portion of the Available Amount, such Declining Lender shall either (i) terminate each guarantee provided by any Obligor in connection therewith, in which case, such assigning Lenders or its applicable Affiliate shall be deemed to be an Other Derivative Counterparty or (ii) assign, at a price determined in a reasonable manner from market quotations in accordance with customary market practices, all Derivative Instruments it or they hold with each Obligor to the applicable assignee or to another Lender or its Affiliate or to an Other Derivative Counterparty, and if, upon such assignment, any guarantee

provided by any Obligor in connection therewith would not constitute Permitted Debt, such assigning Lender shall, or shall cause its Affiliate to, terminate such guarantee.

19.3.3.3 If the Available Amount is not completely acquired by the Approving Lenders, the Borrower may locate other Persons (" **Substitute Lenders** ") who are approved by the Agent (subject to Section 18.2.2.2) and the Issuing Lender (subject to Section 18.2.2.3), and who acquire all or a portion of the balance of the rights and obligations of the Declining Lenders under the Loan Documents on the date which is ten Business Days following the Acquisition Deadline, in accordance with the procedures set out in Section 18.2.

19.3.3.4 Any outstanding credit extended by the Declining Lenders to the Borrower under the Credit Facility which is not acquired by Approving Lenders or Substitute Lenders under Sections 19.3.3.2 or 19.3.3.3 shall be repaid by the Borrower, and the Commitments of the Declining Lenders not so acquired shall be cancelled on the date which is ten Business Days following the Acquisition Deadline and the amount of the Credit Facilities shall thereupon be reduced by the aggregate of the Commitments so cancelled, if any. The Borrower shall comply with Section 6.4 in connection with any such prepayment. As concerns any BA Advances that otherwise would be subject to prepayment pursuant to this Section 19.3.3.4, the Borrower shall forthwith pay to the Agent an amount equal to the aggregate of the face amount of such BA Advances, such amount to be held by the Agent against any amount owing by the Borrower to such Declining Lenders in respect of such BA Advances. Any such amount paid to the Agent shall be held on deposit by the Agent until the maturity date of such BA Advances, at which time it shall be applied against the indebtedness of the Borrower to such Declining Lenders thereunder. The Borrower shall be entitled to receive interest on cash or Cash Equivalents held by the Agent under this Section if no Event of Default has occurred and is continuing, but neither the Agent nor any Lender shall be responsible for the rate of return, if any, earned on such amounts. As concerns any Letter of Credit or Swing Line Loans that otherwise would be subject to prepayment pursuant to this Section 19.3.3.4, the Borrower shall forthwith pay to the Issuing Lender cash or Cash Equivalents in an amount equal to the Letter of Credit Obligations (if any) which are in excess of the aggregate

Commitments (after giving effect to such prepayments pursuant to this Section 19.3.3.4 and under Section 2.6.1) , such amount to be held by the Issuing Lender subject to Section 15.4, and the Borrower shall repay the Declining Lenders' *pro rata* share of the outstanding Swing Line Loans to the Swing Line Lender.

19.3.3.5 For greater certainty, once there are no Declining Lenders that hold any Commitments, the relevant Unanimous Lender Request shall be deemed to have been approved.

19.3.3.6 The Borrower may at any time prior to the commencement of the transactions contemplated by Sections 19.3.3.2, 19.3.3.3 or 19.3.3.4, by written notice to the Agent (a copy of which shall be promptly provided to each Lender), terminate and cancel any assignment or repayment contemplated thereby, whereupon the Acquisition Request Notice shall be deemed to have been withdrawn and Section 19.3.3 shall not apply in respect of the Unanimous Lender Request.

19.4 **Independent Engineer and Other Consultants**

Subject to Sections 12.10 and 12.14, the Agent and/or the Majority Lenders shall have the right at any time and from time to time to appoint an independent engineer to act on behalf of the Agent and the Lenders for such purposes as the Agent or the Majority Lenders may determine to carry out such duties as may be set forth in this Agreement or as may be required by the Agent or the Majority Lenders from time to time. Subject to Sections 12.10 and 12.14, the Agent and/or the Lenders may also, from time to time, consult and retain any other independent consultants determined by them to be appropriate for the same purpose.

19.5 **Entire Agreement**

The entire agreement between the parties is expressed herein, and no variation or modification of its terms shall be valid unless expressed in writing and signed by the parties. All previous agreements, promises, proposals, representations, understandings and negotiations between the parties hereto which relate in any way to the subject matter of this Agreement are hereby deemed to be null and void.

19.6 **Indemnification and Set-Off**

In addition to the other rights now or hereafter conferred by Applicable Law and those described in subsection 5.6.2 and Section 7.10, and without limiting such rights, following the occurrence of an Event of Default which is continuing, each Lender and the Agent is hereby authorized by each Obligor, at any time and from time to time, subject to the obligation to give notice to the Borrower subsequently and within a reasonable time, to set off, indemnify, compensate, use and allocate any deposit (general

or special, term or demand, including any debt evidenced by certificates of deposit, whether or not matured) and any other debt at any time held or due by a Lender to an Obligor or to its credit or its account, with respect to and on account of the Loan Obligations and the Other Supported Obligations, including, without limitation, the accounts of any nature or kind which flow from or relate to this Agreement or the other Loan Documents, and whether or not the Agent has made demand under the terms hereof or has declared the amounts referred to in Section 15.2 as payable in accordance with the provisions of that Section and even if such obligation and Debt or either of them is a future or unmatured Debt.

19.7 **Benefit of Agreement**

This Agreement shall be binding upon and enure to the benefit of each party hereto and its successors and permitted assigns.

19.8 **Counterparts**

This Agreement may be signed in any number of counterparts, each of which shall be deemed to constitute an original, and all of the separate counterparts shall constitute one single document. Delivery of an executed counterpart of a signature page of this Agreement by fax or by sending a scanned copy by electronic mail shall be as effective as delivery of a manually executed counterpart of this Agreement.

19.9 **This Agreement to Govern**

In the event of any conflict or inconsistency between the terms of this Agreement and the terms of any other Loan Document, the provisions of this Agreement shall govern to the extent necessary to remove the conflict or inconsistency.

19.10 **Applicable Law**

This Agreement, its interpretation and its application shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

19.11 **Severability**

Each provision of this Agreement is separate and distinct from the others, such that any decision of a court or tribunal to the effect that any provision of this Agreement is null or unenforceable shall in no way affect the validity of the other provisions of this Agreement or the enforceability thereof. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by Applicable Law, each Obligor hereby waives any provision of any Applicable Law that renders any provision hereof prohibited or unenforceable in any respect.

19.12 **Further Assurances**

Each Obligor covenants and agrees that, at the request of the Agent, it will at any time and from time to time execute and deliver such further and other documents and instruments and do all acts and things as the Agent may reasonably require in order to evidence the Debt of the Borrower under this Agreement or otherwise, to confirm its Guarantee or to further implement or evidence any provision hereof or of the other Loan Documents.

19.13 **Good Faith and Fair Consideration**

Each party hereto acknowledges and declares that it has entered into this Agreement freely and of its own will. In particular, each party hereto acknowledges that this Agreement was freely negotiated by it in good faith, there was no exploitation of the Obligors by the Lenders and there is no serious disproportion between the consideration provided by the Lenders and that provided by the Obligors.

19.14 **Responsibility of the Lenders**

Each Lender shall be solely responsible for the performance of its own obligations hereunder. Accordingly, no Lender is in any way or jointly or jointly and severally responsible for the performance of the obligations of any other Lender.

19.15 **Indemnity**

The Borrower shall indemnify and hold harmless each Supported Party and their agents, consultants and advisors (other than agents, consultants and advisors to the extent that their costs and expenses are not, pursuant to Section 12.14, to be borne by the Borrower), and each of their Related Parties and each of their agents, consultants and advisors (other than agents, consultants and advisors to the extent that their costs and expenses are not, pursuant to Section 12.14, to be borne by the Borrower), (each, an " **Indemnified Party** ") from and against any and all claims, damages, losses, liabilities, costs and expenses (including, without limitation, reasonable fees and expenses of counsel), including Environmental Claims, (each, a " **Claim** ") that may be incurred by, or asserted or awarded against, any Indemnified Party, in each case arising out of, or in connection with, or by reason of, any investigation, litigation or proceeding (or the preparation for the defence of any investigation, litigation or proceeding), brought by Persons other than an Indemnified Party arising out of, related to or in connection with (a) this Agreement, (b) the other Loan Documents or (c) any of the transactions contemplated herein or therein or the actual or proposed use of the proceeds of the Advances, whether or not such investigation, litigation or proceeding is brought by any Obligor, its directors, shareholders or creditors or by an Indemnified Party, or any other Person, or any Indemnified Party is otherwise a party thereto, and whether or not the transactions contemplated hereby are consummated; except to the extent (i) such Claim results from such Indemnified Party's gross negligence, wilful misconduct, fraud, bad faith or breach of any Loan Document to which such Indemnified Party is a party or relates to the liability of an Indemnified Party to an Obligor under any Loan Document or (ii) relates

solely to a Claim between Indemnified Parties resulting from a Claim brought by any Person, with no fault on the part of any Obligor; provided that in the case of clauses (i) and (ii) above, the Borrower has obtained a judgment in its favour of a court of competent jurisdiction. Each Obligor agrees not to assert any claim against any Indemnified Party, and, without in any way limiting any of their other rights or remedies hereunder or at law, each Lender and the Agent, also agrees not to assert any claim against any Obligor, its officers, directors, employees, agents or advisors, on any theory of liability for special, indirect, consequential or punitive damages arising out of or otherwise relating to this Agreement and the other Loan Documents and any of the transactions contemplated herein or therein or the actual or proposed use of the proceeds of the Advances. The agreements in this Section shall survive the termination of the Commitments and the repayment of all other amounts outstanding hereunder and under the other Loan Documents.

19.16 **Confidentiality**

19.16.1 Each of the Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to it, its Affiliates and its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting having jurisdiction over it (including any self-regulatory authority), (c) to the extent required by Applicable Law or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any Assignee of or Participant in, or any prospective Assignee of or Participant in, any of its rights or obligations under this Agreement, or (ii) any actual or prospective counterparty (or its advisors) to any Derivative Instrument, credit-linked note or similar transaction relating to the Obligors and their obligations, (g) with the consent of the Borrower, or (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Agent or any Lender on a non-confidential basis from a source other than an Obligor.

19.16.2 For purposes of this Section, " **Information** " means all information received in connection with this Agreement from any Obligor or any Related Person in respect thereof or any of their respective advisors, in each case, relating to any Obligor or any of its Subsidiaries or any of their respective businesses, other than any such information that is

available to the Agent or any Lender on a non-confidential basis prior to such receipt. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. In addition, the Agent may disclose to any agency or organization that assigns standard identification numbers to loan facilities such basic information describing the facilities provided hereunder as is necessary to assign unique identifiers (and, if requested, supply a copy of this Agreement), it being understood that the Person to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to make available to the public only such Information as such person normally makes available in the course of its business of assigning identification numbers.

19.16.3 In addition, and notwithstanding anything herein to the contrary, the Agent may provide the information described on Exhibit C concerning the Borrower and the credit facilities established herein to Loan Pricing Corporation and/or other recognized trade publishers of information for general circulation in the loan market.

19.16.4 Each Obligor agrees that Export Development Canada may disclose Information (i) to the Minister of Finance, the Treasury Board or the Auditor General, (ii) as required by the disclosure policy of Export Development Canada or (iii) under the international commitments of the Government of Canada or Export Development Canada.

19.17 **Reinstatement**

This Agreement shall remain in full force and effect and continue to be effective if any petition or other proceeding is filed by or against the Borrower or any other Obligor for liquidation or reorganization, or if the Borrower or any other Obligor becomes insolvent or makes an assignment for the benefit of any creditor or creditors, or if an interim receiver, receiver, receiver and manager or trustee be appointed for all or any significant part of the Property of the Borrower or any other Obligor, and shall continue to be effective or to be reinstated, as the case may be, if at any time payment and performance of the obligations hereunder or under the other Loan Documents, or any part thereof, is, pursuant to Applicable Law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of such obligations, whether as a fraudulent preference, a reviewable transaction, or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the obligations hereunder and under the other Loan Documents shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

19.18 **Submission to Jurisdiction**

Each Obligor irrevocably and unconditionally submits, for itself and its Property, to the non-exclusive jurisdiction of the courts of the Province of Ontario, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Loan Document shall affect any right that the Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any Obligor or its Property in the courts of any jurisdiction.

19.19 **Waiver of Venue**

Each Obligor irrevocably and unconditionally waives, to the fullest extent permitted by Applicable Law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in Section 19.18. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defence of an inconvenient forum to the maintenance of such action or proceeding in any such court.

19.20 **Waiver of Jury Trial**

EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

19.21 **Language**

The parties acknowledge that they have required that this Agreement, the Loan Documents and all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto be drawn up in English. Les parties reconnaissent avoir exigé la rédaction en anglais de la présente convention

ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement ou à la suite de la présente convention.

19.22 **Third Party Beneficiaries**

Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in Section 18.5 and, to the extent contemplated hereby, the Related Parties of each of the Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

19.23 **Formal Date**

For the purposes of convenience, this Agreement may be referred to as bearing the formal date of June 22, 2010, notwithstanding its actual date of signature.

19.24 **Swedish Companies Act**

Notwithstanding anything to the contrary herein, the obligations and liabilities of any Obligor incorporated under the laws of Sweden (each, a " **Swedish Obligor** ") under this Agreement and the scope of this Agreement as it relates to any such Swedish Obligor shall be limited if (and only if) required by an application of the provisions of the Swedish Companies Act (in Swedish: *Aktiebolagslagen (2005:551)*) regulating prohibited loans and guarantees and the distribution of assets, and it is understood that the obligations of the Swedish Obligor for its obligations and liabilities hereunder shall apply only to the extent permitted by the above-mentioned provisions as applied, together with other applicable provisions of the said Companies Act, and the Agreement shall be limited in accordance with this Section 19.24. For greater certainty, nothing in this Section19.24 shall affect the obligations and liabilities of any other Obligor or any other aspect of this Agreement.

19.25 **Finnish Companies Act**

Notwithstanding anything to the contrary herein, the obligations and liabilities of any Obligor incorporated under the laws of Finland (each a " **Finnish Obligor** ") under this Agreement and the scope of this Agreement as it relates to any such Finnish Obligor shall be limited if (and only if) required by an application of the provisions of the Finnish Companies Act (in Finnish: Osakeyhtiölaki — 624/2006) regulating prohibited loans and guarantees and the distribution of assets, and it is understood that the obligations of the Finnish Obligor for its obligations and liabilities hereunder shall apply only to the extent permitted by the above-mentioned provisions as applied, together with other applicable provisions of the said Companies Act, and the Agreement shall be limited in accordance with this Section 19.25. For greater certainty, nothing in this Section 19.25 shall affect the obligations and liabilities of any other Obligor or any other aspect of this Agreement.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

40 King Street West
Scotia Plaza, 62 nd Floor
Toronto, Ontario
M5W 2X6

Attention: Alastair Borthwick

Telecopier: (416) 866-3329

THE BANK OF NOVA SCOTIA,
as Administrative Agent

By: ***"Robert Boomhour"***
Name: Robert Boomhour
Title: Director

By: ***"Stella Luna"***
Name: Stella Luna
Title: Associate Director

[signature page for Amended and Restated Credit Agreement relating to The Bank of Nova Scotia, as administrative agent, Agnico-Eagle Mines Limited, as borrower, et al.]

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

40 King Street West
Scotia Plaza, 62 nd Floor
Toronto, Ontario
M5W 2X6

Attention: Ray Clarke

Facsimile: (416) 866-2009

THE BANK OF NOVA SCOTIA,
as Lender

By: ***"Ray Clarke"***
Name: Ray Clarke
Title: Managing Director

By: ***"Ian Stephenson"***
Name: Ian Stephenson
Title: Associate Director

[signature page for Amended and Restated Credit Agreement relating to The Bank of Nova Scotia, as administrative agent, Agnico-Eagle Mines Limited, as borrower, et al.]

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

66 Wellington Street West
TD Tower, 9 th Floor
Toronto, Ontario
M5K 1A2

Attention: Rohan Appadurai

Facsimile: (416) 944-5164

THE TORONTO-DOMINION BANK

By: ***"Rohan Appadurai"***
Name: Rohan Appadurai
Title: Managing Director

By: ***"Liza Straker"***
Name: Liza Straker
Title: Vice President

[signature page for Amended and Restated Credit Agreement relating to The Bank of Nova Scotia, as administrative agent, Agnico-Eagle Mines Limited, as borrower, et al.]

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

Loan Products Group
100 King Street West
4 th Floor
Toronto, Ontario
M5X 1A1

Attention: Robert Wright

Facsimile: (416) 359-7796

BANK OF MONTREAL

By: ***"R. Wright"***
Name: R. Wright
Title: Vice-President

By: _____
Name:
Title:

[signature page for Amended and Restated Credit Agreement relating to The Bank of Nova Scotia, as administrative agent, Agnico-Eagle Mines Limited, as borrower, et al.]

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

161 Bay Street
8 th Floor
Toronto, Ontario
M5J 2S8

Attention: Peter Rawlins / Robert Riverso

Facsimile: (416) 594-8347

CANADIAN IMPERIAL BANK OF COMMERCE

By: ***"Peter Rawlins"***
Name: Peter Rawlins
Title: Executive Director

By: ***"David J. Cohen"***
Name: David J. Cohen
Title: Executive Director

[signature page for Amended and Restated Credit Agreement relating to The Bank of Nova Scotia, as administrative agent, Agnico-Eagle Mines Limited, as borrower, et al.]

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

c/o Société Générale
480 Washington Boulevard
20th Floor
Jersey City, New Jersey
07310

Attention: Colleen Messina,
Deal Administrator

Facsimile: 201-839-8125

With a copy to:

100 Yonge Street, Suite 1002
Toronto, Ontario
M5C 2W1

Attention: Michael Manion

Facsimile: (416) 364-1879

SOCIÉTÉ GÉNÉRALE (CANADA BRANCH)

By: ***"Michael C. Manion"***
Name: Michael C. Manion
Title: Director

By: ***"Simona Lungu"***
Name: Simona Lungu
Title: Vice-President

[signature page for Amended and Restated Credit Agreement relating to The Bank of Nova Scotia, as administrative agent, Agnico-Eagle Mines Limited, as borrower, et al.]

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

5 th Floor, South Tower
Royal Bank Plaza
200 Bay Street
Toronto, Ontario
M5J 2W7

Attention: Stam Fountoulakis

Facsimile: (416) 842-5320

ROYAL BANK OF CANADA

By: ***"Stam Fountoulakis"***
Name: Stam Fountoulakis
Title: Authorized Signatory

By: _____
Name:
Title:

[signature page for Amended and Restated Credit Agreement relating to The Bank of Nova Scotia, as administrative agent, Agnico-Eagle Mines Limited, as borrower, et al.]

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

599 Lexington Avenue
Floor 17
New York, New York
U.S.A. 10022

Attention: Greg Caione

Facsimile: (212) 336-7722

COMMONWEALTH BANK OF AUSTRALIA

By: ***"Greg Caione"***
Name: Greg Caione
Title: Head of Natural Resources — Americas

By: _____
Name:
Title:

[signature page for Amended and Restated Credit Agreement relating to The Bank of Nova Scotia, as administrative agent, Agnico-Eagle Mines Limited, as borrower, et al.]

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

5 The North Colonnade
Canary Wharf
London, England
E14 4BB

Attention: Colin Hall

Facsimile: 020 7773 1840

BARCLAYS BANK PLC

By: ***"Colin Hall"***
Name: Colin Hall
Title: Assistant Vice President

[signature page for Amended and Restated Credit Agreement relating to The Bank of Nova Scotia, as administrative agent, Agnico-Eagle Mines Limited, as borrower, et al.]

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

200 Front Street West
Toronto, Ontario
M5V 3L2

Attention: Scott T. Hitchens / Medina Sales de Andrade

Facsimile: (980) 683-6306 / (416) 349-4283

BANK OF AMERICA, N.A., CANADA BRANCH

By: ***"Medina Sales de Andrade"***
Name: Medina Sales de Andrade
Title: Vice President

By: _____
Name:
Title:

[signature page for Amended and Restated Credit Agreement relating to The Bank of Nova Scotia, as administrative agent, Agnico-Eagle Mines Limited, as borrower, et al.]

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

Credit Capital Markets
1155 Metcalfe Street
5 th Floor
Montreal, Quebec
H3B 4S9

Attention: Roch Ledoux

Facsimile: (514) 390-7860

NATIONAL BANK OF CANADA

By: ***"Roch Ledoux"***
Name: Roch Ledoux
Title: Directeur - Director

By: ***"Alain Aubin"***
Name: Alain Aubin
Title: Directeur - Director

[signature page for Amended and Restated Credit Agreement relating to The Bank of Nova Scotia, as administrative agent, Agnico-Eagle Mines Limited, as borrower, et al.]

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

1 Martin Place
Sydney, New South Wales 2000
Australia

Attention: Executive Director, Legal Risk Management, Treasury and Commodities Group

Facsimile: +612 8232 4540

MACQUARIE BANK LIMITED

By: ***"Katie Choi"***
Name: Katie Choi
Title: Division Director

By: ***"Robert McRobbie"***
Name: Robert McRobbie
Title: Division Director Legal Risk Management

[signature page for Amended and Restated Credit Agreement relating to The Bank of Nova Scotia, as administrative agent, Agnico-Eagle Mines Limited, as borrower, et al.]

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

1 First Canadian Place, Suite 2900
P.O. Box 301
Toronto, Ontario
M5X 1C9

Attention: Alain Daoust
Facsimile: (416) 352-4576
PC Fax: (416) 352-0927

cc: Nicholas Lam, Loan Operations
Facsimile: (416) 352-4688

CREDIT SUISSE AG, TORONTO BRANCH

By: ***"Alain Daoust"***
Name: Alain Daoust
Title: Director

By: ***" Bruce F . Wetherly "***
Name: Bruce F. Wetherly
Title: Director

[signature page for Amended and Restated Credit Agreement relating to The Bank of Nova Scotia, as administrative agent, Agnico-Eagle Mines Limited, as borrower, et al.]

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

151 O'Connor Street
Ottawa, Ontario
K1A 1K3

Attention: Matthew Devine

Facsimile: (613) 598-3186

EXPORT DEVELOPMENT CANADA

By: ***"Joanne Tognarelli"***
Name: Joanne Tognarelli
Title: Financing Manager

By: ***"Deepak Dave"***
Name: Deepak Dave
Title: Principal

[signature page for Amended and Restated Credit Agreement relating to The Bank of Nova Scotia, as administrative agent, Agnico-Eagle Mines Limited, as borrower, et al.]

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

145 King Street East, Suite 400
Toronto, Ontario
M5C 2Y7

Attention: David Garofalo

Facsimile: (416) 367-4681

AGNICO-EAGLE MINES LIMITED

By: ***"Claudio Mancuso"***
Name: Claudio Mancuso
Title: Vice-President, Treasurer

[signature page for Amended and Restated Credit Agreement relating to The Bank of Nova Scotia, as administrative agent, Agnico-Eagle Mines Limited, as borrower, et al.]

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

c/o Agnico-Eagle Mines Limited
145 King Street East, Suite 400
Toronto, Ontario
M5C 2Y7

Attention: David Garofalo

Facsimile: (416) 367-4681

1715495 ONTARIO INC.

By: ***"Claudio Mancuso"***
Name: Claudio Mancuso
Title: Authorized Signatory

[signature page for Amended and Restated Credit Agreement relating to The Bank of Nova Scotia, as administrative agent, Agnico-Eagle Mines Limited, as borrower, et al.]

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

c/o Agnico-Eagle Mines Limited
145 King Street East, Suite 400
Toronto, Ontario
M5C 2Y7

Attention: David Garofalo

Facsimile: (416) 367-4681

1641315 ONTARIO INC.

By: ***"Claudio Mancuso"***
Name: Claudio Mancuso
Title: Authorized Signatory

[signature page for Amended and Restated Credit Agreement relating to The Bank of Nova Scotia, as administrative agent, Agnico-Eagle Mines Limited, as borrower, et al.]

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

c/o Agnico-Eagle Mines Limited
145 King Street East, Suite 400
Toronto, Ontario
M5C 2Y7

Attention: David Garofalo

Facsimile: (416) 367-4681

AGNICO-EAGLE SWEDEN AB

By: ***"Ingmar Haga"***
Name: Ingmar Haga
Title: Director

[signature page for Amended and Restated Credit Agreement relating to The Bank of Nova Scotia, as administrative agent, Agnico-Eagle Mines Limited, as borrower, et al.]

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

c/o Agnico-Eagle Mines Limited
145 King Street East, Suite 400
Toronto, Ontario
M5C 2Y7

Attention: David Garofalo

Facsimile: (416) 367-4681

AGNICO-EAGLE FINLAND OY

By: ***"Ingmar Haga"***
Name: Ingmar Haga
Title: Director

[signature page for Amended and Restated Credit Agreement relating to The Bank of Nova Scotia, as administrative agent, Agnico-Eagle Mines Limited, as borrower, et al.]

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

c/o Agnico-Eagle Mines Limited
145 King Street East, Suite 400
Toronto, Ontario
M5C 2Y7

Attention: David Garofalo

Facsimile: (416) 367-4681

AGNICO-EAGLE AB

By: ***"Ingmar Haga"***
Name: Ingmar Haga
Title: Director

[signature page for Amended and Restated Credit Agreement relating to The Bank of Nova Scotia, as administrative agent, Agnico-Eagle Mines Limited, as borrower, et al.]

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

c/o Agnico-Eagle Mines Limited
145 King Street East, Suite 400
Toronto, Ontario
M5C 2Y7

Attention: David Garofalo

Facsimile: (416) 367-4681

RIDDARHYTTAN RESOURCES AB

By: ***"Ingmar Haga"***
Name: Ingmar Haga
Title: Director

[signature page for Amended and Restated Credit Agreement relating to The Bank of Nova Scotia, as administrative agent, Agnico-Eagle Mines Limited, as borrower, et al.]

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

c/o Agnico-Eagle Mines Limited
145 King Street East, Suite 400
Toronto, Ontario
M5C 2Y7

Attention: David Garofalo

Facsimile: (416) 367-4681

AGNICO EAGLE MEXICO S.A. DE C.V.

By: ***"Rodrigo Sánchez Mejorada V."***
Name: Rodrigo Sánchez Mejorada V.
Title: Attorney-in-fact

[signature page for Amended and Restated Credit Agreement relating to The Bank of Nova Scotia, as administrative agent, Agnico-Eagle Mines Limited, as borrower, et al.]

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

c/o Agnico-Eagle Mines Limited
145 King Street East, Suite 400
Toronto, Ontario
M5C 2Y7

Attention: David Garofalo

Facsimile: (416) 367-4681

TENEDORA AGNICO EAGLE MEXICO S.A. DE C.V.

By: ***"Rodrigo Sánchez Mejorada V."***
Name: Rodrigo Sánchez Mejorada V.
Title: Attorney-in-fact

[signature page for Amended and Restated Credit Agreement relating to The Bank of Nova Scotia, as administrative agent, Agnico-Eagle Mines Limited, as borrower, et al.]

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

c/o Agnico-Eagle Mines Limited
145 King Street East, Suite 400
Toronto, Ontario
M5C 2Y7

Attention: David Garofalo

Facsimile: (416) 367-4681

AGNICO-EAGLE MINES MEXICO COOPERATIE U.A.

By: ***"Jacobus Alexander Hendrik Groesbeek"***
Name: Jacobus Alexander Hendrik Groesbeek
Title: Director B

[signature page for Amended and Restated Credit Agreement relating to The Bank of Nova Scotia, as administrative agent, Agnico-Eagle Mines Limited, as borrower, et al.]

IN WITNESS WHEREOF , the parties hereto have signed this Agreement on the date first hereinabove mentioned.

Address For Notice

c/o Agnico-Eagle Mines Limited
145 King Street East, Suite 400
Toronto, Ontario
M5C 2Y7

Attention: David Garofalo

Facsimile: (416) 367-4681

AGNICO-EAGLE MINES SWEDEN COOPERATIE U.A.

By: ***"Jacobus Alexander Hendrik Groesbeek"***
Name: Jacobus Alexander Hendrik Groesbeek
Title: Director B

[signature page for Amended and Restated Credit Agreement relating to The Bank of Nova Scotia, as administrative agent, Agnico-Eagle Mines Limited, as borrower, et al.]

EXHIBIT A
COMMITMENTS

Lender		Commitment
The Bank of Nova Scotia	US$	220,000,000
The Toronto-Dominion Bank	US$	175,000,000
Bank of Montreal	US$	100,000,000
Canadian Imperial Bank of Commerce	US$	100,000,000
Société Générale (Canada Branch)	US$	100,000,000
Royal Bank of Canada	US$	80,000,000
Commonwealth Bank of Australia	US$	80,000,000
Barclays Bank PLC	US$	65,000,000
Bank of America, N.A., Canada Branch	US$	65,000,000
National Bank of Canada	US$	65,000,000
Macquarie Bank Limited	US$	50,000,000
Credit Suisse AG, Toronto Branch	US$	50,000,000
Export Development Canada	US$	50,000,000

EXHIBIT B
ASSIGNMENT AND ASSUMPTION AGREEMENT

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 Agent as contemplated below (a) 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 (b) 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 (a) above (the rights and obligations sold and assigned pursuant to clauses (a) and (b) 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.

Assignor: _____

Assignee: _____
[and is an Affiliate/Approved Fund of [identify Lender](1)]

Borrower(s): _____

Agent: _____ ,
as the administrative agent under the Credit Agreement

(1) Select as applicable.

Credit Agreement: [The [amount] Credit Agreement dated as of among [name of Borrower], the Lenders parties thereto, [name of administrative agent], as Agent, and the other agents parties thereto]

Assigned Interest:

Aggregate Amount of Commitment/Loans for all Lenders(2)	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/Loans(3)	CUSIP Number
$	$	%	

[Trade Date:](4)

(2) Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

(3) Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

(4) 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 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: _____
Name:
Title:

ASSIGNEE
[NAME OF ASSIGNEE]

By: _____
Name:
Title:

[Consented to and](5) Accepted:

[NAME OF AGENT] , as Administrative Agent

By: _____
Name:
Title:

[Consented to:](6)

[NAME OF RELEVANT PARTY]

By: _____
Name:
Title:

(5) To be added only if the consent of the Agent is required by the terms of the Credit Agreement.

(6) To be added only if the consent of the Borrower and/or other parties (e.g., Issuing Lender) is required by the terms of the Credit Agreement.

[ ](1)

STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT AND ASSUMPTION

Representations and Warranties .

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.

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 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 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 taking or not taking action under the Loan

(1) Describe Credit Agreement at option of 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.

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.

Payments . From and after the Effective Date, the 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 Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

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.

EXHIBIT C
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
Issuer Name
Location
SIC (Cdn)
Identification Number(s)
Revenue

***Measurement of Risk**
- **S&P Sr. Debt**
- **S&P Issuer**
- **Moody's Sr. Debt**
- **Moody's Issuer**
- **Fitch Sr. Debt**
- **Fitch Issuer**
- S&P Implied (internal assessment)
- **DBRS**

Other Ratings
*Industry Classification
- Moody's Industry
- S&P Industry

Parent

Financial Ratios

Deal Specific
Currency/Amount
Date
Purpose
Sponsor
Financial Covenants

Target Company
Assignment Language
Law Firms
MAC Clause
Springing lien
Cash Dominion
Mandatory Prepays
Restrct'd Payments (Neg Covs)

Other Restrictions

Facility Specific
Currency/Amount
Type
Purpose
Tenor
Term Out Option
Expiration Date
Facility Signing Date
Pricing
Base Rate(s)/Spread(s)/BA/LIBOR
- **Initial Pricing Level**
- **Pricing Grid (tied to, levels)**
- **Grid Effective Date**

Fees

- **Commitment Fee**

Prepayment Fee

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

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EXHIBIT D
NOTICE OF BORROWING AND CERTIFICATE
[See Sections 3.1, 3.3 and 5.1]

TO: The Bank of Nova Scotia
Global Wholesale Services —
Loan Operations department
720 King Street West

Third Floor
Toronto, Ontario
M5V 2T3

Reference is made to the amended and restated credit agreement dated as of June 22, 2010 between Agnico-Eagle Mines Limited, as borrower, the guarantors from time to time party thereto, The Bank of Nova Scotia, as administrative agent and joint lead arranger, The Toronto-Dominion Bank, as joint lead arranger, and the Lenders from time to time party thereto, as amended, supplemented, restated or replaced from time to time (the " **Credit Agreement** "). All terms used in this certificate and that are defined in the Credit Agreement will have the meanings defined in the Credit Agreement.

A. Request for Advance

Notice is hereby given pursuant to the Credit Agreement that the undersigned hereby irrevocably requests as follows:

1. that an Advance be made under the Credit Facility;

2. the aggregate principal amount of the Advance shall be *[choose one]* [Cdn. • dollars (C$•)/ US • dollars (US$•)]; and

3. the Drawdown Date shall be .

4. the Advance shall be in the form of *[check one or more and complete details]* :

Prime Rate Advance		( )
Amount	C$	
Banker's Acceptances		( )
Selected Amount:	C$	
Designated Period		
US Base Rate Advance		( )
Amount	US$	
Libor Advance		( )
Selected Amount	US$	
Designated Period		
Letter of Credit		( )
Nominal amount and currency		
Issue date:		
Expiry date:		

Name and Address of Beneficiary:
Purpose:
[Note: attach proposed form or details]

5. the proceeds of the Advance shall be deposited in *[specify designated account]* .

The undersigned hereby confirms as follows:

(a) the representations and warranties contained in Article 10 of the Credit Agreement, other than those expressly stated to be made as of a specific date or otherwise expressly modified in accordance with Section 10.17 of the Credit Agreement, are true and correct in all material respects on and as of the date hereof with the same force and effect as if such representations and warranties had been made on and as of the date hereof;

(b) no Default or Event of Default has occurred and is continuing on the date hereof or will result from the Advance (s) requested herein; and

(c) the undersigned will immediately notify you if it becomes aware of the occurrence of any event which would mean that the statements in the immediately preceding paragraphs (a) and (b) would not be true if made on the Drawdown Date.

B. Notice of Conversion or Rollover

Notice is hereby given pursuant to the Credit Agreement that the undersigned hereby irrevocably requests as follows:

1. that *[Note: describe outstanding Advance]* be converted or rolled over into or extended as *[check one or more and complete details]* :

Banker's Acceptances		( )
Selected Amount:	C$	
Designated Period		
Libor Advance		( )
Selected Amount	US$	
Designated Period		

2. the date of the conversion, rollover or extension shall be .

C. Notice of Prepayment

Pursuant to Article 2.6.1 of the Credit Agreement, the undersigned hereby irrevocably notifies you of the following:

(a) that a prepayment will be made under the Credit Facility;

(b) the prepayment represents the following *[check one or more]* :

prepayment in Prime Rate Advances under the Credit Facility	( )
prepayment in US Base Rate Advances under the Credit Facility	( )
prepayment in Libor Advances under the Credit Facility	( )

(c) the prepayment date shall be .

(d) the Advance to be paid shall be in the form of *[check one or more and complete details]* :

Prime Rate Advance		( )
Amount	C$	
US Base Rate Advance		( )
Amount	US$	
Libor Advance		( )
Amount	US$	
Maturity Date		

D. Notice of Cancellation

Pursuant to Article 2.6.2 of the Credit Agreement, the undersigned hereby irrevocably notifies you of the following cancellation of undrawn portions of the Credit Facility:

(a) the amount of the Credit Facility to be cancelled is ; and

(b) the cancellation date shall be .

DATED _____

AGNICO-EAGLE MINES LIMITED

By: _____
Name:
Title:

EXHIBIT E
COMPLIANCE CERTIFICATE
[See Section 8.2, Article 11 and Sections 13.1.3, 13.1.4, 13.1.5, 13.1.6, 13.1.7 and 13.2.2]

TO: THE BANK OF NOVA SCOTIA, as Administrative Agent

AND TO: THE LENDERS (as defined in the Credit Agreement referred to below)

Reference is made to the amended and restated credit agreement dated as of June 22, 2010 between Agnico-Eagle Mines Limited, as borrower, the guarantors from time to time party thereto, The Bank of Nova Scotia, as administrative agent and joint lead arranger, The Toronto-Dominion Bank, as joint lead arranger, and the Lenders from time to time party thereto, as amended, supplemented, restated or replaced from time to time (the " **Credit Agreement** "). All terms used in this certificate that are defined in the Credit Agreement have the meanings defined in the Credit Agreement.

The undersigned hereby certifies that:

(a) No Default or Event of Default has occurred and is continuing on the date hereof *[or if a Default or Event of Default has occurred and is continuing on the date hereof, a detailed description of the same and the steps the Borrower is taking or proposes to take to cure the same are described on the schedule dealing with the same which is attached hereto]* .

(b) The undersigned hereby certifies that, as of the end of its most recently completed fiscal quarter, which ended on :

(i) the Total Net Debt to EBITDA Ratio was : 1; and

(ii) the Tangible Net Worth for such fiscal quarter was $.

(c) Set forth on Schedule A hereto are the calculations of the financial covenants referred to in clause (b) above.

(d) Attached hereto is a report setting forth each Derivative Instrument to which the Borrower or any other Obligor is a party, together with the counterparty thereto and the Obligor Hedging Exposure thereunder.

(e) Attached hereto is an operating report on the mines owned and controlled by the Borrower and its Subsidiaries (being the "Chief Operating Officer's Quarterly Report to the Board of Directors").

(f) Attached hereto is a copy of the Borrower's mineral reserve statements. *[Note: only required to be delivered with the Borrower's annual financial statements.]*

(g) Attached hereto is a copy of the Borrower's annual life of mine plans. *[Note: only required to be delivered as soon as practicable and in any event within 270 days after the end of each fiscal year of the Borrower.]*

(h) The following Persons, which have not previously been reported to the Agent pursuant to Section 8.2 of the Credit Agreement, have become Material Subsidiaries since the Effective Date: .

(i) Additional Debt incurred pursuant to Section 1.1.154.14 is as follows: .

DATED _____

AGNICO-EAGLE MINES LIMITED

By: _____
Name:
Title:

EXHIBIT F
ADDITIONAL GUARANTOR AGREEMENT
[See Section 8.2]

THIS AGREEMENT supplements the amended and restated credit agreement dated as of June 22, 2010 between Agnico-Eagle Mines Limited, as borrower, the guarantors from time to time party thereto, The Bank of Nova Scotia, as administrative agent and joint lead arranger, The Toronto-Dominion Bank, as joint lead arranger, and the Lenders from time to time party thereto, as amended, supplemented, restated or replaced from time to time (the " **Credit Agreement** ").

RECITALS:

A. All terms used in this Agreement that are defined in the Credit Agreement have the meanings defined in the Credit Agreement.

B. The Credit Agreement contemplates that further Subsidiaries of the Borrower shall become Guarantors in certain circumstances.

C. [•] (the " **New Subsidiary** ") is required or permitted by the Credit Agreement to become a Guarantor.

D. The New Subsidiary has delivered an opinion of its counsel and other resolutions and ancillary documents required by the Credit Agreement.

THEREFORE, for value received, and intending to be legally bound by this Agreement, the parties agree as follows:

1. The New Subsidiary hereby acknowledges and agrees to the terms of the Credit Agreement and agrees to be bound by all obligations of a Guarantor, and therefore an Obligor, under the Credit Agreement as if it had been an original signatory thereto. *[Except as set out on Schedule A hereto,] [t/T]* he New Subsidiary represents and warrants to the Agent and the Lenders that each of the representations and warranties in Article 10 of the Credit Agreement is true and correct in relation to it.

2. The Agent, on behalf of the Lenders, acknowledges that the New Subsidiary is a Guarantor, and therefore an Obligor, as of the date of this Agreement.

3. This Agreement shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

4. This Agreement and the other Loan Documents have been prepared and signed in English and the parties hereto agree that the English version hereof and thereof (to the maximum extent permitted by applicable law) shall be the only version valid for the purpose of the interpretation and construction hereof and thereof notwithstanding the preparation of any translation into another language hereof or thereof, whether official or otherwise or whether prepared in relation to any proceedings which may be brought in any jurisdiction in respect hereof or thereof.

5. This Agreement may be signed in counterparts and transmitted by facsimile or "PDF", each of which shall be considered an original and all of such counterparts taken together shall constitute one and the same agreement.

[Note: additional foreign law provisions, if any, to be included, as applicable.]

IN WITNESS OF WHICH, the undersigned have executed this Agreement as of [•].

THE BANK OF NOVA SCOTIA, as Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

[NEW MATERIAL SUBSIDIARY]

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
PERMITTED LIENS

Registrations Against Agnico-Eagle Mines Limited Under the Personal Property Security Act (Ontario)

Secured Party	Registration Details	Collateral
Xerox Canada Ltd. 33 Bloor St. E., 3rd Floor Toronto, ON M4W 3H1	Registration No. 20061214 1009 1462 9962 (6 years) (Ref. File No. 631424124)	Photocopy equipment
Caterpillar Financial Services Limited 700 Dorval Drive, Suite 705, Oakville, ON L6K 3V3	Registration No. 20070925 1047 8077 7779 (3 years) (Ref. File No. 639359253)	4 Caterpillar motor vehicles
Xerox Canada Ltd. 33 Bloor St. E., 3rd Floor Toronto, ON M4W 3H1	Registration No. 20071219 1404 1462 2799 (6 years) (Ref. File No. 641510037)	Photocopy equipment
Xerox Canada Ltd. 33 Bloor St. E., 3rd Floor Toronto, ON M4W 3H1	Registration No. 20080306 1405 1462 7757 (6 years) (Ref. File No. 643180194)	Photocopy equipment
The Bank of Nova Scotia 20 Queen St West, 4th Floor Toronto, ON M5H 3R3	Registration No. 20090520 1610 1532 8529 (4 years) (Ref. File No. 653561217)	One Toro 50 Underground Haulage Truck s/n T9050444; one LH514 Underground LHD s/n L914D311; and one RB50E Raisedrill s/n RB50E-032.
HSBC Bank Canada 350-407 8 Avenue SW Calgary, AB T2P 1E5	Registration No. 20091019 1951 1531 7037 (5 years) (Ref. File No. 657033903) Amendment Registration No. 20091020 1451 1530 4377	Equipment
HSBC Bank Canada 350-407 8 Avenue SW Calgary, AB T2P 1E5	Registration No. 20091014 1947 1531 5276 (5 years) (Ref. File No. 656949384 Amendment Registration No. 20091019 1951 1531 7429 Amendment Registration No. 20091019 1951 1531 7430 Amendment Registration No.	Equipment

	20091020 1451 1530 4378	
The Bank of Nova Scotia 20 Queen Street West — 4 th Floor Toronto, ON M5H 1H1	Registration No. 20090629 1834 1532 3470 (5 years) (Reference File No. 654546492	Equipment/Other

Registrations Against Agnico-Eagle Mines Limited Under the British Columbia Personal Property Registry

Secured Party	Registration Details	Collateral
Caterpillar Financial Services Limited	Registered September 26, 2007 (expiry September 26, 2010) under Registration No. 942306D	Six Caterpillar motor vehicles
Caterpillar Financial Services Limited	Registered September 25, 2007 (expiry September 25, 2010) under Registration No. 939036D	Four Caterpillar motor vehicles
Toromont CAT, A Div. of Toromont Industries Ltd.	Registered October 20, 2008 (expiry October 20, 2010) under Registration No. 649747E	Caterpillar 980H plus attachments
Caterpillar Financial Services Limited	Registered November 4, 2008 (expiry November 4, 2011) under Registration No. 678095E	Caterpillar 980H plus attachments
Caterpillar Financial Services Limited	Registered May 28, 2009 (expiry May 28, 2013) under Registration No. 991292E	Caterpillar 14M
HSBC Bank Canada	Registered October 19, 2009 (expiry October 19, 2014) under Registration No. 232146F	O&K Orenstein & Kopmodel Excavator and related equipment
HSBC Bank Canada	Registered October 19, 2009 (expiry October 14, 2014) under Registration No. 232146F	O&K Orenstein & Kopmodel Excavator and related equipment

Registrations Against Agnico-Eagle Mines Limited Under the Nunavut Territory Personal Property Registry

Secured Party	Registration Details	Collateral
Caterpillar Financial Services Limited	Registered September 25, 2007 (expiry September 25, 2010) under Registration No. 107953	Four Caterpillar motor vehicles
Caterpillar Financial Services Limited	Registered September 26, 2007 (expiry September 26, 2010) under Registration No. 108001	Six Caterpillar motor vehicles
Caterpillar Financial Services Limited	Registered July 11, 2008 (expiry July 11, 2011) under Registration No. 122010	Two Caterpillar motor vehicles
Caterpillar Financial Services Limited	Registered July 11, 2008 (expiry July 11, 2011) under Registration No. 122028	Eight Caterpillar motor vehicles
Caterpillar Financial Services Limited	Registered July 14, 2008 (expiry July 14, 2011) under Registration No. 122069; Amendment No. 122135	Four Caterpillar motor vehicles

Secured Party	Registration Details	Collateral
Caterpillar Financial Services Limited	Registered July 14, 2008 (expiry July 14, 2011) under Registration No. 122077	One Caterpillar motor vehicle
Caterpillar Financial Services Limited	Registered July 14, 2008 (expiry July 14, 2011) under Registration No. 122085	One Caterpillar motor vehicle
Caterpillar Financial Services Limited	Registered July 14, 2008 (expiry July 14, 2011) under Registration No. 122093	One Caterpillar motor vehicle
Toromont CAT, A Div. of Toromont Industries Ltd.	Registered October 20, 2008 (expiry October 20, 2010) under Registration No. 127274	One Caterpillar motor vehicle
Caterpillar Financial Services Limited	Registered November 5, 2008 (expiry November 5, 2011) under Registration No. 128090	One Caterpillar motor vehicle
Caterpillar Financial Services Limited	Registered December 16, 2008 (expiry December 16, 2011) under Registration No. 130468	Three Caterpillar motor vehicles
Caterpillar Financial Services Limited	Registered May 28, 2009 (expiry May 28, 2013) under Registration No. 139329	2009 Caterpillar 14M
HSBC Bank Canada	Registered October 14, 2009 (expiry October 14, 2014) under Registration No. 148013	Two Toro Loaders and one Toro Truck
HSBC Bank Canada	Registered October 14, 2009 (expiry October 14, 2014) under Registration No. 148270	Orenstein & Kopmodel Excavator and Bucked Excavation
HSBC Bank Canada	Registered October 14, 2009 (expiry October 14, 2014) under Registration No. 148288	Orenstein & Kopmodel Excavator and Bucked Excavation
De Lage Landen Financial Services Canada Inc.; Service Financiers De Lage Landen Canada Inc.	Registered May 6, 2010 (expiry May 6, 2014) under Registration No. 160184	Medical equipment; all goods supplied to Agnico-Eagle Mines Limited

Registrations Against Agnico-Eagle Mines Limited in the Register of Personal and Moveable Real Rights — Quebec

Secured Party	Registration Details	Collateral
Gestion Loca-Bail Ltée	Registered October 12, 2006 (expiry October 4, 2010) under Registration No. 06-0591413-0001	Photocopier

Secured Party	Registration Details	Collateral
Gestion Loca-Bail Ltée	Registered January 17, 2007 (expiry January 10, 2010) under Registration No. 07-0025303-0001	Photocopier and related equipment
Gestion Loca-Bail Ltée	Registered October 10, 2007 (expiry July 27, 2010) under Registration No. 07-0582625-0001	Fax Canon Laser
Hardy Ringuette Automobiles Inc. Location Credit Ford Canada, Une Division De Compagnie De Location Canadian Road (assignee)	Registered October 15, 2007 (expiry October 14, 2010) under Registration No. 07-0591089-0023	2008 Ford F250, serial #1FTSW21598EB74175
Hardy Ringuette Automobiles Inc. Location Credit Ford Canada, Une Division De Compagnie De Location Canadian Road (assignee)	Registered October 30, 2007 (expiry October 29, 2010) under Registration No. 07-0623704-0033	2008 Ford F150, serial #1FTRF14W08KB60048
Hardy Ringuette Automobiles Inc. Location Credit Ford Canada, Une Division De Compagnie De Location Canadian Road (assignee)	Registered October 30, 2007 (expiry October 29, 2010) under Registration No. 07-0623704-0034	2008 Ford F150, serial #1FTRF14W38KB60271
Gestion Loca-Bail Ltée	Registered December 7, 2007 (expiry November 14, 2011) under Registration No. 07-0700180-0001	Photocopier and related equipment
Gestion Loca-Bail Ltée	Registered December 7, 2007 (expiry October 3, 2011) under Registration No. 07-0700187-0001	Photocopier and related equipment
Gestion Loca-Bail Ltée	Registered January 30, 2008 (expiry January 16, 2012) under Registration No. 08-0051392-0001	Photocopier and related equipment
Ford Credit Canada Leasing, A Division of Canadian Road Leasing Company	Registered February 11, 2008 (expiry February 10, 2011) under Registration No. 08-0072011-0063	2008 Ford F150, serial #1FTRF14WX8KB69517 2008 Ford F150, serial #1FTRF14W68KB60507 2008 Ford F150, serial #1FTRF14W18KC49661

Secured Party	Registration Details	Collateral
Hardy Ringuette Automobiles Inc. Location Credit Ford Canada, Une Division De Compagnie De Location Canadian Road (assignee)	Registered April 7, 2008 (expiry April 6, 2011) under Registration No. 08-0183283-0019	2008 Ford F250, serial #1FTSW21538ED26581
Hardy Ringuette Automobiles Inc. Location Credit Ford Canada, Une Division De Compagnie De Location Canadian Road (assignee)	Registered April 7, 2008 (expiry April 6, 2011) under Registration No. 08-0183283-0020	2008 Ford F150, serial #1FTRF14W48KD09464
Hardy Ringuette Automobiles Inc. Location Credit Ford Canada, Une Division De Compagnie De Location Canadian Road (assignee)	Registered April 8, 2008 (expiry April 7, 2011) under Registration No. 08-0186276-0007	2008 Ford F150, serial #1FTVX14568KD01112
Gestion Loca-Bail Ltée	Registered on July 7, 2008 (expiry July 31, 2011) under Registration No. 08-0394893-0001	Photocopiers and related equipment
Location Credit Ford Canada, Une Division De Compagnie De Location Canadian Road	Registered July 11, 2008 (expiry July 9, 2011) under Registration No. 08-0403194-0019	2008 Ford F250, serial #1FTSX21548EE15511
Hardy Ringuette Automobiles Inc. Location Credit Ford Canada, Une Division De Compagnie De Location Canadian Road (assignee)	Registered July 18, 2008 (expiry July 17, 2011) under Registration No. 08-0420215-0075	2008 Ford F250, serial #1FTSX21548EE15511
Toromont Cat, A Division of Toromont Industries Ltd. Caterpillar Financial Services Limited (assignee)	Registered July 30, 2008 (expiry June 30, 2011) under Registration No. 08-0444262-0006	Motor vehicles
Location Credit Ford Canada, Une Division De Compagnie De Location Canadian Road	Registered October 8, 2008 (expiry October 8, 2011) under Registration No. 08-0583748-0018	Motor vehicle

Secured Party	Registration Details	Collateral
Location Credit Ford Canada, Une Division De Compagnie De Location Canadian Road	Registered February 2, 2009 (expiry January 29, 2012) under Registration No. 09-0051290-0002	Motor vehicle
Location Credit Ford Canada, Une Division De Compagnie De Location Canadian Road	Registered February 27, 2009 (expiry February 26, 2012) under Registration No. 09-0102286-0045	Motor vehicle
Gestion Loca-Bail Ltée	Registered April 15, 2009 (expiry March 3, 2013) under Registration No. 09-0202771-0001	Photocopiers and related equipment
Location Credit Ford Canada, Une Division De Compagnie De Location Canadian Road	Registered May 11, 2009 (expiry May 10, 2012) under Registration No. 09-0264800-0020	Motor vehicle
Bal Global Finance Canada Corporation	Registered July 6, 2009 (expiry June 30, 2019) under Registration No. 09-0401160-0001	The personal and movable property including drilling and mining equipment of any nature or kind described in any Leasing Schedule executed by the parties
Bal Global Finance Canada Corporation	Registered July 6, 2009 (expiry June 30, 2019) under Registration No. 09-0401160-0002	The personal and movable property including drilling and mining equipment of any nature or kind described in any Leasing Schedule executed by the parties
Bal Global Finance Canada Corporation	Registered July 6, 2009 (expiry June 30, 2019) under Registration No. 09-0401160-0003	Various drilling and mining equipment located at Goldex Mine, Val d'Or, Quebec
Bal Global Finance Canada Corporation	Registered July 6, 2009 (expiry June 30, 2019) under Registration No. 09-0401160-0004	Various drilling and mining equipment located at Goldex Mine, Val d'Or, Quebec
Atlas Copco Customer Finance Canada a division of Atlas Copco Canada Inc.	Registered July 16, 2009 (expiry July 14, 2010) under Registration No. 09-0429764-0002	(x2) Atlas Copco ST 1030 SCOOP TRAM S/N AVO08X554, S/N AVO08X321 with all accessories and attachments.
The Bank of Nova Scotia	Registered July 20, 2009 (expiry July 20, 2018) under Registration No. 09-0439986-0001	1 new TORO 50 underground haulage truck S/N T9050444 1 new LH514 underground LHD S/N L914D311

Secured Party	Registration Details	Collateral
The Bank of Nova Scotia	Registered July 24, 2009 (expiry July 23, 2018) under Registration No. 09-0452727-0011	Various drilling and mining equipment
Hardy Ringuette Automobiles Inc. Location Credit Ford Canada, une division de Compagnie de Location Canadian Road	Registered August 21, 2009 (expiry August 20, 2012) under Registration No. 09-0516937-0013	2009 FORD F150 serial no. 1FTPF14849KC69381
HSBC Bank Canada	Registered October 26, 2009 (expiry October 15, 2013) under Registration No. 09-0665290-0001	1 used Toro Loader, model 1400 U/G, serial no. T7140234 1 used Toro Loader, model 50 U/G, serial number T7050325 1 used Toro Haulage Truck, model 50 U/G, serial number T8050375
Gestion Loca Bail Ltee	Registered October 26, 2009 (expiry September 24, 2013) under Registration No. 09-0665505-0001	2 photocopiers and related equipment
Location Credit Ford Canada, une division de Compagnie de location Canadien Road	Registered February 25, 2010 (expiry February 24, 2013) under Registration No. 10-0108942-0023	2010 Ford F150 serial no. 1FTVX1EV1AKA56482
Ford Credit Canada Leasing, a division of Canadian Road Leasing Company	Registered March 2, 2010 (expiry March 1, 2013) under Registration No. 10-0118244-0003	2010 Ford E150 serial no. 1FTNF1E87AKA36346
HSBC Bank Canada	Registered March 22, 2010 (expiry June 16, 2015) under Registration No. 10-0163965-0001	1 Gold F-250-001 HP800, serial no. HP800240, Cone Crusher and associated rights, equipment and accessories
HSBC Bank Canada	Registered March 29, 2010 (expiry June 21, 2015) under Registration No. 10-0179390-0001	2 2007 Atlas Cooper Wagner Scooptrams (serial nos. AVO07X211 and AVO7X151) and associated rights, equipment and accessories
Hardy Ringuette Automobiles Inc.	Registered April 1, 2010 (expiry March 31, 2013) under Registration No. 10-0194669-0022	2010 Ford F250 serial no. 1FTSW2B54AEB21646
Hardy Ringuette Automobiles Inc.	Registered April 6, 2010 (expiry April 5, 2013) under Registration No. 10-0200051-0006	2010 Ford F150 serial no. 1FTVX1EV1AKB99271
Hardy Ringuette Automobiles Inc.	Registered April 6, 2010 (expiry April 5, 2013) under Registration No. 10-0200280-0001	2010 Ford F150 serial no. 1FTX1EV3AKB99272

Secured Party	Registration Details	Collateral
Hardy Ringuette Automobiles Inc.	Registered April 19, 2010 (expiry April 18, 2013) under Registration No. 10-0236403-0011	2010 Ford F150 serial no. 1FTVX1EV1AKC35718
Gestion Loca-Bail Ltée	Registered May 5, 2010 (expiry September 29, 2014) under Registration No. 10-0285044-0001	Photocopier and related equipment

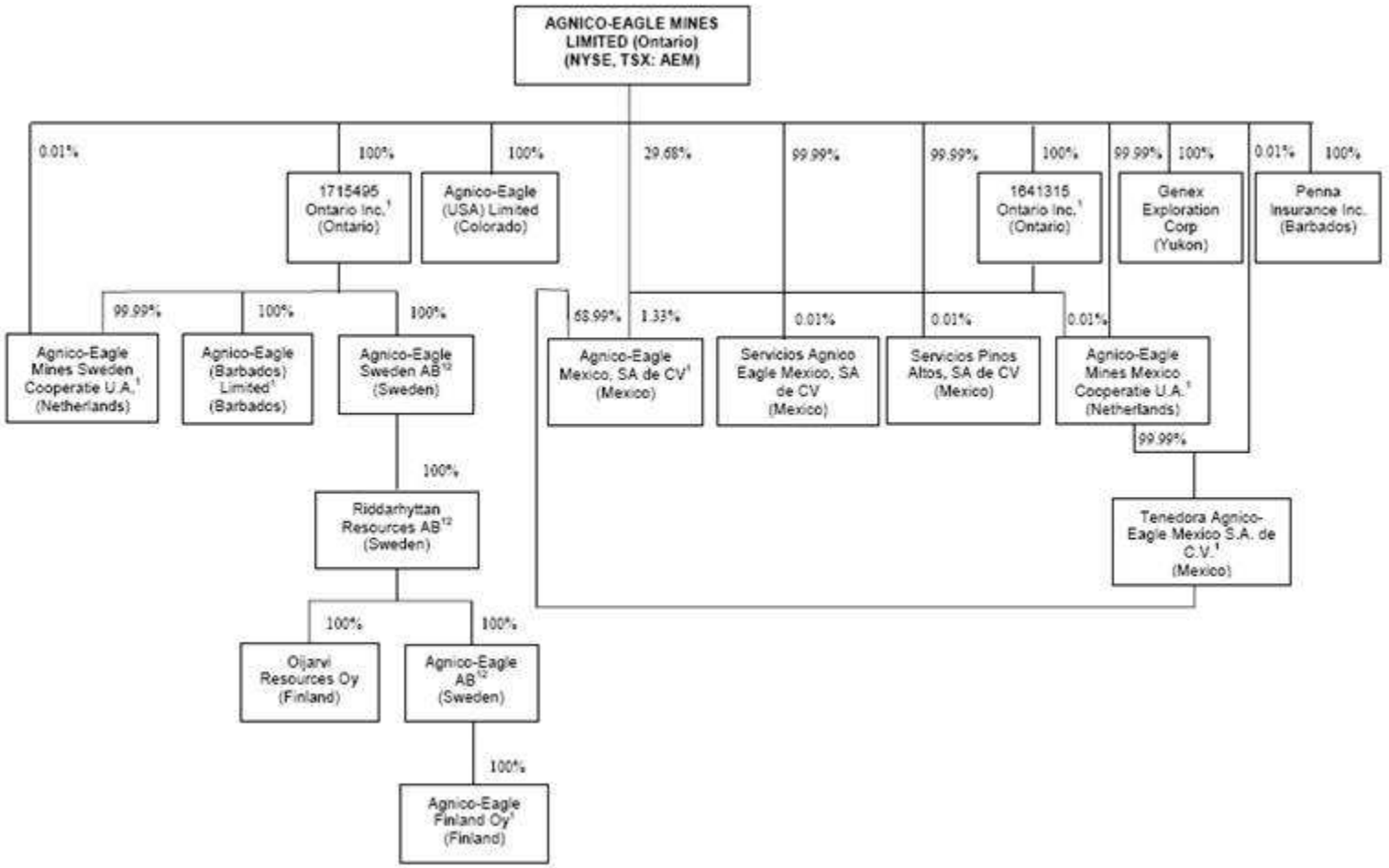
SCHEDULE B
OTHER SUPPORTED OBLIGATIONS

Nil.

SCHEDULE C
LITIGATION

Nil.

SCHEDULE D
EQUITY INTERESTS AND ORGANIZATION STRUCTURE



(1) Indicates that the Subsidiary will be a Guarantor on the Effective Date.
(2) Agnico-Eagle Sweden AB, Agnico-Eagle AB and Riddarhyttan Resources AB will merge as part of a reorganization of the Agnico-Eagle Mines Limited's Swedish/Finnish organization structure with Agnico-Eagle Sweden AB as the continuing entity.

Notes:

- The LaRonde, Goldex and Lapa Mines and the Meadowbank development project are owned by Agnico-Eagle Mines Limited and each mine/project is operated as a separate division.
- The Kittila Mine is owned by Agnico-Eagle AB and is operated by an unincorporated Finnish Branch of Agnico-Eagle AB.
- The Pinos Altos Mine project is owned by Agnico Eagle Mexico, SA de CV.

Directors and Senior Officers of Agnico-Eagle Mines Limited

Name	Title
James D. Nasso	Chairman
Sean Boyd	Vice-Chairman and Chief Executive Officer
Leanne M. Baker	Director
Douglas R. Beaumont	Director
Clifford J. Davis	Director
David Garofalo	Director, Senior Vice-President, Finance and Chief Financial Officer
Bernard Kraft	Director
Mel Leiderman	Director
J. Merfyn Roberts	Director

Eberhard Scherkus	Director, President, and Chief Operating Officer
Howard Stockford	Director
Pertti Voutilainen	Director
Donald G. Allan	Senior Vice-President, Corporate Development
Alain Blackburn	Senior Vice-President, Exploration
Tim Haldane	Senior Vice-President, Latin America
R. Gregory Laing	General Counsel, Senior Vice-President, Legal and Corporate Secretary
Daniel Racine	Senior Vice-President, Operations
Jean Robitaille	Senior Vice-President, Technical Services
Picklu Datta	Vice-President, Controller
Patrice Gilbert	Vice-President, Human Resources
Paul-Henri Girard	Vice-President, Canada

Louise Grondin	Vice-President, Environment and Sustainable Development
Ingmar Haga	Vice-President, Europe
Marc Legault	Vice-President, Project Development
Claudio Mancuso	Vice-President, Treasurer
David Smith	Vice-President, Investor Relations

Exhibit 4.05

EXECUTION COPY

AGNICO-EAGLE MINES LIMITED

U.S.$600,000,000

6.13% Series A Senior Notes due 2017
6.67% Series B Senior Notes due 2020
6.77% Series C Senior Notes due 2022

NOTE PURCHASE AGREEMENT

Dated as of April 7, 2010

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AGNICO-EAGLE MINES LIMITED
145 King Street East, Suite 400
Toronto, Ontario
Canada, M5C 2Y7

6.13% Series A Senior Notes due 2017
6.67% Series B Senior Notes due 2020
6.77% Series C Senior Notes due 2022

Dated as of April 7, 2010

To Each of the Purchasers Listed in
Schedule A Hereto:

Ladies and Gentlemen:

Agnico-Eagle Mines Limited, a corporation organized under the laws of the Province of Ontario (the " **Company** "), agrees with each of the purchasers whose names appear at the end hereof (each a " **Purchaser** " and collectively the " **Purchasers** ") as follows:

1. AUTHORIZATION OF NOTES.

The Company will authorize the issue and sale, in three series, of U.S.$600,000,000 aggregate principal amount of its senior notes of which (a) U.S.$115,000,000 aggregate principal amount shall be its 6.13% Series A Senior Notes due 2017 (the " **Series A Notes** "), (b) U.S.$360,000,000 aggregate principal amount shall be its 6.67% Series B Senior Notes due 2020 (the " **Series B Notes** ") and (c) U.S.$125,000,000 aggregate principal amount shall be its 6.77% Series C Senior Notes due 2022 (the " **Series C Notes** " and, together with the Series A Notes and the Series B Notes, the " **Notes** ", such term to include any such notes issued in substitution therefor pursuant to Section 14). The Series A Notes, Series B Notes and Series C Notes shall be substantially in the form set out in Exhibit 1-A, 1-B and 1-C, respectively. Certain capitalized and other terms used in this Agreement are defined in Schedule B; and references to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement.

Subject to Sections 9.8(c) and 9.8(d), payment of the principal of, Make-Whole Amount (if any) and Modified Make-Whole Amount (if any) and interest on the Notes and other amounts owing hereunder shall be unconditionally guaranteed by the Subsidiary Guarantors as set forth in the Subsidiary Guarantee of such Subsidiary Guarantors.

2. SALE AND PURCHASE OF NOTES.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to each Purchaser and each Purchaser will purchase from the Company, at the Closing provided for in Section 3, Notes in the respective series and in the principal amount specified opposite such Purchaser's name in Schedule A at the purchase price of 100% of the principal amount thereof. The Purchasers' obligations hereunder are several and not joint obligations and no Purchaser shall have any liability to any Person for the performance or non-performance of any obligation by any other Purchaser hereunder.

3. CLOSING.

The sale and purchase of the Notes to be purchased by each Purchaser shall occur at the offices of Milbank, Tweed, Hadley & McCloy LLP, One Chase Manhattan Plaza, New York, New York 10005, at 10:00 A.M., New York City time, at a closing (the " **Closing** ") on April 7, 2010. At the Closing the Company will deliver to each Purchaser the Notes to be purchased by such Purchaser in the form of a single Note for each series to be so purchased (or such greater number of Notes in denominations of at least U.S.$100,000 as such Purchaser may request) dated the date of the Closing and registered in such Purchaser's name (or in the name of its nominee), against delivery by such Purchaser to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds for the account of the Company to account number 800028716919 at The Bank of Nova Scotia, New York Agency, New York, NY, ABA number 026002532, Account name: Agnico-Eagle Mines Limited. If at the Closing the Company shall fail to tender such Notes to any Purchaser as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to such Purchaser's satisfaction, such Purchaser shall, at its election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Purchaser may have by reason of such failure or such nonfulfillment.

4. CONDITIONS TO CLOSING.

Each Purchaser's obligation to purchase and pay for the Notes to be sold to such Purchaser at the Closing is subject to the fulfillment to such Purchaser's satisfaction, prior to or at the Closing, of the following conditions:

4.1. Representations and Warranties.

The representations and warranties of the Company in this Agreement shall be correct when made and at the time of the Closing.

4.2. Performance; No Default.

The Company shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing and immediately after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by Section 5.14) no Default or Event of Default shall have occurred and be continuing. Neither the Company nor any Subsidiary

Guarantor shall have entered into any transaction since the date of the Memorandum that would have been prohibited by Sections 10.1, 10.2, 10.5 or 10.7 had such Sections applied since such date.

4.3. Compliance Certificates.

(a) Officer's Certificate . The Company shall have delivered to such Purchaser an Officer's Certificate, dated the date of the Closing, certifying that the conditions specified in Sections 4.1, 4.2 and 4.9 have been fulfilled and specifying the amount of Tangible Net Worth required to be maintained by the Company pursuant to Section 9.10 as of December 31, 2009.

(b) Secretary's or Director's Certificate . The Company and each Subsidiary Guarantor shall have delivered to such Purchaser a certificate of its Secretary or an Assistant Secretary or a Director or other appropriate person, dated the date of the Closing, certifying as to the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Notes and this Agreement (in the case of the Company) and each Subsidiary Guarantee (in the case of the Subsidiary providing such Subsidiary Guarantee).

4.4. Opinions of Counsel.

Such Purchaser shall have received opinions in form and substance satisfactory to such Purchaser, dated the date of the Closing from (a) (i) Davies Ward Phillips & Vineberg LLP, U.S. counsel for the Company and the Subsidiary Guarantors organized or incorporated in the United States, (ii) Davies Ward Phillips & Vineberg LLP, Canadian counsel for the Company and the Subsidiary Guarantors organized or incorporated in Canada or any Province thereof, (iii) Sánchez-Mejorada, Velasco y Ribé, Mexican counsel for the Subsidiary Guarantors organized or incorporated in the Republic of Mexico, (iv) Advokatfirman Vinge KB, Swedish counsel for the Subsidiary Guarantors organized or incorporated in Sweden, (v) Hannes Snellman Attorneys Ltd, Finnish counsel for the Subsidiary Guarantors organized or incorporated in Finland, (vi) Heussen, Dutch counsel for the Subsidiary Guarantors organized or incorporated in the Netherlands and (vii) Chancery Chambers, Barbadian counsel for the Subsidiary Guarantors organized or incorporated in Barbados, substantially in the respective forms set forth in Exhibits 4.4(a)(i), 4.4(a)(ii), 4.4(a)(iii), 4.4(a)(iv), 4.4(a)(v), 4.4(a)(vi) and 4.4(a)(vii) and covering such other matters incident to the transactions contemplated hereby as such Purchaser or its counsel may reasonably request (and each of the Company and each of the Subsidiary Guarantors hereby instructs its counsel to deliver such opinions to the Purchasers) and (b) from Milbank, Tweed, Hadley & McCloy LLP, the Purchasers' special counsel in connection with such transactions, substantially in the form set forth in Exhibit 4.4(b) and covering such other matters incident to such transactions as such Purchaser may reasonably request.

4.5. Purchase Permitted By Applicable Law, Etc.

On the date of the Closing, such Purchaser's purchase of Notes shall (a) be permitted by the laws and regulations of each jurisdiction to which such Purchaser is subject, without recourse to provisions (such as section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of

the particular investment, (b) not violate any applicable law or regulation (including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date hereof. If requested by such Purchaser, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as such Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

4.6. Sale of Other Notes.

Contemporaneously with the Closing the Company shall sell to each other Purchaser and each other Purchaser shall purchase the Notes to be purchased by it at the Closing as specified in Schedule A.

4.7. Payment of Special Counsel Fees.

Without limiting the provisions of Section 16.1, the Company shall have paid on or before the Closing the reasonable fees, charges and disbursements of the Purchasers' special counsel referred to in Section 4.4 to the extent reflected in a properly documented statement of such counsel rendered to the Company at least one Business Day prior to the Closing.

4.8. Private Placement Number.

A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the SVO) shall have been obtained for each series of Notes.

4.9. Changes in Corporate Structure.

The Company shall not have changed its jurisdiction of incorporation or organization, as applicable, or been a party to any merger or consolidation or succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Schedule 5.5.

4.10. Acceptance of Appointment to Receive Service of Process.

Such Purchaser shall have received evidence of the acceptance by CT Corporation (the " **Process Agent** ") of the appointment and designation provided for by Section 23.8(e) hereof and Section 16(b) of the Subsidiary Guarantees for the period from the date of the Closing to April 7, 2023 (and the payment in full of all fees in respect thereof).

4.11. Subsidiary Guarantees.

Such Purchaser shall have received a true and complete copy of the Subsidiary Guarantees, duly executed and delivered by each Subsidiary Guarantor identified in Schedule 5.4, such Subsidiary Guarantees shall be in full force and effect, and the representations and warranties of the Subsidiary Guarantors in such Subsidiary Guarantees shall be correct when made and at the time of Closing.

Such Purchaser shall also have received in respect of each Subsidiary Guarantor identified in Schedule 5.4:

(a) a duly certified copy of the resolution of the board of directors or analogous authorization, if any, of such entity authorizing it to execute, deliver and perform its obligations under its Subsidiary Guarantee; and

(b) an opinion addressed to the Purchasers and in form and substance satisfactory to the Purchasers from legal advisors to such Subsidiary Guarantor covering the status and capacity of such entity, the due authorization, execution and delivery and the validity and enforceability of its Subsidiary Guarantee and other matters reasonably satisfactory to the Purchasers (being those legal opinions referenced in Section 4.4 insofar as they relate to the Subsidiary Guarantors).

4.12. Funding Instructions.

At least three Business Days prior to the date of the Closing, each Purchaser shall have received written instructions signed by a Responsible Officer on letterhead of the Company confirming the information specified in Section 3 including (a) the name and address of the transferee bank, (b) such transferee bank's ABA number and (c) the account name and number into which the purchase price for the Notes is to be deposited.

4.13. Credit Rating.

The Company shall have a corporate rating of not less than BBB (low) from DBRS.

4.14. Proceedings and Documents.

All corporate and other proceedings in connection with the transactions contemplated by this Agreement, the Subsidiary

Guarantees and all documents and instruments incident to such transactions shall be satisfactory to such Purchaser and its special counsel, and such Purchaser and its special counsel shall have received all such counterpart originals or certified or other copies of such documents as such Purchaser or such special counsel may reasonably request.

5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to each Purchaser that:

5.1. Organization; Power and Authority.

The Company is a corporation duly organized, validly existing and, where legally applicable, in good standing under the laws of its jurisdiction of amalgamation, and is duly qualified as a foreign corporation and, where legally applicable, is in good standing in each jurisdiction in which it carries on business, where such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing would not,

individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts, to execute and deliver this Agreement and the Notes and to perform the provisions hereof and thereof.

5.2. Authorization, Etc.

This Agreement and the Notes have been duly authorized by all necessary corporate action on the part of the Company, and this Agreement constitutes, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally; (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) including the fact that equitable remedies, including specific performance and injunctive relief, are only available at a court's discretion; and (iii) the fact that pursuant to the *Currency Act* (Canada), no court in Canada may make an order expressed in any currency other than Canadian Dollars.

5.3. Disclosure.

The Company, through its agents, Barclays Capital Inc. and Bank of America Merrill Lynch, has delivered to each Purchaser a copy of a Private Placement Memorandum, dated March 2010 (the " **Memorandum** "), relating to the transactions contemplated hereby. The Memorandum fairly describes, in all material respects, the general nature of the business and principal properties of the Company and its Subsidiaries. This Agreement, the Memorandum and the documents, certificates or other writings delivered to the Purchasers by or on behalf of the Company in connection with the transactions contemplated hereby and identified in Schedule 5.3, and the financial statements listed in Schedule 5.5 (this Agreement, the Memorandum and such documents, certificates or other writings and financial statements listed in Schedules 5.3 and 5.5, respectively, and delivered to each Purchaser prior to March 18, 2010 being referred to, collectively, as the " **Disclosure Documents** "), taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Except as disclosed in the Disclosure Documents, since December 31, 2009 there has been no change in the financial condition, operations, business, properties or prospects of the Company or any Subsidiary except changes that individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect. There is no fact known to the Company that would reasonably be expected to have a Material Adverse Effect that has not been set forth herein or in the Disclosure Documents or that has not been otherwise disclosed in writing to each Purchaser.

5.4. Organization and Ownership of Shares of Subsidiaries; Affiliates.

(a) Schedule 5.4 contains (except as noted therein) complete and correct lists (i) of the Company's Subsidiaries, showing, as to each Subsidiary, the correct name thereof, the jurisdiction of its organization, the percentage of shares of each class of its capital stock or similar equity interests outstanding owned by the Company and each other Subsidiary and

whether such Subsidiary will on the date of the Closing be a Subsidiary Guarantor, (ii) of the Company's Affiliates, other than Subsidiaries, and (iii) of the Company's directors and senior officers.

(b) All of the outstanding shares of capital stock or similar equity interests of each Subsidiary shown in Schedule 5.4 as being owned by the Company and its Subsidiaries have been validly issued, are fully paid and nonassessable and are owned by the Company or another Subsidiary free and clear of any Lien (other than any Lien created by statute or by operation of law and the Mexican Pledge), and except as otherwise disclosed in Schedule 5.4).

(c) Each Subsidiary identified in Schedule 5.4 is a corporation or other legal entity duly organized, validly existing and, where legally applicable, in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and, where legally applicable, is in good standing in each jurisdiction in which it carries on business, where such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each such Subsidiary has the corporate or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts.

(d) No Subsidiary is a party to, or otherwise subject to any legal, regulatory, contractual or other restriction (other than this Agreement, the Major Credit Facility, the agreements listed on Schedule 5.4 and customary limitations imposed by corporate law or similar statutes) restricting the ability of such Subsidiary to pay dividends out of profits or make any other similar distributions of profits to the Company or any of its Subsidiaries that owns outstanding shares of capital stock or similar equity interests of such Subsidiary.

5.5. Financial Statements; Material Liabilities.

The Company has delivered to each Purchaser copies of the audited consolidated financial statements of the Company listed on Schedule 5.5. All of said financial statements (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of the Company as of the respective dates specified in such Schedule and the consolidated results of their operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments). The Company and its Subsidiaries do not have any Material liabilities that are not disclosed on such financial statements or otherwise disclosed in the Disclosure Documents.

5.6. Compliance with Laws, Other Instruments, Etc.

The execution, delivery and performance by the Company of this Agreement and the Notes will not (a) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Company or any Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter, memorandum and articles of association or by-laws, or any other Material agreement or

instrument to which the Company or any Subsidiary is bound or by which the Company or any Subsidiary or any of their respective properties may be bound or affected, (b) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Company or any Subsidiary or (c) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company or any Subsidiary.

5.7. Governmental Authorizations, Etc.

Except as set forth in Schedule 5.7, no consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by the Company of this Agreement or the Notes, including, without limitation, any thereof required in connection with the obtaining of U.S. Dollars to make payments under this Agreement or the Notes and the payment of such U.S. Dollars to Persons resident in the United States of America. It is not necessary to ensure the legality, validity, enforceability or admissibility into evidence in the Province of Ontario of this Agreement or the Notes that any thereof or any other document be filed, recorded or enrolled with any Governmental Authority (other than to obtain a court order in the context of a *de novo* judicial proceeding, in which case this Agreement and/or the Notes would have to be submitted as evidence to a court) or that any such agreement or document be stamped with any stamp, registration or similar transaction tax.

5.8. Litigation; Observance of Agreements, Statutes and Orders.

(a) There are no actions, suits, investigations or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company or any Subsidiary or any property of the Company or any Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary is in default under any term of any agreement or instrument to which it is a party or by which it is bound, or any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority or is in violation of any applicable law, ordinance, rule or regulation (including, without limitation, Environmental Laws or the USA PATRIOT Act) of any Governmental Authority, which default or violation, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

5.9. Taxes.

The Company and its Subsidiaries have filed all tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments levied upon them or their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (i) the amount of which is not individually or in the aggregate Material or (ii) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which

the Company or a Subsidiary, as the case may be, has established adequate reserves in accordance with GAAP. The Company knows of no basis for any other tax or assessment that would reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Company and its Subsidiaries in respect of Federal, state or other income taxes for any fiscal periods for which potential claims by any Taxing Jurisdiction are not barred by a statute of limitations or similar provision of law are adequate.

No liability for any Tax, directly or indirectly, imposed, assessed, levied or collected by or for the account of any Governmental Authority of Canada or any political subdivision thereof will be incurred by the Company or any holder of a Note solely as a result of the execution or delivery of this Agreement or the Notes (without any consideration of any fact or circumstance particular or relating to a specific holder) and no deduction or withholding in respect of Taxes imposed by or for the account of Canada or, to the knowledge of the Company without independent investigation or inquiry, any other Taxing Jurisdiction, is required to be made from any payment by the Company under this Agreement or the Notes except for any such liability, withholding or deduction imposed, assessed, levied or collected by or for the account of any such Governmental Authority of Canada arising out of circumstances described in clause (a), (b), (c) or (d) of Section 13.

5.10. Title to Property; Leases.

The Company and its Subsidiaries have good and sufficient title to their respective properties that individually or in the aggregate are Material, including all such properties reflected in the most recent audited balance sheet referred to in Section 5.5 or purported to have been acquired by the Company or any Subsidiary after said date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by this Agreement. All leases to which the Company or any Subsidiary is party and that individually or in the aggregate are Material are valid and subsisting and are in full force and effect in all material respects.

5.11. Licenses, Permits, Etc.

(a) The Company and its Subsidiaries own or possess all licenses, permits, franchises, authorizations, patents, copyrights, proprietary software, service marks, trademarks and trade names, or rights thereto, that individually or in the aggregate are Material, without known conflict with the rights of others.

(b) To the best knowledge of the Company, no product of the Company or any of its Subsidiaries infringes in any material respect any license, permit, franchise, authorization, patent, copyright, proprietary software, service mark, trademark, trade name or other right owned by any other Person.

(c) To the best knowledge of the Company, there is no Material violation by any Person of any right of the Company or any of its Subsidiaries with respect to any patent, copyright, proprietary software, service mark, trademark, trade name or other right owned or used by the Company or any of its Subsidiaries.

5.12. Compliance with ERISA; Non-U.S. Plans.

(a) Neither the Company nor any ERISA Affiliate maintains, contributes to or is obligated to maintain or contribute to, or has, at any time within the past six years, maintained, contributed to or been obligated to maintain or contribute to, any employee benefit plan which is subject to Title I or Title IV of ERISA or section 4975 of the Code. Neither the Company nor any ERISA Affiliate is, or has ever been at any time within the past six years, a "party in interest" (as defined in section 3(14) of ERISA) or a "disqualified person" (as defined in section 4975 of the Code) with respect to any such plan.

(b) All Non-U.S. Plans have been established, operated, administered and maintained in compliance with all laws, regulations and orders applicable thereto, except where failure to so comply would not be reasonably expected to have a Material Adverse Effect. All premiums, contributions and any other amounts required by applicable Non-U.S. Plan documents or applicable laws to be paid or accrued by the Company and its Subsidiaries have been paid or accrued as required by applicable laws governing such Non-U.S. Plans, except where failure so to pay or accrue would not be reasonably expected to have a Material Adverse Effect.

(c) No steps have been taken to terminate any Non-U.S. Plan (in whole or in part) which would result in the obligor under such Non-U.S. Plan being required to make any additional contributions to such Non-U.S. Plan. Each such Non-U.S. Plan is funded in accordance with the terms of such Non-U.S. Plan and the requirements of law applicable to such Non-U.S. Plan.

5.13. Private Offering by the Company.

Neither the Company nor anyone acting on its behalf has offered the Notes or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any person other than the Purchasers and not more than 75 other Institutional Investors, each of which has been offered the Notes at a private sale outside of Canada for investment. Neither the Company nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of Section 5 of the Securities Act or to the registration requirements of any securities or blue sky laws of any applicable jurisdiction.

5.14. Use of Proceeds; Margin Regulations.

The Company will apply, within 30 days after the date of Closing, 100% of the proceeds of the sale of the Notes to repay indebtedness outstanding under the Major Credit Facility (without permanent reduction in the availability thereunder). No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock in violation of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). The Company will not use directly, and has no present intention to use indirectly, any part of the proceeds from the sale of the Notes hereunder for the purpose of

buying or carrying any margin stock within the meaning of said Regulation U. Margin stock does not constitute more than 25% of the value of the consolidated assets of the Company and its Subsidiaries and the Company does not have any present intention that margin stock will constitute more than 25% of the value of such assets. As used in this Section, the terms "margin stock" and "purpose of buying or carrying" shall have the meanings assigned to them in said Regulation U.

5.15. Existing Indebtedness; Future Liens.

(a) Except as described therein, Schedule 5.15 sets forth a complete and correct list of all outstanding Indebtedness of the Company and its Subsidiaries as of March 31, 2010 (including a description of the obligors and obligees, principal amount outstanding and collateral therefor, if any, and Guaranty thereof, if any), since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Indebtedness of the Company or its Subsidiaries. Neither the Company nor any Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Indebtedness of the Company or such Subsidiary and no event or condition exists with respect to any Indebtedness of the Company or any Subsidiary that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Indebtedness to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

(b) Except as disclosed in Schedule 5.15, neither the Company nor any Subsidiary has agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise) any of its property, whether now owned or hereafter acquired, to be subject to a Lien not permitted by Section 10.5.

(c) Neither the Company nor any Subsidiary is a party to, or otherwise subject to any provision contained in, any instrument evidencing Indebtedness of the Company or such Subsidiary, any agreement relating thereto or any other agreement (including, but not limited to, its charter or other organizational document) which limits the amount of, or otherwise imposes restrictions on the incurring of, Indebtedness of the Company, except as specifically indicated in Schedule 5.15.

5.16. Foreign Assets Control Regulations, Etc.

(a) Neither the sale of the Notes by the Company hereunder nor its use of the proceeds thereof will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto.

(b) Neither the Company nor any Subsidiary (i) is a Person described or designated in the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control or in Section 1 of the Anti-Terrorism Order or (ii) engages in any dealings or transactions with any such Person. The Company and its Subsidiaries are in compliance, in all material respects, with the USA PATRIOT Act.

(c) No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended, assuming in all cases that such Act applies to the Company.

5.17. Status under Certain Statutes.

Neither the Company nor any Subsidiary is subject to regulation under the Investment Company Act of 1940, as amended, the ICC Termination Act of 1995, as amended, or the Federal Power Act, as amended.

5.18. Environmental Matters.

(a) Neither the Company nor any Subsidiary has knowledge of any claim or has received any notice of any claim, and no proceeding has been instituted raising any claim against the Company or any of its Subsidiaries or any of their respective real properties now or formerly owned, leased or operated by any of them or other assets, alleging any violation of any Environmental Laws, except, in each case, such as would not reasonably be expected to result in a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary has knowledge of any facts which would give rise to any claim against the Company or any of its Subsidiaries, public or private, of violation of Environmental Laws emanating from, occurring on or in any way related to real properties now or formerly owned, leased or operated by any of them or to other assets or their use, except, in each case, such as would not reasonably be expected to result in a Material Adverse Effect.

(c) Neither the Company nor any Subsidiary has stored any Hazardous Materials on real properties now or formerly owned, leased or operated by any of them in a manner contrary to any Environmental Laws and has not disposed of any Hazardous Materials in a manner contrary to any Environmental Laws, in each case in any manner that would reasonably be expected to result in a Material Adverse Effect; and

(d) All buildings on all real properties now owned, leased or operated by the Company or any Subsidiary are in compliance with applicable Environmental Laws, except where failure to comply would not reasonably be expected to result in a Material Adverse Effect.

5.19. Ranking of Obligations.

The Company's payment obligations under this Agreement and the Notes will, upon issuance of the Notes, rank at least *pari passu* , without preference or priority, with all other unsecured and unsubordinated Indebtedness of the Company, except for any such Indebtedness preferred by operation of law.

5.20. Subsidiary Guarantees.

The representations and warranties of each Subsidiary Guarantor contained in the Subsidiary Guarantee of such Subsidiary Guarantor are true and correct as of the date they are made and will be true and correct at the time of Closing.

5.21. Mines.

The Goldex Mine, the Lapa Mine, the LaRonde Mine and the Meadowbank Mine are each owned by the Company and each of the Kittila Mine, and the Pinos Altos Mine is owned by an indirect, wholly-owned Subsidiary of the Company.

5.22. Solvency Proceedings.

Neither the Company nor any Subsidiary has:

(a) admitted its inability to pay its debts generally as they become due or failed to pay its debts generally as they become due;

(b) in respect of itself, filed an assignment or petition in bankruptcy or a petition to take advantage of any insolvency statute;

(c) made an assignment for the benefit of its creditors;

(d) consented to the appointment of a receiver of the whole or any substantial part of its assets;

(e) filed a petition or answer seeking a reorganization, arrangement, adjustment or compensation in respect of itself under applicable bankruptcy laws or any other applicable law or statute of Canada, the United States or other applicable jurisdiction or any subdivision thereof; or

(f) been adjudged by a court having jurisdiction a bankrupt or insolvent, nor has a decree or order of a court having jurisdiction been entered for the appointment of a receiver, liquidator, trustee or assignee in bankruptcy of the Company or any Subsidiary with such decree or order having remained in force and undischarged or unstayed for a period of 30 days.

5.23. Subsidiary Guarantors.

The Company and the Subsidiary Guarantors accounted for greater than 99% of the consolidated total assets of the Company and its Subsidiaries as of December 31, 2009 and 100% of the consolidated total revenues of the Company and its Subsidiaries for the twelve-month period ending on December 31, 2009.

6. REPRESENTATIONS OF THE PURCHASERS.

(a) Each Purchaser severally represents that it is purchasing the Notes for its own account or for one or more separate accounts maintained by such Purchaser or for the account of one or more pension or trust funds and not with a view to the distribution thereof, provided that the disposition of such Purchaser's or their property shall at all times be within such Purchaser's or their control. Each Purchaser understands that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Notes.

(b) Each Purchaser severally acknowledges that the Notes are not qualified for distribution to the public in Canada and further severally represents and agrees that it shall not resell its Notes in Canada or to any Canadian resident unless permitted under the applicable securities laws of the provinces and territories of Canada, and any resale of the Notes by such Purchaser in Canada or to a Canadian resident will comply with the applicable securities laws of the provinces and territories of Canada.

(c) Each Purchaser in Canada severally represents that (i) such Purchaser in Ontario or Quebec is, or is deemed under National Instrument 45-106 - *Prospectus and Registration Exemptions* (" **NI 45-106** ") to be, purchasing as principal and meets one or more of the criteria to be classified as an "accredited investor" as defined in NI 45-106, (ii) such Purchaser is basing its investment decision solely on the information contained in the Disclosure Documents and not on any other information concerning the Company or the Notes and (iii) such Purchaser was not created and is not being used solely to purchase or hold securities as an "accredited investor" for the purposes of paragraph (m) of such definition.

(d) Each Purchaser in Canada severally represents that it (i) has been notified by the Company (1) that the Company is required to provide information (" **personal information** ") pertaining to the Purchaser as required to be disclosed in Schedule I of Form 45-106F1 under NI 45-106 (including its name, address, telephone number and the number and value of Notes purchased), which Form 45-106F1 is required to be filed by the Company under NI 45-106, (2) that the personal information will be delivered to the Ontario Securities Commission in accordance with NI 45-106, (3) that such personal information is being collected indirectly by the Ontario Securities

Commission under the authority granted to it in securities legislation, (4) that such personal information is being collected for the purposes of the administration and enforcement of the securities legislation of Ontario, and (5) that the public official in Ontario who can answer questions about the Ontario Securities Commission's indirect collection of the personal information is the Administrative Assistant to the Director of Corporate Finance at the Ontario Securities Commission, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8, Telephone: (416) 593-8086, and (ii) has authorized the indirect collection of the personal information by the Ontario Securities Commission.

(e) Each Purchaser in Canada severally acknowledges that its name and other specified information, including the number of Notes it has purchased, may be disclosed to other Canadian securities regulatory authorities and may become available to the public in accordance

with the requirements of applicable laws. Such Purchaser consents to the disclosure of that information.

(f) Each Purchaser in Canada hereby severally (i) acknowledges that the restrictions on resale of the Notes set out at page 6 of the Memorandum under the caption "Resale Restrictions" are applicable to it and, for greater certainty, acknowledges that the Notes will not be or become freely tradeable in Canada and may only be resold pursuant to a prospectus or an exemption from the prospectus requirements under applicable Canadian securities laws, and (ii) agrees that it is such Purchaser's express wish that all documents evidencing or relating in any way to the sale of the Notes be drafted in the English language only. *Chaque acheteur au Canada des valeurs mobilières reconnaît que c'est sa volonté expresse que tous les documents faisant foi ou se rapportant de quelque manière à la vente des valuers mobilières soient rédigés uniquement en anglais .*

7. INFORMATION AS TO THE COMPANY.

7.1. Financial and Business Information.

The Company shall deliver to each holder of Notes that is an Institutional Investor (and for purposes of this Agreement the information required by this Section 7.1 shall be deemed delivered on the date of delivery of such information or in the case of any such information being filed on SEDAR or EDGAR or published on the Company's website, the date on which notice of such filing or publishing is provided to such holders of Notes, provided that a holder may request delivery of hard copies of such information at any time):

(a) Interim Statements — promptly after the same are available and in any event within 60 days after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), unaudited consolidated financial statements of the Company and its Subsidiaries as at the end of such quarter, in each case including, without limitation, balance sheet, statements of income, shareholders' equity and cash flows and management's discussion and analysis, for such period and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter, setting forth in each case in comparative form the figures for the corresponding period in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to interim financial statements generally, and certified by a Senior Financial Officer as fairly presenting, in all material respects, the consolidated financial position of the Company, subject to changes resulting from year-end adjustments;

(b) Annual Statements — promptly after the same are available and in any event within 120 days after the end of each fiscal year of the Company, consolidated annual financial statements of the Company and its Subsidiaries, including, without limitation, balance sheet, statements of income, shareholders' equity and cash flows and management's discussion and analysis, together with the notes thereto, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by an opinion thereon of independent public accountants of recognized international standing, which opinion shall

state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in accordance with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances;

(c) Reports to Lenders and Regulatory Authorities — promptly upon their becoming available, one copy of (i) each financial statement, report, circular, notice, proxy statement or similar document sent by the Company or any Subsidiary Guarantor to its principal lending banks as a whole (excluding information sent to such banks in the ordinary course of administration of a bank facility, such as information relating to pricing and borrowing availability) or to its public securities holders generally, (ii) each regular or periodic report, each registration statement (without exhibits except as expressly requested by such holder), and each prospectus and all amendments thereto filed by the Company or any Subsidiary Guarantor with the Securities and Exchange Commission or any similar Governmental Authority or securities exchange and of all press releases and other written statements made available generally by the Company or any Subsidiary Guarantor to the public concerning developments that are Material and (iii) any release, report, statement or document filed by the Company or any Subsidiary Guarantor with any regulatory authority, except in circumstances where such filing is made on a confidential basis, in which case the Company shall deliver a copy thereof when such filing is no longer confidential;

(d) Notice of Default or Event of Default — promptly and in any event within 10 Business Days after a Responsible Officer becoming aware of the existence of any Default or Event of Default or that any Person has given any notice or taken any action with respect to a claimed default hereunder or that any Person has given any notice or taken any action with respect to a claimed default of the type referred to in Section 11(f), a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(e) Notices from Governmental Authority — promptly, and in any event within 30 days of receipt thereof, copies of any notice to the Company or any Subsidiary Guarantor from any Governmental Authority relating to any order, ruling, statute or other law or regulation that would reasonably be expected to have a Material Adverse Effect;

(f) Mining Reports — promptly, after the same are available and in any event within 120 days after the end of each fiscal year of the Company, copies of technical reports of the Company as required by Canadian National Instrument 43-101 — Standards of Disclosure for Mineral Projects;

(g) Environmental Matters — promptly after a Responsible Officer becoming aware thereof, a written notice of any violation, alleged violation, notice of infraction, order, claim, suit or proceeding relating to Environmental Laws or the presence of Hazardous Materials on or originating from the property or operations of any of the

Company or any Subsidiary Guarantor which would reasonably be expected to have a Material Adverse Effect;

(h) Proceedings, etc. — promptly after a Responsible Officer becoming aware thereof, the occurrence of any action, suit, dispute, arbitration, proceeding, labor or industrial dispute or other circumstance affecting the Company and the Subsidiary Guarantors, the result of which if determined adversely would reasonably be expected to have a Material Adverse Effect; and

(i) Requested Information — with reasonable promptness following any request therefor, such other data and information the subject matter of which is not already in some manner addressed in this Section 7.1 (provided that the Company will provide answers to questions from any holder of a Note pertaining to such information addressed in this Section 7.1) relating to the business, operations, affairs, financial condition, assets or properties of the Company or any Subsidiary Guarantor or relating to the ability of the Company to perform its obligations hereunder and under the Notes as from time to time may be reasonably requested by any such holder of Notes, including information readily available to the Company explaining the Company's financial statements if such information has been requested by the SVO in order to assign or maintain a designation of the Notes.

7.2. Officer's Certificate.

Each set of financial statements delivered to a holder of Notes pursuant to Section 7.1(a) or Section 7.1(b) shall be accompanied by a certificate of a Senior Financial Officer in substantially the form attached as Exhibit 7.2 hereto, setting forth (and in the case of financial statements posted on SEDAR, EDGAR or the Company's website, such certificate shall be sent to each holder of Notes concurrently with notice of such posting):

(a) Covenant Compliance — the information (including detailed calculations) required in order to establish whether the Company was in compliance with the requirements of Sections 9.8(a)(i), 9.9, 9.10, 10.5(p), 10.6(g) and 10.7(f) during the interim or annual period covered by the statements then being furnished (including with respect to each such Section, where applicable, the calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Sections, and the calculation of the amount, ratio or percentage then in existence); and

(b) Event of Default — a statement that such Senior Financial Officer has reviewed the relevant terms hereof and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Company and its Subsidiaries from the beginning of the interim or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists (including, without limitation, any such event or condition resulting from the failure of the Company or any Subsidiary Guarantor to comply with any Environmental Law),

specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

7.3. Visitation.

The Company shall permit the representatives of each holder of Notes that is an Institutional Investor:

(a) No Default — if no Default or Event of Default then exists, at the expense of such holder and upon reasonable prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and the Subsidiary Guarantors with the Company's officers, and (with the consent of the Company, which consent will not be unreasonably withheld) its independent public accountants, and (with the consent of the Company, which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Subsidiary Guarantor, all at such reasonable times and as may be reasonably requested in writing, in all cases, without any invasion or intrusive testing, provided that no holder of Notes is entitled to visit more than once per year; and

(b) Default — if a Default or Event of Default then exists, at the expense of the Company to visit and inspect any of the offices or properties of the Company or any Subsidiary Guarantor, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and the Subsidiary Guarantors), all at such times and as often as may be requested.

7.4. Limitation on Disclosure Obligation.

The Company shall not be required to disclose the following information pursuant to Section 7.1(c), 7.1(e), 7.1(g), 7.1(h), 7.1(i) or 7.3:

(a) information that the Company determines after consultation with counsel qualified to advise on such matters that, notwithstanding the confidentiality requirements of Section 21, it would be prohibited from disclosing by applicable law or regulations without making public disclosure thereof; or

(b) information that, notwithstanding the confidentiality requirements of Section 21, the Company is prohibited from disclosing by the terms of an obligation of confidentiality contained in any agreement with any non-Affiliate binding upon the Company and not entered into in contemplation of this clause (b), provided that the Company shall use commercially reasonable efforts to obtain consent from the party in whose favor the obligation of confidentiality was made to permit the disclosure of the relevant information, and provided further that the Company has received a written opinion of counsel confirming that disclosure of such information without consent from such other contractual party would constitute a breach of such agreement; or

(c) information that, notwithstanding the confidentiality requirements of Section 21, the Company is prohibited from disclosing by the terms of an obligation of confidentiality imposed on it by any Governmental Authority.

Promptly after a request therefor from any holder of Notes that is an Institutional Investor, the Company will provide such holder with a written opinion of counsel (which may be addressed to the Company and need not be addressed to any other Person) relied upon as to any requested information that the Company is prohibited from disclosing to such holder under circumstances described in Section 7.4(b).

8. PAYMENT AND PREPAYMENT OF THE NOTES.

8.1. Maturity.

As provided therein, the entire unpaid principal balance of the Series A Notes, Series B Notes and Series C Notes shall be due and payable on April 7, 2017, April 7, 2020 and April 7, 2022, respectively.

8.2. Optional Prepayment with Make-Whole Amount.

The Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the Notes, in an amount not less than 5% of the aggregate principal amount of the Notes then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, and the Make-Whole Amount determined for the prepayment date with respect to such principal amount. The Company will give each holder of Notes written notice of each optional prepayment under this Section 8.2 not less than 30 days and not more than 60 days prior to the date fixed for such prepayment. Each such notice shall specify such date (which shall be a Business Day), the aggregate principal amount of the Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with Section 8.6), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of Notes a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

8.3. Prepayment for Tax Reasons.

If at any time as a result of a Change in Tax Law (as defined below) the Company is or becomes obligated to make any Additional Payments (as defined below) in respect of any payment of interest on account of any of the Notes in an aggregate amount for all affected Notes equal to 5% or more of the aggregate amount of such interest payment on account of all of the Notes, the Company may give the holders of all affected Notes irrevocable written notice (each, a " **Tax Prepayment Notice** ") of the prepayment of such affected Notes on a specified prepayment date (which shall be a Business Day not less than 30 days nor more than 60 days after the date of such notice) and the circumstances giving rise to the obligation of the Company

to make any Additional Payments and the amount thereof and stating that all of the affected Notes shall be prepaid on the date of such prepayment at 100% of the outstanding principal amount so prepaid together with interest accrued thereon to, but excluding, the date of such prepayment plus an amount equal to the Modified Make-Whole Amount for each such Note, except in the case of an affected Note if the holder of such Note shall, by written notice given to the Company no more than 20 days after receipt of the Tax Prepayment Notice, reject such prepayment of such Note (each, a " **Rejection Notice** "). Such Tax Prepayment Notice shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Modified Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. The form of Rejection Notice shall also accompany the Tax Prepayment Notice and shall state with respect to each Note covered thereby that execution and delivery thereof by the holder of such Note shall operate as a permanent waiver of such holder's right to receive the Additional Payments arising as a result of the circumstances described in the Tax Prepayment Notice in respect of all future payments of interest on such Note (but not of such holder's right to receive any Additional Payments that arise out of circumstances not described in the Tax Prepayment Notice or which exceed the amount of the Additional Payment described in the Tax Prepayment Notice), which waiver shall be binding upon all subsequent transferees of such Note. The Tax Prepayment Notice having been given as aforesaid to each holder of the affected Notes, the outstanding principal amount of such Notes together with interest accrued thereon to, but excluding, the date of such prepayment plus the Modified Make-Whole Amount shall become due and payable on such prepayment date, except in the case of Notes the holders of which shall timely give a Rejection Notice as aforesaid. Two Business Days prior to such prepayment, the Company shall deliver to each holder of a Note being so prepaid a certificate of a Senior Financial Officer specifying the calculation of such Modified Make-Whole Amount as of such prepayment date.

No prepayment of the Notes pursuant to this Section 8.3 shall affect the obligation of the Company to pay Additional Payments in respect of any payment made on or prior to the date of such prepayment. For purposes of this Section 8.3, any holder of more than one affected Note may act separately with respect to each affected Note so held (with the effect that a holder of more than one affected Note may accept such offer with respect to one or more affected Notes so held and reject such offer with respect to one or more other affected Notes so held).

The Company may not offer to prepay or prepay Notes pursuant to this Section 8.3 (a) for so long as a Default or Event of Default then exists, (b) until the Company shall have taken commercially reasonable steps to mitigate the requirement to make the related Additional Payments or (c) if the obligation to make such Additional Payments directly results or resulted from actions taken by the Company or any Subsidiary (other than actions required to be taken under applicable law), and any Tax Prepayment Notice given pursuant to this Section 8.3 shall certify to the foregoing and describe such mitigation steps, if any.

For purposes of this Section 8.3: " **Additional Payments** " means additional amounts required to be paid to a holder of any Note pursuant to Section 13 by reason of a Change in Tax Law; and a " **Change in Tax Law** " means (individually or collectively with one or more prior changes) (i) an amendment to, or change in, any law, treaty, rule or regulation of Canada after the date of the Closing, or an amendment to, or change in, an official interpretation

or application of such law, treaty, rule or regulation after the date of the Closing, which amendment or change is in force and continuing and meets the opinion and certification requirements described below or (ii) in the case of any other jurisdiction that becomes a Taxing Jurisdiction after the date of the Closing, an amendment to, or change in, any law, treaty, rule or regulation of such jurisdiction, or an amendment to, or change in, an official interpretation or application of such law, treaty, rule or regulation, in any case after such jurisdiction shall have become a Taxing Jurisdiction, which amendment or change is in force and continuing and meets such opinion and certification requirements. No such amendment or change shall constitute a Change in Tax Law unless the same would in the opinion of the Company (which shall be evidenced by an Officer's Certificate of the Company and supported by a written opinion of counsel having recognized expertise in the field of taxation in the Taxing Jurisdiction, both of which shall be delivered to all holders of the Notes prior to or concurrently with the Tax Prepayment Notice in respect of such Change in Tax Law) affect the deduction or require the withholding of any Tax imposed by such Taxing Jurisdiction on any payment payable on the Notes.

8.4. Prepayment in Connection with a Change of Control.

Promptly and in any event within five Business Days after the occurrence of a Change of Control, the Company shall give written notice thereof (each a " **Control Prepayment Notice** ") to each holder of a Note, which Control Prepayment Notice shall describe the Change of Control in reasonable detail (including the Persons party thereto) and (i) refer specifically to this Section 8.4, (ii) specify a Business Day not less than 30 days and not more than 60 days after the date of the Control Prepayment Notice (the " **Control Prepayment Date** ") and specify the Control Response Date (as defined below) and (iii) offer to prepay on the Control Prepayment Date all (but not less than all) of each Note of each such holder, at 100% of the outstanding principal amount thereof, without any Make-Whole Amount, Modified Make-Whole Amount or other premium, together with interest accrued thereon to, but excluding, the Control Prepayment Date. Each holder of a Note shall notify the Company of such holder's acceptance or rejection of such offer (which may be on a Note-by-Note basis) by giving written notice of such acceptance or rejection to the Company within 20 days following the date of the Control Prepayment Notice (such date 20 days following the date of the Control Prepayment Notice being the " **Control Response Date** "), and the Company shall prepay in full on the Control Prepayment Date all Notes as to which each holder has accepted such offer in accordance with this Section 8.4 at a price in respect of each such Note held by such holder equal to 100% of the outstanding principal amount thereof, without any Make-Whole Amount, Modified Make-Whole Amount or other premium, together with interest accrued thereon to, but excluding, the Control Prepayment Date. The failure by the holder of any Note to respond to an offer made in accordance with this Section 8.4 by the Control Response Date shall be deemed to be a rejection of such offer.

8.5. Prepayment in Connection with Asset Dispositions.

If the Company is required to offer to prepay Notes in accordance with Section 10.7(e), the Company will give written notice thereof (each a " **Disposition Prepayment Notice** ") to the holders of the Notes then outstanding, which notice shall (i) refer specifically to

this Section 8.5 and describe in reasonable detail the Disposition giving rise to such offer to prepay Notes, (ii) specify the ratable portion of each Note being offered to be prepaid (determined based on the unpaid principal amount of each Note in proportion to the aggregate unpaid principal of all Notes of all series at the time outstanding), (iii) specify a Business Day for such prepayment not less than 30 days and not more than 60 days after the date of the Disposition Prepayment Notice (the " **Disposition Prepayment Date** ") and specify the Disposition Response Date (as defined below) and (iv) offer to prepay on the Disposition Prepayment Date such ratable portion of each Note, without any Make-Whole Amount, Modified Make-Whole Amount or other premium, together with interest accrued thereon to, but excluding, the Disposition Prepayment Date. Each holder of a Note shall notify the Company of such holder's acceptance or rejection of such offer (which may be on a Note-by-Note basis) by giving written notice of such acceptance or rejection to the Company within 20 days following the date of the Disposition Prepayment Notice (such date 20 days following the date of the Disposition Prepayment Notice being the " **Disposition Response Date** "), and the Company shall prepay on the Disposition Prepayment Date such ratable portion of each Note as to which each holder has accepted such offer in accordance with this Section 8.5 at a price in respect of each Note held by such holder equal to the principal amount of such ratable portion of such Note, without any Make-Whole Amount, Modified Make-Whole Amount or other premium, together with interest accrued thereon to, but excluding, the Disposition Prepayment Date. The failure by a holder of any Note to respond to such offer in writing on or before the Disposition Response Date shall be deemed to be a rejection of such offer.

8.6. Allocation of Partial Prepayments.

In the case of each partial prepayment of the Notes pursuant to Section 8.2 or Section 8.5 or any partial purchase of the Notes pursuant to Section 8.8, the Company shall prepay the same percentage of the unpaid principal amount of the Notes of each series, and the principal amount of the Notes of each series so to be prepaid shall be allocated among all of the Notes of such series at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment.

8.7. Maturity; Surrender, Etc.

In the case of each prepayment of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment (which shall be a Business Day), together with interest on such principal amount accrued to, but excluding, such date and the applicable Make-Whole Amount or Modified Make-Whole Amount, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount or Modified Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company promptly following such payment or prepayment in full. Any such Note shall be cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

8.8. Purchase of Notes.

The Company will not and will not permit any Affiliate that it controls to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except (a) upon the payment or prepayment of the Notes in accordance with the terms of this Agreement and the Notes or (b) pursuant to an offer to purchase made by the Company or such Affiliate *pro rata* to the holders of all Notes at the time outstanding upon the same terms and conditions. Any such offer shall provide each holder with sufficient information to enable it to make an informed decision with respect to such offer, and shall remain open for at least 10 Business Days. If the holders of more than 50% of the principal amount of the Notes then outstanding accept such offer, the Company shall promptly notify the remaining holders of such fact and the expiration date for the acceptance by holders of Notes of such offer shall be extended by the number of days necessary to give each such remaining holder at least five Business Days from its receipt of such notice to accept such offer. The Company will promptly cancel all Notes acquired by it or such Affiliate pursuant to any payment or prepayment or purchase of Notes pursuant to any provision of this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

8.9. Make-Whole Amount and Modified Make-Whole Amount.

The terms **"Make-Whole Amount"** and **"Modified Make-Whole Amount"** mean, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal, provided that neither the Make-Whole Amount nor the Modified Make-Whole Amount may in any event be less than zero. For the purposes of determining the Make-Whole Amount and the Modified Make-Whole Amount, the following terms have the following meanings:

" **Applicable Percentage** " in the case of a computation of the Modified Make-Whole Amount for purposes of Section 8.3 means 1.00% (100 basis points), and in the case of a computation of the Make-Whole Amount for any other purpose means, where applicable, 0.50% (50 basis points).

" **Called Principal** " means, with respect to any Note, the principal of such Note that is to be prepaid pursuant to Section 8.2 or 8.3 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

" **Discounted Value** " means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

" **Reinvestment Yield** " means, with respect to the Called Principal of any Note, the sum of the (x) Applicable Percentage plus (y) the yield to maturity implied by (i) the yields reported as of 10:00 A.M. (New York City time) on the second Business Day

preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page PX1" (or such other display as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on the run U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (ii) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable (including by way of interpolation), the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for actively traded on the run U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. In the case of each determination under clause (i) or clause (ii), as the case may be, of the preceding sentence, such implied yield will be determined, if necessary, by (a) converting actively traded on the run U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between (1) the applicable actively traded on the run U.S. Treasury security with the maturity closest to and greater than such Remaining Average Life and (2) the applicable actively traded on the run U.S. Treasury security with the maturity closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note.

" **Remaining Average Life** " means, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

" **Remaining Scheduled Payments** " means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2, 8.3 or 12.1.

" **Settlement Date** " means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to Section 8.2 or 8.3 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

9. AFFIRMATIVE COVENANTS.

The Company covenants that so long as any of the Notes are outstanding:

9.1. Compliance with Law.

Without limiting Section 10.4, the Company will, and will cause each Subsidiary Guarantor to, comply with all applicable laws, ordinances or governmental rules or regulations to which each of them is subject, including, without limitation, ERISA, the USA PATRIOT Act and Environmental Laws, and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

9.2. Insurance.

The Company will, and will cause each Subsidiary Guarantor to, maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated.

9.3. Maintenance of Properties and Contracts.

The Company will, and will cause each Subsidiary Guarantor to, maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, provided that this Section shall not prevent the Company or any Subsidiary Guarantor from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Company has concluded that such discontinuance would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company will, and will cause each of the Subsidiary Guarantors to, maintain in good standing and shall obtain, as and when required, all Material contracts which it requires to permit it to acquire, own, operate and maintain its business and property, except to the extent that a failure to do so would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

9.4. Payment of Taxes and Claims.

The Company will, and will cause each Subsidiary Guarantor to, file all tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges or levies imposed on them or any of their properties, assets, income or franchises, to the extent the same have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a Lien on properties or assets of the Company or any Subsidiary Guarantor, provided that neither the Company nor any Subsidiary Guarantor need pay any such tax, assessment, charge, levy or claim if (i) the amount,

applicability or validity thereof is contested by the Company or such Subsidiary Guarantor on a timely basis in good faith and in appropriate proceedings, and the Company or a Subsidiary Guarantor has established adequate reserves therefor in accordance with GAAP on the books of the Company or such Subsidiary Guarantor or (ii) the nonpayment of all such taxes, assessments, charges, levies and claims in the aggregate would not reasonably be expected to have a Material Adverse Effect.

9.5. Corporate Existence, Etc.

Subject to Section 10.2, the Company will at all times preserve and keep in full force and effect its corporate existence. Subject to Sections 10.2 and 10.7, the Company will at all times preserve and keep in full force and effect the corporate existence of each Subsidiary Guarantor (unless merged, amalgamated or consolidated, including by way of liquidation, wind-up or statutory arrangement, into the Company or another Subsidiary Guarantor or a Wholly-Owned Subsidiary which becomes a Subsidiary Guarantor upon such merger, amalgamation or consolidation) and all rights and franchises of the Company and each Subsidiary Guarantor unless, in the good faith judgment of the Company, the termination of or failure to preserve and keep in full force and effect such corporate existence, right or franchise would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

9.6. Books and Records.

The Company will, and will cause each Subsidiary Guarantor to, maintain proper books of record and account and cause to be recorded faithfully and accurately all transactions with respect to its business in conformity with GAAP.

9.7. Priority of Obligations.

The Company will ensure that its payment obligations under this Agreement and the Notes will at all times rank at least *pari passu* , without preference or priority, with all other unsecured and unsubordinated Indebtedness of the Company, except for any such Indebtedness preferred by operation of law.

9.8. Subsidiary Guarantees; Release.

(a) The Company will ensure that at all times:

(i) the Company and the Subsidiary Guarantors account for at least (x) 85% of the consolidated total assets of the Company and its Subsidiaries as of the last day of the most recently ended quarterly or annual fiscal period of the Company (such last day, the " **Test Date** ") and (y) 85% of the consolidated total revenues of the Company and its Subsidiaries for the twelve-month period ending on such Test Date; provided that to the extent the application of clause (d) below renders the Company unable to comply with this clause (a)(i), the Company shall be deemed to satisfy this clause (a)(i) by ensuring that each of its Subsidiaries not subject to the prohibitions in clause (d) below provides a Subsidiary Guarantee; and

(ii) without limiting the requirements of the foregoing clause (i), each Subsidiary that has outstanding a Guaranty with respect to any Indebtedness of the Company or any Subsidiary outstanding under any Major Credit Facility (or that is otherwise a co-obligor or jointly liable with respect to any such Indebtedness) is a Subsidiary Guarantor.

(b) The Company will cause each Subsidiary that is or becomes a Subsidiary Guarantor to execute and deliver a Subsidiary Guarantee and provide the following to each holder of a Note:

(i) a certificate signed by a director or an appropriate officer of such Subsidiary certifying as to the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of such Subsidiary Guarantee; and

(ii) an opinion in form and substance reasonably satisfactory to the Required Holders from legal advisors to such Subsidiary, provided that an opinion substantially in the form of the opinion delivered pursuant to Section 4.11(b) (as such opinion relates to the Subsidiary Guarantees delivered at Closing) shall be deemed reasonably satisfactory to the Required Holders.

(c) Notwithstanding anything in this Agreement or in any Subsidiary Guarantee to the contrary, upon notice by the Company to each holder of a Note (which notice shall contain a certification by the Company as to the matters specified in clauses (x) and (y) below) each of its Subsidiary Guarantors specified in such notice shall cease to be a Subsidiary Guarantor and shall be automatically released from its obligations under its Subsidiary Guarantee (without the need for the execution or delivery of any other document by any holder of a Note or any other Person) if, as at the date of such notice, after giving effect to such release (x) the Company will be in compliance with the requirements of Subsection (a)(i) and (ii) above and (y) no Default or Event of Default shall have occurred and be continuing (as of the actual date of such release and, in the case of Section 9.9 and 9.10, assuming such release had occurred on the last day of the quarterly or annual financial period of the Company immediately preceding the actual date of such release). At the time that any Subsidiary Guarantor shall be released from its obligations under its Subsidiary Guarantee, such Subsidiary shall be deemed to have incurred all of its outstanding Indebtedness immediately after giving effect to such release.

(d) Notwithstanding anything in this Section 9.8 to the contrary, no Subsidiary shall be required to execute and deliver an unlimited Subsidiary Guarantee if (i) it is prohibited from doing so under its Constating Documents and its Constating Documents cannot be amended to permit the granting of an unlimited Subsidiary Guarantee, provided that, if it is prohibited under its Constating Documents from granting an unlimited Subsidiary Guarantee, but not a limited Subsidiary Guarantee of the obligations under this Agreement and the Notes, it shall grant a limited Subsidiary Guarantee of such obligations to the maximum extent permitted by its Constating Documents or (ii) it is prohibited from doing so under applicable law, provided that, if it is prohibited from

granting an unlimited Subsidiary Guarantee, but not a limited Subsidiary Guarantee of the obligations under this Agreement and the Notes, it shall grant a limited Subsidiary Guarantee of such obligations to the maximum extent permitted by applicable law.

9.9. Total Net Debt to EBITDA Ratio.

The Company 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.

9.10. Tangible Net Worth.

The Company shall, at all times, maintain a Tangible Net Worth in an amount of not less than U.S.$1,300,000,000, plus 50% of the Company's consolidated net income for each of its fiscal quarters, on a cumulative basis, commencing with its fiscal quarter ending December 31, 2007 (excluding any fiscal quarters in which the Company incurs a net loss) (all as determined on a consolidated basis in accordance with GAAP consistently applied), plus 50% of the net proceeds of any public offerings of Equity Interests (other than convertible Indebtedness) of the Company received during such fiscal quarters, on a cumulative basis.

9.11. Most Favored Lender.

(a) If at any time the Major Credit Facility shall contain any grace period applicable to any event of default that is shorter or more restrictive on the Company than any grace period applicable to a comparable event of default contained in this Agreement (any such provision, a " **Shorter Grace Period** "), then the Company shall promptly, and in any event within 10 Business Days thereof, provide a notice with respect to each such Shorter Grace Period to each holder of a Note. Thereupon, unless waived in writing by the Required Holders within 10 Business Days of the holders' receipt of such notice, such Shorter Grace Period shall be deemed incorporated by reference into this Agreement, *mutatis mutandis*, as if set forth fully herein, effective as of the date when such Shorter Grace Period became effective under the Major Credit Facility.

(b) Upon the request of the Required Holders following the incorporation of a Shorter Grace Period as aforesaid, the Company shall at its expense enter into any additional agreement or amendment to this Agreement reasonably requested evidencing any of the foregoing.

(c) Any Shorter Grace Period incorporated into this Agreement pursuant to this Section 9.11 shall remain unchanged herein notwithstanding any subsequent waiver, amendment or other modification in respect of such provision under the Major Credit Facility and shall survive the termination of the Major Credit Facility.

(d) In no event shall the operation of this Section 9.11 result in the conditions of Section 11 being less beneficial to the holders of the Notes than as in effect on the date of this Agreement or as in effect due to the incorporation of a Shorter Grace Period pursuant to Section 9.11(a).

(e) To the extent there is an inconsistency between or among different agreements constituting the Major Credit Facility in respect of the grace periods applicable to any event of default, the terms that are most restrictive on the Company shall apply to this Agreement.

10. NEGATIVE COVENANTS.

The Company covenants that so long as any of the Notes are outstanding:

10.1. Transactions with Affiliates.

The Company will not, and will not permit any Subsidiary Guarantor to, enter into directly or indirectly any transaction or group of related transactions (including, without limitation, the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate or Associate (other than the Company or another Subsidiary Guarantor) or Person of which it is an Associate (other than the Company or another Subsidiary Guarantor), except on a commercially reasonable basis and upon terms no less favorable to the Company or such Subsidiary Guarantor than would be obtainable in a comparable arm's-length transaction with a Person not an Affiliate or Associate.

10.2. Merger, Consolidation, Etc.

The Company will not, and will not permit any Subsidiary Guarantor to, enter into any merger, consolidation, amalgamation, statutory arrangement (involving a business combination) or other reorganization, or liquidate, wind-up or dissolve itself (or suffer any liquidation, wind-up or dissolution), or any Capital Reorganization, or convey, transfer or lease all or substantially all of its assets in a single transaction or series of transactions, other than:

(a) the Corporate Reorganization;

(b) any Capital Reorganization of a Subsidiary Guarantor;

(c) any Capital Reorganization of the Company in which the holders of the Equity Interests of the Company immediately prior to the Capital Reorganization continue to have, directly or indirectly, more than 50% of the Equity Interests of the Company or the applicable surviving entity immediately after such Capital Reorganization and no Default or Event of Default would result from such Capital Reorganization;

(d) any transaction under which a Subsidiary that is not a Subsidiary Guarantor (i) enters into any merger, amalgamation, consolidation, statutory arrangement (involving a business combination) or other reorganization with or into the Company or a Subsidiary Guarantor (with the Company or the Subsidiary Guarantor, as applicable, being the surviving entity), or (ii) liquidates, winds up or dissolves itself (or suffers any liquidation, wind-up or dissolution) into the Company or a Subsidiary Guarantor, or (iii) conveys, transfers or leases all or substantially all of its assets to the Company or a Subsidiary Guarantor (with the Company or the Subsidiary Guarantor, as applicable, being the surviving entity), in each case so long as no Default or Event of Default is then

existing and no Default or Event of Default would result from the consummation of such transaction;

(e) a transaction under which the Company or a Subsidiary Guarantor (the " **Predecessor Entity** ") (i) enters into any merger, amalgamation, consolidation, statutory arrangement (involving a business combination) or other reorganization with or into any other Person (which may be the Company or a Subsidiary Guarantor), or (ii) liquidates, winds up or dissolves itself (or suffers any liquidation, wind-up or dissolution), provided that no assets are in any way conveyed other than (x) as necessary in respect of filing fees, taxes or other like expenses related to such transaction, (y) to the Company, a Subsidiary Guarantor or an entity that is to become a Successor Entity (as defined below) or (z) pursuant to a Disposition permitted by Section 10.7 (other than Subsection (b) thereof) or (iii) conveys, transfers or leases all or substantially all of its assets to any other Person (which may be the Company or a Subsidiary Guarantor) (any such transaction described in the foregoing clauses (i) through (iii), a " **Business Combination** "), provided , in each case, that:

(i) the successor entity formed as a result of such Business Combination (a " **Successor Entity** ") shall have the corporate (or analogous) power and authority to perform the obligations of the Predecessor Entity under this Agreement and the Notes (in the case of a Business Combination involving the Company) or under the applicable Subsidiary Guarantee (in the case of a Business Combination involving a Subsidiary Guarantor) and, if the Successor Entity is not the Company or a Subsidiary Guarantor, (x) such Successor Entity shall expressly confirm and assume all of the obligations of the Predecessor Entity under this Agreement and the Notes (in the case of a Business Combination involving the Company) or under the applicable Subsidiary Guarantee (in the case of a Business Combination involving a Subsidiary Guarantor) pursuant to an Assumption Agreement substantially in the form of Exhibit 10.2 (an " **Assumption Agreement** ") and (y) such Successor Entity or the Company shall have caused to be delivered to each holder of a Note an opinion of internationally recognized external counsel (or, to the extent internationally recognized external counsel is not available in the applicable jurisdiction, nationally recognized external counsel) in the appropriate jurisdiction(s) to the effect that any such Assumption Agreement is enforceable in accordance with its terms;

(ii) the Business Combination does not materially impair the ability of the Company to perform its obligations under this Agreement and the Notes or a Subsidiary Guarantor to perform its obligations under the applicable Subsidiary Guarantee;

(iii) no Default or Event of Default is then existing and no Default or Event of Default would result from the consummation of the Business Combination (as of the actual date of the Business Combination and, in the case of Section 9.9 and 9.10, assuming such Business Combination had occurred on the last day of the quarterly or annual financial period of the Company immediately preceding the actual date of such Business Combination); and

(iv) in the case of a Business Combination involving the Company, (x) the Successor Entity shall be existing under the laws of the United States or any State thereof (including the District of Columbia), Canada or any Province thereof or any other country that on April 30, 2004 was a member of the European Union (other than Greece, Italy, Portugal or Spain) and (y) each Subsidiary Guarantor shall acknowledge that its Subsidiary Guarantee shall continue in full force and effect.

No such conveyance, transfer or lease of substantially all of the assets of the Company or any Subsidiary Guarantor shall have the effect of releasing the Company or such Subsidiary Guarantor, as the case may be, or any Successor Entity that shall theretofore have become such in the manner prescribed in this Section 10.2, from its liability under (x) this Agreement or the Notes (in the case of the Company) or (y) the applicable Subsidiary Guarantee (in the case of any Subsidiary Guarantor).

To the extent that Section 8.4 would otherwise be applicable with respect to any transaction involving the Company, compliance by the Company with the provisions of this Section 10.2 shall not be deemed to excuse compliance with or otherwise prejudice Section 8.4.

10.3. Line of Business.

The Company will not, and will not permit any Subsidiary Guarantor to, carry on business activities that differ materially or substantially from the Core Business.

10.4. Terrorism Sanctions Regulations.

The Company will not, and will not permit any Subsidiary to, (a) become a Person described or designated in the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control or in Section 1 of the Anti-Terrorism Order or (b) engage in any dealings or transactions with any such Person.

10.5. Liens.

The Company will not, and will not permit any Subsidiary Guarantor to, directly or indirectly create, incur, assume, enter into or permit to exist (upon the happening of a contingency or otherwise) any Lien on or with respect to any property or asset of the Company or any Subsidiary Guarantor, whether now owned or held or hereafter acquired, except for:

(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 the Company and/or the relevant Subsidiary Guarantor, 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 the Company and/or the relevant Subsidiary Guarantor, in conformity with GAAP;

(c) pledges or deposits in connection with workers' compensation, employment insurance and other social security legislation and other obligations of a like nature incurred in the ordinary course 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, minor title defects and other similar encumbrances (including for public utilities) which, in the aggregate, do not materially interfere with the Company and/or the relevant Subsidiary Guarantor or its business or the use of the affected property by the Company and/or the relevant Subsidiary Guarantor;

(f) reservations, limitations, provisos and conditions in any original grant from a crown, state, government or any freehold lessor of any of the real properties of the Company and/or the relevant Subsidiary Guarantor and statutory exceptions to title or reservations of rights which do not in the aggregate materially interfere with the Company and/or the relevant Subsidiary Guarantor or its business or the use of the affected real property by the Company and/or the relevant Subsidiary Guarantor;

(g) any obligations or duties affecting any of the property of the Company and/or the relevant Subsidiary Guarantor to any municipality or other Governmental Authority with respect to any franchise, grant, license or permit which do not materially impair the use of such property for the purposes for which it is held;

(h) Liens created in connection with Capital Leases or securing Capital Lease Obligations;

(i) any Liens for unpaid royalties or duties not yet due pursuant to mining leases, claims or other mining rights running in favor of any Governmental Authority;

(j) Liens on equipment and the proceeds thereof (and on no other property) created or assumed to finance the acquisition thereof or secure the unpaid purchase price of such equipment;

(k) Liens in respect of property acquired after the date of the Closing that exist at the time that a Person is, or the assets subject to such Liens are, acquired by the Company or a Subsidiary Guarantor (and not created in anticipation thereof), provided that such Liens shall extend only to the assets acquired or the assets of the Person acquired, as applicable;

(l) royalty agreements or other rights or claims to royalties on or affecting any property owned on the date hereof by the Company or any Subsidiary Guarantor or

acquired by the Company or any Subsidiary Guarantor, whether or not in existence at the time of such acquisition;

(m) pledges or deposits of cash or cash equivalent instruments made at a time when no Default or Event of Default has occurred and is continuing for purposes of securing obligations to (i) financial institutions issuing letters of credit to secure obligations under any Plan, Non-U.S. Plan or other retirement plan or for government reclamation costs, or (ii) issuers of letters of credit, letters of guarantee, surety bonds, performance bonds or guarantees and similar types of instruments issued in the ordinary course of business or in connection with the Core Business of the Company; but excluding any of the foregoing incurred to secure or support indebtedness for borrowed money (including, without limitation, by way of overdraft and drafts or orders accepted representing extensions of credit in respect of borrowed money);

(n) those Liens existing on the property of the Company or any Subsidiary Guarantor (or a predecessor thereof) on the date of Closing and set out in Schedule 10.5 and any extensions, renewals or replacements of any such Lien, provided that the original principal amount of the Indebtedness or obligations secured thereby is not increased and that any such extension, renewal or replacement is limited to the property originally encumbered thereby;

(o) Liens granted by the Company or a Subsidiary Guarantor in favor of another Subsidiary Guarantor or the Company, as the case may be; and

(p) any Lien in addition to those described in clauses (a) through (o) above, provided that, upon the incurrence of such Lien, the sum (without duplication) of (i) the aggregate amount of all Indebtedness of the Company and the Subsidiary Guarantors secured by Liens permitted pursuant to this clause (p) and (ii) the aggregate amount of all Indebtedness of Subsidiary Guarantors permitted pursuant to Section 10.6(g) shall not exceed 5% of Shareholders' Equity; provided further that in no event shall the Company or any Subsidiary Guarantor create, incur, assume, enter into or permit to exist any Lien securing Indebtedness under any Major Credit Facility pursuant to this clause (p), except for any cash collateral posted in respect of letters of credit and bankers' acceptances outstanding at the time any Major Credit Facility is terminated.

10.6. Subsidiary Indebtedness.

The Company will not permit any Subsidiary Guarantor at any time to create, assume, incur, guarantee or otherwise be or become liable in respect of any Indebtedness, except for:

(a) (i) any Guaranty by any Subsidiary Guarantor of Indebtedness of the Company outstanding under any Major Credit Facility, (ii) any other Indebtedness of any Subsidiary Guarantor, provided that, in the case of this clause (ii), the Subsidiary Guarantee Conditions have been satisfied with respect to such Subsidiary Guarantor and (iii) any Guaranty by any Subsidiary Guarantor in favor of a lender or an Affiliate of a lender under a Major Credit Facility in respect of obligations under Derivative

Instruments or Other Supported Agreements entered into between the Company or any Subsidiary Guarantor and any lender or an Affiliate of a lender under a Major Credit Facility;

(b) Indebtedness of any Person that becomes a Subsidiary after the date of Closing that (i) is outstanding on the date such Person becomes a Subsidiary and (ii) is not incurred, extended or renewed in contemplation of such Person becoming a Subsidiary, provided that such Indebtedness may be refinanced, extended or renewed so long as the principal amount thereof is not increased and no Default or Event of Default shall have occurred and be continuing at the time of such refinancing, extension or renewal;

(c) Indebtedness of any Subsidiary Guarantor owing to the Company or another Subsidiary Guarantor or a Wholly-Owned Subsidiary;

(d) Indebtedness of any Subsidiary Guarantor that is outstanding on the date of Closing and set out in Schedule 5.15, and any refinancing, extension or renewal thereof so long as the principal amount thereof is not increased and no Default or Event of Default shall have occurred and be continuing at the time of such refinancing, extension or renewal;

(e) the Other Supported Obligations, provided that (other than with respect to the doré purchase agreements referred to in clause (b) of the definition of "Other Supported Agreements") such Other Supported Obligations are only for purposes of supporting the movement of funds between or among the Company and one or more Subsidiary Guarantors or between or among Subsidiary Guarantors in connection with cash management by the Company and the Subsidiary Guarantors;

(f) unsecured Indebtedness incurred by any Subsidiary Guarantor at a time when no Default or Event of Default has occurred and is continuing in respect of letters of credit, letters of guarantee, surety bonds, performance bonds or guarantees and similar types of instruments issued in the ordinary course of business or in connection with the Company's or a Subsidiary Guarantor's Core Business; but excluding any of the foregoing incurred to secure or support indebtedness for borrowed money (including, without limitation, by way of overdraft and drafts or orders accepted representing extensions of credit in respect of borrowed money); and

(g) any Indebtedness in addition to that described in clauses (a) through (f) above, provided that, upon the incurrence of such Indebtedness, the sum (without duplication) of (i) the aggregate amount of all Indebtedness of the Company and the Subsidiary Guarantors secured by Liens permitted pursuant to Section 10.5(p) and (ii) the aggregate amount of all Indebtedness of Subsidiary Guarantors permitted pursuant to this clause (g) shall not exceed 5% of Shareholders' Equity.

10.7. Sale of Assets.

The Company will not, and will not permit any Subsidiary Guarantor to, sell, lease, transfer, assign or otherwise dispose of any of its Material Assets, whether now owned or held or hereafter acquired, or enter into any sale-leaseback transaction with respect to such Material Assets (collectively, a " **Disposition** "), except for:

(a) sales of inventory;

(b) Dispositions permitted under Section 10.2;

(c) sales in the ordinary course of business of obsolete or redundant equipment or equipment of no further use in the business of the Company or a Subsidiary Guarantor, unless a Default or an Event of Default has occurred and is continuing or would result therefrom;

(d) Dispositions by the Company to a Subsidiary Guarantor or by a Subsidiary Guarantor to the Company or another Subsidiary Guarantor, other than, subject to clause (b) above and clause (f) below, any Disposition of the Goldex Mine, the Lapa Mine, the LaRonde Mine or the Meadowbank Mine, or any part thereof;

(e) Dispositions at arm's-length and for fair market value, to the extent that the net proceeds of any such Disposition, in excess of amounts permitted under clause (f) below, are applied within 365 days from the date of such Disposition to either (i) purchase assets to be used in the business of the Company or any Subsidiary Guarantor or (ii) repay unsubordinated Indebtedness of the Company or any Subsidiary Guarantor (other than Indebtedness between or among the Company and any Subsidiary), provided that, in the case of any such repayment of Indebtedness, the Company shall in accordance with Section 8.5 offer to prepay the Notes *pro rata* with all other Indebtedness then being repaid, such *pro rata* portion of the Notes to be offered to be repaid to be calculated by multiplying (x) the total amount of net proceeds being applied pursuant to this clause (ii) by (y) a fraction, the numerator of which is the aggregate principal amount of Notes then outstanding and the denominator of which is the aggregate principal amount of Indebtedness (including the Notes) that would receive any portion of such repayment (calculated prior to such repayment); and

(f) Dispositions which would otherwise not be permitted by clauses (a) through (e) above, provided that such Dispositions are at arm's-length and for fair market value, and the aggregate book value of the Material Assets subject to all such Dispositions pursuant to this clause (f) during any fiscal year of the Company does not exceed 5% of Consolidated Total Assets as of

the end of the immediately preceding fiscal year.

Any Disposition of shares of common stock of any Subsidiary Guarantor shall, for purposes of this Section 10.7, be valued at an amount that bears the same proportion to the total assets of such Subsidiary Guarantor as the number of such shares of common stock bears to the total number of shares of common stock of such Subsidiary Guarantor.

11. EVENTS OF DEFAULT.

An " **Event of Default** " shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Company defaults in the payment of any principal or Make-Whole Amount (if any) or Modified Make-Whole Amount (if any) on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) the Company defaults in the payment of any interest on any Note or any amount payable pursuant to Section 13 for more than five Business Days after the same becomes due and payable; or

(c) the Company defaults in the performance of or compliance with any term contained in Section 7.1(d), Section 9.9 or Section 9.10; or

(d) the Company defaults in the performance of or compliance with any term contained herein (other than those referred to in Sections 11(a), (b) and (c)) and such default is not remedied within 30 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this Section 11(d)); or

(e) any representation or warranty made in writing by or on behalf of the Company or any Subsidiary Guarantor in this Agreement or any Subsidiary Guarantee or by any officer of the Company or any Subsidiary Guarantor in this Agreement or in any writing furnished in connection with the transactions contemplated hereby proves to have been false or incorrect in any material respect on the date as of which made; or

(f) (i) the Company or any Subsidiary Guarantor is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on any Indebtedness that is outstanding in an aggregate principal amount of at least U.S.$50,000,000 (or its equivalent in the relevant currency of payment) beyond any period of grace provided with respect thereto, or (ii) the Company or any Subsidiary Guarantor fails to pay any amount under any Derivative Instrument when due, whether at maturity, upon acceleration, demand or otherwise, in an aggregate amount of U.S.$50,000,000 or more (or the equivalent thereof in any other currency), or (iii) the Company or any Subsidiary Guarantor is in default in the performance of or compliance with any term of any evidence of any Indebtedness in an aggregate outstanding principal amount of at least U.S.$50,000,000 (or its equivalent in the relevant currency of payment) or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such Indebtedness has become, or has been declared (or one or more Persons are entitled to declare such Indebtedness to be), due and payable before its stated maturity or before its regularly scheduled dates of payment or (iv) as a consequence of the occurrence or continuation of any event or condition (other than (A) the passage of time, or (B) the

right of the holder of Indebtedness to convert such Indebtedness into equity interests or (C) a Change of Control or a Disposition requiring any purchase or repayment of Indebtedness (or offer therefor) pursuant to Section 8.4 or 8.5, provided that the Company is in compliance with the provisions of Section 8.4 or 8.5, as the case may be), the Company or any Subsidiary Guarantor has become obligated to purchase or repay Indebtedness before its regular maturity or before its regularly scheduled dates of payment in an aggregate outstanding principal amount of at least U.S.$50,000,000 (or its equivalent in the relevant currency of payment); or

(g) the Company or any Subsidiary Guarantor (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief from creditors or reorganization or arrangement of its debt generally or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction in respect of creditors' rights, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated pursuant to a final non-appealable decision of a court of competent jurisdiction, or (vi) takes corporate action for the purpose of any of the foregoing; provided that any plan of arrangement under the *Business Corporation Act* (Ontario), the *Canada Business Corporations Act* or any analogous statute, whether foreign or domestic, consummated in compliance with Section 10.2 shall not constitute an Event of Default under this clause (g); or

(h) a court or Governmental Authority of competent jurisdiction enters an order (which order is not stayed within 10 days pending appeal or judicial review) appointing, without consent by the Company or any Subsidiary Guarantor, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any applicable bankruptcy or insolvency law of any applicable jurisdiction, or, except in connection with a transaction permitted under Section 10.2, ordering the dissolution, winding-up or liquidation of the Company or any Subsidiary Guarantor, or any such petition shall be filed against the Company or any Subsidiary Guarantor and such petition shall not be dismissed within 60 days; or

(i) any event occurs with respect to the Company or any Subsidiary Guarantor which under the laws of any jurisdiction is analogous to any of the events described in Section 11(g) or (h), provided that the applicable grace period, if any, which shall apply shall be the one applicable to the relevant proceeding which most closely corresponds to the proceeding described in Section 11(g) or (h); or

(j) a final judgment or judgments for the payment of money aggregating in excess of U.S.$20,000,000 (or its equivalent in the relevant currency of payment) are rendered against one or more of the Company and any Subsidiary Guarantor and which judgments are not (i) within 45 consecutive days after entry thereof, bonded, discharged

or stayed pending appeal, or are not discharged within 45 consecutive days after the expiration of such stay or (ii) being contested by the Company or any Subsidiary Guarantor in good faith by appropriate proceedings with adequate reserves in accordance with GAAP having been set aside on its books; or

(k) property of the Company or any Subsidiary Guarantor having an aggregate value of more than U.S.$20,000,000 (or, if applicable, the equivalent thereof in other currencies) is seized or taken possession of by a creditor (or subject to other similar legal proceedings by a creditor for seizure or possession of property) (the " **Seizure Proceeding** "), except to the extent that the Company or any Subsidiary Guarantor is diligently and in good faith contesting any such Seizure Proceeding by appropriate proceedings and such Seizure Proceeding remains undismissed or unstayed for up to 60 consecutive days; or the Company or any Subsidiary Guarantor takes any action in furtherance of, or indicates its consent to, approval of, or acquiescence in, any such Seizure Proceeding; or

(l) the Company or a Subsidiary Guarantor, as applicable, denies its obligations under this Agreement, any Note or any Subsidiary Guarantee or claims this Agreement, any Note or any Subsidiary Guarantee to be invalid or unenforceable, in whole or in part; or this Agreement, any Note or any Subsidiary Guarantee is invalidated or determined to be unenforceable by any act, regulation or action of any Governmental Authority or is determined to be invalid or unenforceable by a court or other judicial entity of competent jurisdiction and such determination has not been stayed pending appeal, except to the extent that such invalidity or unenforceability is cured within 30 consecutive days of the occurrence of such invalidity or unenforceability (unless such invalidity or unenforceability occurred as a result of a contest initiated, acquiesced in or consented to by the Company or any Subsidiary Guarantor).

12. REMEDIES ON DEFAULT, ETC.

12.1. Acceleration.

(a) If an Event of Default with respect to the Company described in Section 11(g), (h) or (i) (other than an Event of Default described in clause (i) of Section 11(g) or described in clause (vi) of Section 11(g) by virtue of the fact that such clause encompasses clause (i) of Section 11(g)) has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, the Required Holders may at any time at their option, by notice or notices to the Company, declare all the Notes then outstanding to be immediately due and payable.

(c) If any Event of Default described in Section 11(a) or (b) has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Notes held by it or them to be immediately due and payable.

Upon any Notes becoming due and payable under this Section 12.1, whether automatically or by declaration, such Notes will forthwith mature and the entire unpaid principal amount of such Notes, plus (x) all accrued and unpaid interest thereon (including, without limitation, interest accrued thereon, if any, at the Default Rate) and (y) the Make-Whole Amounts determined in respect of such principal amount (to the full extent permitted by applicable law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for) and that the provision for payment of a Make-Whole Amount or Modified Make-Whole Amount, as applicable by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

12.2. Other Remedies.

If any Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 12.1, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note or in any Subsidiary Guarantee, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

12.3. Rescission.

At any time after any Notes have been declared due and payable pursuant to Section 12.1(b) or (c), the Required Holders, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes, all principal of and Make-Whole Amount or Modified Make-Whole Amount, if any, on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Make-Whole Amount or Modified Make-Whole Amount, if any, and (to the extent permitted by applicable law) any overdue interest in respect of the Notes, at the Default Rate, (b) neither the Company nor any other Person shall have paid any amounts that have become due solely by reason of such declaration, (c) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 18, and (d) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

12.4. No Waivers or Election of Remedies, Expenses, Etc.

No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder’s rights, powers or remedies. No right, power or remedy conferred by this Agreement or by any Note upon any holder thereof or by any Subsidiary Guarantee shall be

exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under Section 16, the Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all reasonable costs and expenses of such holder incurred in any enforcement or collection under this Section 12, including, without limitation, reasonable attorneys' fees, expenses and disbursements.

13. TAX INDEMNIFICATION.

All payments whatsoever under this Agreement and the Notes will be made by the Company in lawful currency of the United States of America free and clear of, and without liability for withholding or deduction for or on account of, any present or future Taxes of whatever nature imposed or levied by or on behalf of any jurisdiction other than the United States (or any political subdivision or taxing authority of or in such jurisdiction) (hereinafter a "Taxing Jurisdiction"), unless the withholding or deduction of such Tax is compelled by law.

If any deduction or withholding for any Tax of a Taxing Jurisdiction shall at any time be required in respect of any amounts to be paid by the Company under this Agreement or the Notes, the Company will pay to the relevant Taxing Jurisdiction the full amount required to be withheld, deducted or otherwise paid before penalties attach thereto or interest accrues thereon and pay to each holder of a Note such additional amounts as may be necessary in order that the net amounts paid to such holder pursuant to the terms of this Agreement or the Notes after such deduction, withholding or payment (including, without limitation, any required deduction or withholding of Tax on or with respect to such additional amount), shall be not less than the amounts then due and payable to such holder under the terms of this Agreement or the Notes before the assessment of such Tax, provided that no payment of any additional amounts shall be required to be made for or on account of:

(a) any Tax that would not have been imposed but for the existence of any present or former connection between such holder (or a fiduciary, settlor, beneficiary, member of, shareholder of, or possessor of a power over, such holder, if such holder is an estate, trust, partnership or corporation or any Person other than the holder to whom the Notes or any amount payable thereon is attributable for the purposes of such Tax) and the Taxing Jurisdiction, other than the mere holding of the relevant Note or the receipt of payments thereunder or in respect thereof or enforcement thereof, including, without limitation, such holder (or such other Person described in the above parenthetical) being or having been a citizen or resident thereof, or being or having been present or engaged in trade or business therein or having or having had an establishment, office, fixed base or branch therein, provided that this exclusion shall not apply with respect to a Tax that would not have been imposed but for the Company, after the date of the Closing, opening an office in, moving an office to, reincorporating in, or changing the Taxing Jurisdiction from or through which payments on account of this Agreement or the Notes are made to, the Taxing Jurisdiction imposing the relevant Tax;

(b) any Tax that would not have been imposed but for the delay or failure by such holder (following a written request by the Company) in the filing with the relevant Taxing Jurisdiction of Forms (as defined below) that are required to be filed by such

holder to avoid or reduce such Taxes (including for such purpose any refilings or renewals of filings that may from time to time be required by the relevant Taxing Jurisdiction), provided that the filing of such Forms would not (in such holder's reasonable judgment) impose any unreasonable burden (in time, resources or otherwise) on such holder or result in any confidential or proprietary income tax return information being revealed, either directly or indirectly, to any Person and such delay or failure could have been lawfully avoided by such holder, and provided further that such holder shall be deemed to have satisfied the requirements of this clause (b) upon the good faith completion and submission of such Forms (including refilings or renewals of filings) as may be specified in a written request of the Company no later than 60 days after receipt by such holder of such written request (accompanied by copies of such Forms and related instructions, if any, all in the English language or with an English translation thereof);

(c) any Tax imposed on a holder of Notes obtained pursuant to Section 14.2 (other than a Purchaser), which Tax would not have been imposed but for such holder not dealing at arm's length (within the meaning of the *Income Tax Act* (Canada), as in effect on the date hereof) with the Company at the time of the making of such payment by the Company under this Agreement or the Notes; or

(d) any combination of clauses (a), (b) and (c) above;

and provided further that in no event shall the Company be obligated to pay such additional amounts to any holder of a Note (i) not resident in the United States of America or any other jurisdiction in which an original Purchaser is resident for tax purposes on the date of the Closing in excess of the amounts that the Company would be obligated to pay if such holder had been a resident of the United States of America or such other jurisdiction, as applicable, for purposes of, and eligible for the benefits of, any double taxation treaty from time to time in effect between the United States of America or such other jurisdiction and the relevant Taxing Jurisdiction or (ii) to any holder of a Note registered in the name of a nominee if under the law of the relevant Taxing Jurisdiction (or the current regulatory interpretation of such law) securities held in the name of a nominee do not qualify for an exemption from the relevant Tax and the Company shall have given timely notice of such law or interpretation to such holder.

By acceptance of any Note, the holder of such Note agrees, subject to the limitations of clause (b) above, that it will from time to time with reasonable promptness (x) duly complete and deliver to or as reasonably directed by the Company all such forms, certificates, documents and returns provided to such holder by the Company (collectively, together with instructions for completing the same, "Forms") required to be filed by or on behalf of such holder in order to avoid or reduce any such Tax pursuant to the provisions of an applicable statute, regulation or administrative practice of the relevant Taxing Jurisdiction or of a tax treaty between the United States and such Taxing Jurisdiction and (y) provide the Company with such information with respect to such holder as the Company may reasonably request in order to complete any such Forms, provided that nothing in this Section 13 shall require any holder to provide information with respect to any such Form or otherwise if in the opinion of such holder such Form or disclosure of information would involve the disclosure of tax return or other information that is confidential or proprietary to such holder, and provided further that each such holder shall be deemed to have complied with its obligation under this paragraph with respect to

any Form if such Form shall have been duly completed and delivered by such holder to the Company or mailed to the appropriate taxing authority, whichever is applicable, within 60 days following a written request of the Company (which request shall be accompanied by copies of such Form and English translations of any such Form not in the English language) and, in the case of a transfer of any Note, at least 90 days prior to the relevant interest payment date.

On or before the date of the Closing the Company will furnish each Purchaser with copies of the appropriate Form (and English translation if required as aforesaid) currently required to be filed in Canada pursuant to clause (b) of the first paragraph of this Section 13, if any, and in connection with the transfer of any Note the Company will furnish the transferee of such Note with copies of any Form and English translation then required.

If any payment is made by the Company to or for the account of the holder of any Note after deduction for or on account of any Taxes, and increased payments are made by the Company pursuant to this Section 13, then, if such holder at its sole discretion determines that it has received or been granted a refund of such Taxes from the Taxing Jurisdiction to which such Tax was paid, such holder shall, to the extent that it can do so without prejudice to the retention of the amount of such refund, reimburse to the Company such amount as such holder shall, in its sole discretion, determine to be attributable to the relevant Taxes or deduction or withholding. Nothing herein contained shall interfere with the right of the holder of any Note to arrange its tax affairs in whatever manner it thinks fit and, in particular, no holder of any Note shall be under any obligation to claim relief from its corporate profits or similar tax liability in respect of such Tax in priority to any other claims, reliefs, credits or deductions available to it or (other than as set forth in clause (b) above) oblige any holder of any Note to disclose any information relating to its tax affairs or any computations in respect thereof.

The Company will furnish the holders of Notes, promptly and in any event within 60 days after the date of any payment by the Company of any Tax in respect of any amounts paid under this Agreement or the Notes, the original tax receipt issued by the relevant taxation or other authorities involved for all amounts paid as aforesaid (or if such original tax receipt is not available or must legally be kept in the possession of the Company, a duly certified copy of the original tax receipt or any other reasonably satisfactory evidence of payment), together with such other documentary evidence with respect to such payments as may be reasonably requested from time to time by any holder of a Note.

If the Company is required by any applicable law, as modified by the practice of the taxation or other authority of any relevant Taxing Jurisdiction, to make any deduction or withholding of any Tax in respect of which the Company would be required to pay any additional amount under this Section 13, but for any reason does not make such deduction or withholding with the result that a liability in respect of such Tax is assessed directly against the holder of any Note, and such holder pays such liability, then the Company will promptly reimburse such holder for such payment (including any related interest or penalties to the extent such interest or penalties arise by virtue of a default or delay by the Company) upon demand by such holder accompanied by an official receipt (or a duly certified copy thereof) issued by the taxation or other authority of the relevant Taxing Jurisdiction.

If the Company makes payment to or for the account of any holder of a Note and such holder is entitled to a refund of the Tax to which such payment is attributable from the Taxing Jurisdiction to which such Tax was paid, upon the making of a filing (other than a Form described above), then such holder shall, as soon as practicable after receiving written request from the Company (which shall specify in reasonable detail and supply the refund forms to be filed) use reasonable efforts to complete and deliver such refund forms to or as directed by the Company, subject, however, to the same limitations with respect to Forms as are set forth above.

The obligations of the Company under this Section 13 shall survive the payment or transfer of any Note and the provisions of this Section 13 shall also apply to successive transferees of the Notes.

14. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.

14.1. Registration of Notes.

The Company shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

14.2. Transfer and Exchange of Notes.

(a) Upon surrender of any Note to the Company at the address and to the attention of the designated officer (all as specified in Section 19) for registration of transfer or exchange (and in the case of a surrender for registration of transfer accompanied by a written instrument of transfer duly executed by the registered holder of such Note or such holder's attorney duly authorized in writing and accompanied by the relevant name, address and other details for notices of each transferee of such Note or part thereof), within ten Business Days thereafter the Company shall execute and deliver, at the Company's expense (except as provided below), one or more new Notes of the same series (as requested by the holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of Exhibit 1-A, 1-B or 1-C, as applicable. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than U.S.$100,000, provided that if necessary to enable the registration of transfer by a holder of its entire holding of Notes, one Note may be in a denomination of less than U.S.$100,000.

(b) Without limiting the foregoing clause (a), each Purchaser and each subsequent holder of any Note severally agrees that it will not, directly or indirectly, resell any Note purchased by it to a Person that is a Competitor. The Company shall not be required to recognize any sale or other transfer of a Note to a Competitor and no such transfer shall confer any rights hereunder upon such transferee.

14.3. Replacement of Notes.

Upon receipt by the Company at the address and to the attention of the designated officer (all as specified in Section 19) of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that if the holder of such Note is, or is a nominee for, an original Purchaser or another holder of a Note with a minimum net worth of at least U.S.$100,000,000 or a Qualified Institutional Buyer, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof,

within ten Business Days thereafter the Company at its own expense shall execute and deliver, in lieu thereof, a new Note of the same series, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

15. PAYMENTS ON NOTES.

15.1. Place of Payment.

Subject to Section 15.2, payments of principal, Make-Whole Amount or Modified Make-Whole Amount, if any, and interest becoming due and payable on the Notes shall be made in New York, New York at the principal office of Bank of America, N.A. in such jurisdiction. The Company may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

15.2. Home Office Payment.

So long as any Purchaser or its nominee shall be the holder of any Note, and notwithstanding anything contained in Section 15.1 or in such Note to the contrary, the Company will pay all sums becoming due on such Note for principal, Make-Whole Amount or Modified Make-Whole Amount, if any, and interest by the method and at the address specified for such purpose below such Purchaser's name in Schedule A, or by such other method or at such other address as such Purchaser shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation

thereon, except that promptly after payment or prepayment in full of any Note, such Purchaser shall surrender such Note for cancellation to the Company at its principal executive office in Canada or at the place of payment most recently designated by the Company pursuant to Section 15.1. Prior to any sale or other disposition of any Note held by a Purchaser or its nominee, such Purchaser will, at its election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes pursuant to Section 14.2. The Company will afford the benefits of this Section 15.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by a Purchaser under this Agreement and that has made the same agreement relating to such Note as the Purchasers have made in this Section 15.2.

16. EXPENSES, ETC.

16.1. Transaction Expenses.

Whether or not the transactions contemplated hereby are consummated, the Company will pay all properly documented out-of-pocket costs and expenses (including reasonable attorneys' fees of a single set of special counsel and, if reasonably required by the Required Holders, local or other counsel) incurred by the Purchasers and each other holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement, any Subsidiary Guarantee or the Notes (whether or not such amendment, waiver or consent becomes effective), including, without limitation: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement, any Subsidiary Guarantee or the Notes or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement, any Subsidiary Guarantee or the Notes, or by reason of being a holder of any Note, (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary Guarantor or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes and (c) the properly documented out-of-pocket costs and expenses incurred in connection with the initial filing of this Agreement and all related documents and financial information with the SVO, provided that such costs and expenses under this clause (c) shall not exceed U.S.$3,300. The Company will pay, and will save each Purchaser and each other holder of a Note harmless from, all claims in respect of any fees, costs or expenses, if any, of brokers and finders (other than those, if any, retained by a Purchaser or other holder in connection with its purchase of the Notes).

16.2. Certain Taxes.

The Company agrees to pay all stamp, documentary or similar taxes or fees which may be payable in respect of the execution and delivery or the enforcement of this Agreement and any Subsidiary Guarantee or the execution and delivery (but not the transfer) or the enforcement of any of the Notes in the United States or Canada or any jurisdiction in which a Subsidiary Guarantor is organized, or of any amendment of, or waiver or consent under or with respect to, this Agreement, any Subsidiary Guarantee or of any of the Notes, and to pay any value added tax due and payable in respect of reimbursement of costs and expenses by the Company pursuant to this Section 16, and will save each holder of a Note to the extent permitted

by applicable law harmless against any loss or liability resulting from nonpayment or delay in payment of any such tax or fee required to be paid by the Company hereunder or by any Subsidiary Guarantor under any Subsidiary Guarantee.

16.3. Survival.

The obligations of the Company under this Section 16 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Agreement, any Subsidiary Guarantee or the Notes, and the termination of this Agreement.

17. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the Notes, the purchase or transfer by any Purchaser of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note (provided that it is understood that such representations and warranties were made solely as at the Closing and with respect to the relevant facts and circumstances in existence as at the date of Closing and nothing in this Agreement shall be deemed, interpreted or construed in any way with respect to the Company making such representations and warranties as at any other day), regardless of any investigation made at any time by or on behalf of such Purchaser or any other holder of a Note. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between each Purchaser and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

18. AMENDMENT AND WAIVER.

18.1. Requirements.

This Agreement and the Notes may be amended, and the observance of any term hereof or of the Notes or any Subsidiary Guarantee may be waived (either retroactively or prospectively), with (and only with) the written consent of the Company and the Required Holders, except that (a) no amendment or waiver of any of the provisions of Section 1, 2, 3, 4, 5, 6 or 22, or any defined term (as it is used therein), will be effective as to any Purchaser unless consented to by such Purchaser in writing, and (b) no such amendment or waiver may, without the written consent of the holder of each Note at the time outstanding affected thereby, (i) subject to the provisions of Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of interest or of the Make-Whole Amount or Modified Make-Whole Amount on, the Notes, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any such amendment or waiver, or (iii) amend Section 8, 11(a), 11(b), 12, 13, 18, 21 or 23.9.

18.2. Solicitation of Holders of Notes.

(a) Solicitation. The Company will provide each holder of the Notes (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes or of any Subsidiary Guarantee. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Section 18 to each holder of outstanding Notes promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

(b) Payment. The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security or provide other credit support, to any holder of Notes as consideration for or as an inducement to the entering into by any holder of Notes of any waiver or amendment of any of the terms and provisions hereof or of any Subsidiary Guarantee unless such remuneration is concurrently paid, or security is concurrently granted or other credit support concurrently provided, on the same terms, ratably to each holder of Notes then outstanding even if such holder did not consent to such waiver or amendment.

(c) Consent in Contemplation of Transfer. Any consent made pursuant to this Section 18.2 by the holder of any Note that has transferred or has agreed to transfer such Note to the Company, any Subsidiary, any Affiliate of the Company, any Associate of the Company or Person of which the Company is an Associate, and has provided or has agreed to provide such written consent as a condition to such transfer shall be void and of no force or effect except solely as to such holder, and any amendments effected or waivers granted or to be effected or granted that would not have been or would not be so effected or granted but for such consent (and the consents of all other holders of Notes that were acquired under the same or similar conditions) shall be void and of no force or effect except solely as to such transferring holder.

18.3. Binding Effect, Etc.

Any amendment or waiver consented to as provided in this Section 18 applies equally to all holders of Notes and is binding upon them and upon each future holder of any Note and upon the Company without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of

Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and the holder of any Note nor any delay in exercising any rights hereunder, under any Note or any Subsidiary Guarantee shall operate as a waiver of any rights of any holder of such Note. As used herein, the term "this Agreement" and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

18.4. Notes Held by Company, Etc.

Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement or the Notes, or have directed the taking of any action provided herein or in the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Company, any of its Affiliates, any of its Associates or any Person of which it is an Associate shall be deemed not to be outstanding.

19. NOTICES.

All notices and communications provided for hereunder shall be in writing, at the option of the sender if a recipient's electronic mail address has been provided herein, may be by way of electronic mail. Alternatively, notices and communications may be sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by an air express delivery service (charges prepaid), or (b) by an air express delivery service (with charges prepaid). Any such notice must be sent:

(i) if to a Purchaser or its nominee, to such Purchaser or nominee at the e-mail address specified for such communications in Schedule A, or at such other address as such Purchaser or nominee shall have specified to the Company in writing,

(ii) if to any other holder of any Note, to such holder at the e-mail address or such other address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, to the Company at the following e-mail address cmancuso@agnico-eagle.com, or at its address set forth at the beginning hereof to the attention of Claudio Mancuso, Vice-President, Treasurer, or at such other address as the Company shall have specified to the holder of each Note in writing.

Unless otherwise prescribed, (a) 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 (b) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (a) of notification that such notice or communication is available and identifying the website address therefor.

Any other notice, request, demand or other communication shall be deemed to have been received by the party to whom it is addressed (a) upon receipt by the addressee (or refusal thereof), in the case of prepaid overnight courier or physical delivery, (b) three Business Days after delivery in the mail, if sent by prepaid registered mail, and (c) on the day of transmission, if faxed before 5:00 p.m. (recipient's time) on a Business Day, and on the next

Business Day following transmission, if faxed after 5:00 p.m. (recipient's time) on a Business Day; provided that, any notice to the Company shall be deemed to be notice to all Subsidiary Guarantors. If normal postal or fax service is interrupted by strike, work slow-down or other cause, the party sending the notice shall use such services which have not been interrupted or shall deliver such notice by messenger in order to ensure its prompt receipt by the other party.

All notices related to any Default, Event of Default, acceleration or prepayment shall, in addition to delivery by electronic mail, be sent by physical delivery.

Each document, instrument, financial statement, report, notice or other communication delivered in connection with this Agreement shall be in English or accompanied by an English translation thereof.

This Agreement, the Notes and the Subsidiary Guarantees have been prepared and signed in English and the parties hereto agree that the English version hereof and thereof (to the maximum extent permitted by applicable law) shall be the only version valid for the purpose of the interpretation and construction hereof and thereof notwithstanding the preparation of any translation into another language hereof or thereof, whether official or otherwise or whether prepared in relation to any proceedings which may be brought in any jurisdiction in respect hereof or thereof.

20. REPRODUCTION OF DOCUMENTS.

This Agreement and all documents relating thereto (except the Notes themselves), including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by any Purchaser at the Closing, and (c) financial statements, certificates and other information previously or hereafter furnished to any Purchaser, may be reproduced by such Purchaser by any photographic, photostatic, electronic, digital or other similar process and such Purchaser may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be 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 such Purchaser in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 20 shall not prohibit the Company or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

21. CONFIDENTIAL INFORMATION.

For the purposes of this Section 21, "Confidential Information" means information delivered to any Purchaser by or on behalf of the Company or any Subsidiary Guarantor in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by such Purchaser as being confidential information of the Company or such Subsidiary Guarantor, provided that such term does not include information that (a) was publicly known or otherwise known to such Purchaser prior to the time of such

disclosure, (b) subsequently becomes publicly known through no act or omission by such Purchaser or any person acting on such Purchaser's behalf, (c) otherwise becomes known to such Purchaser other than through disclosure by the Company or any Subsidiary Guarantor or (d) constitutes financial statements delivered to such Purchaser under Section 7.1 that are otherwise publicly available. Each Purchaser will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by such Purchaser in good faith to protect confidential information of third parties delivered to such Purchaser, provided that such Purchaser may deliver or disclose Confidential Information to (i) its directors, trustees, officers and employees (to the extent such disclosure reasonably relates to the administration of the investment represented by its Notes), (ii) its agents, attorneys and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by its Notes and the Persons to whom such delivery or disclosure is made are aware of the confidential nature of such Confidential Information and have been instructed to keep such Confidential Information confidential), (iii) its financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section 21 for the benefit of the Company and its Subsidiaries, (iv) any other holder of any Note, (v) any Institutional Investor to which it sells or offers to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 21 for the benefit of the Company and its Subsidiaries), (vi) any Person from which it offers to purchase any security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 21 for the benefit of the Company and its Subsidiaries), (vii) any federal or state regulatory authority having jurisdiction over such Purchaser, (viii) the NAIC or the SVO or, in each case, any similar organization, or any nationally recognized rating agency that requires access to information about such Purchaser's investment portfolio, or (ix) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to such Purchaser, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which such Purchaser is a party or (z) if an Event of Default has occurred and is continuing, to the extent such Purchaser may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under such Purchaser's Notes and this Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 21 for the benefit of the Company and its Subsidiaries as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying the provisions of this Section 21.

The Company hereby notifies each Purchaser and each subsequent holder of any Note that such Purchaser or holder may be considered a person or company in a special relationship with the Company within the meaning of the *Securities Act* (Ontario) and that, as such, to the extent that such Purchaser or holder acquires knowledge of a material fact or material change with respect to the Company that has not been generally disclosed, any purchase or sale of the securities of the Company or the disclosure to others of such material fact or

material change is prohibited except where an exemption is available under applicable Canadian securities legislation.

22. SUBSTITUTION OF PURCHASER.

Each Purchaser shall have the right to substitute any one of its Affiliates as the purchaser of the Notes that it has agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both such Purchaser and such Affiliate, shall contain such Affiliate's agreement to be bound by this Agreement and shall contain a confirmation by such Affiliate of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, any reference to such Purchaser in this Agreement (other than in this Section 22), shall be deemed to refer to such Affiliate in lieu of such original Purchaser. In the event that such Affiliate is so substituted as a Purchaser hereunder and such Affiliate thereafter transfers to such original Purchaser all of the Notes then held by such Affiliate, upon receipt by the Company of notice of such transfer, any reference to such Affiliate as a "Purchaser" in this Agreement (other than in this Section 22), shall no longer be deemed to refer to such Affiliate, but shall refer to such original Purchaser, and such original Purchaser shall again have all the rights of an original holder of the Notes under this Agreement.

23. MISCELLANEOUS.

23.1. Successors and Assigns.

All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Note) whether so expressed or not.

23.2. Payments Due on Non-Business Days.

Anything in this Agreement or the Notes to the contrary notwithstanding (but without limiting the requirement in Section 8.7 that notice of any optional prepayment specify a Business Day as the date fixed for such prepayment), any payment of principal of or Make-Whole Amount or Modified Make-Whole Amount or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day; provided that if the maturity date of any Note is a date other than a Business Day, the payment otherwise due on such maturity date shall be made on the next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day.

23.3. Accounting Matters.

(a) All accounting terms used herein which are not expressly defined in this Agreement have the meanings respectively given to them in accordance with GAAP. Except as otherwise specifically provided herein, all computations made pursuant to this Agreement shall

be made in accordance with GAAP, and all financial statements shall be prepared in accordance with GAAP.

(b) For purposes of determining compliance with the financial covenants contained in this Agreement, any election by the Company or any Subsidiary to measure an item of Indebtedness using fair value (as permitted by Statement of Financial Accounting Standards No. 159, International Accounting Standard 39 or any similar accounting standard) shall be disregarded and such determination shall be made as if such election had not been made.

23.4. Severability.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

23.5. Construction, Etc.

(a) Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

(b) For the avoidance of doubt, all Schedules and Exhibits attached to this Agreement shall be deemed to be a part hereof.

(c) Any certificate or other writing delivered by an officer of the Company or any Subsidiary Guarantor pursuant to this Agreement or any Subsidiary Guarantee shall be provided by each such officer without personal liability, solely in his or her capacity as an officer of the Company or a Subsidiary Guarantor, as applicable.

(d) To the extent that this Agreement or any Note is enforced in the Province of Ontario, for purposes of the *Interest Act* (Canada): (i) whenever any interest or fee under this Agreement or any Note is calculated using a rate based on a number of days less than a full year, such rate determined pursuant to such calculation, when expressed as an annual rate, is equivalent to (x) the applicable rate, (y) multiplied by the actual number of days in the calendar year in which the period for which such interest or fee is payable (or compounded) ends, and (z) divided by the number of days comprising such calculation basis; (ii) the principle of deemed reinvestment of interest does not apply to any interest calculation under this Agreement or any Note; and (iii) the rates of interest stipulated in this Agreement and the Notes are intended to be nominal rates and not effective rates or yields.

23.6. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

23.7. Governing Law.

This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

23.8. Jurisdiction and Process; Waiver of Jury Trial.

(a) The Company irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in the Borough of Manhattan, The City of New York, over any suit, action or proceeding arising out of or relating to this Agreement or the Notes. To the fullest extent permitted by applicable law, the Company irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) The Company agrees, to the fullest extent permitted by applicable law, that a final judgment in any suit, action or proceeding of the nature referred to in Section 23.8(a) brought in any such court shall be conclusive and binding upon it subject to rights of appeal, as the case may be, and may be enforced in the courts of the United States of America or the State of New York (or any other courts to the jurisdiction of which it or any of its assets is or may be subject) by a suit upon such judgment.

(c) The Company consents to process being served by or on behalf of any holder of a Note in any suit, action or proceeding of the nature referred to in Section 23.8(a) by mailing a copy thereof by registered or certified or priority mail, postage prepaid, return receipt requested, or delivering a copy thereof in the manner for delivery of notices specified in Section 19, to the Process Agent, as its agent for the purpose of accepting service of any process in the United States. The Company agrees that such service upon receipt (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by applicable law, be taken and held to be valid personal service upon and personal delivery to it. Notices hereunder shall be conclusively presumed received as evidenced by a delivery receipt furnished by the United States Postal Service or any reputable commercial delivery service.

(d) Nothing in this Section 23.8 shall affect the right of any holder of a Note to serve process in any manner permitted by law, or limit any right that the holders of any of the

Notes may have to bring proceedings against the Company in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(e) The Company hereby irrevocably appoints the Process Agent to receive for it, and on its behalf, service of process in the United States.

(f) THE PARTIES HERETO HEREBY WAIVE TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THIS AGREEMENT, THE NOTES OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION HEREWITH OR THEREWITH.

23.9. Obligation to Make Payment in U.S. Dollars.

Any payment on account of an amount that is payable hereunder or under the Notes in U.S. Dollars which is made to or for the account of any holder of Notes in any other currency, whether as a result of any judgment or order or the enforcement thereof or the realization of any security or the liquidation of the Company, shall constitute a discharge of the obligation of the Company under this Agreement or the Notes only to the extent of the amount of U.S. Dollars which such holder could purchase in the foreign exchange markets in London, England, with the amount of such other currency in accordance with normal banking procedures at the rate of exchange prevailing on the London Banking Day following receipt of the payment first referred to above. If the amount of U.S. Dollars that could be so purchased is less than the amount of U.S. Dollars originally due to such holder, the Company agrees to the fullest extent permitted by law, to indemnify and save harmless such holder from and against all loss or damage arising out of or as a result of such deficiency. This indemnity shall, to the fullest extent permitted by law, constitute an obligation separate and independent from the other obligations contained in this Agreement and the Notes, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by such holder from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under the Notes or under any judgment or order. As used herein the term “London Banking Day” shall mean any day other than Saturday or Sunday or a day on which commercial banks are required or authorized by law to be closed in London, England.

* * * * *

If you are in agreement with the foregoing, please sign the form of agreement on a counterpart of this Agreement and return it to the Company, whereupon this Agreement shall become a binding agreement between you and the Company.

Very truly yours,

AGNICO-EAGLE MINES LIMITED

By ***“Claudio Mancuso”***
Name: Claudio Mancuso
Title: Vice-President, Treasurer

This Agreement is hereby accepted and
agreed to as of the date thereof.

This Agreement is hereby accepted and
agreed to as of the date thereof.

METROPOLITAN LIFE INSURANCE COMPANY

METLIFE INSURANCE COMPANY OF CONNECTICUT
by Metropolitan Life Insurance Company, its investment manager

NEW ENGLAND LIFE INSURANCE COMPANY
By: Metropolitan Life Insurance Company, its Investment Manager

METLIFE INVESTORS USA INSURANCE COMPANY
By: Metropolitan Life Insurance Company, its Investment Manager

METROPOLITAN PROPERTY AND CASUALTY INSURANCE COMPANY
By: Metropolitan Life Insurance Company, its Investment Manager

By: ***"C. Scott Inglis"***
Name: C. Scott Inglis
Title: Managing Director

This Agreement is hereby accepted and
agreed to as of the date thereof.

HORACE MANN LIFE INSURANCE CO.
MIDLAND NATIONAL LIFE INSURANCE COMPANY
NORTH AMERICAN COMPANY FOR LIFE AND HEALTH INSURANCE
WILTON REASSURANCE COMPANY
IUOE LOCALS 302/612 RETIREMENT ACCOUNT
SECURITY BENEFIT LIFE COMPANY
By: Guggenheim Partners Asset Management, LLC

By: ***"Jeffrey B. Abrams"***
Name: Jeffrey B. Abrams
Title: Managing Director

This Agreement is hereby accepted and
agreed to as of the date thereof.

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

By: ***"Timothy S. Collins"***
Name: Timothy S. Collins
Title:

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY FOR ITS GROUP ANNUITY SEPARATE ACCOUNT

By: ***"Timothy S. Collins"***
Name: Timothy S. Collins
Title:

This Agreement is hereby accepted and
agreed to as of the date thereof.

ING LIFE INSURANCE AND ANNUITY COMPANY
ING USA ANNUITY AND LIFE INSURANCE COMPANY
RELIASTAR LIFE INSURANCE COMPANY
RELIASTAR LIFE INSURANCE COMPANY OF NEW YORK
By: ING Investment Management LLC, as Agent

By: ***"Christopher P. Lyons"***
Name: Christopher P. Lyons
Title: Senior Vice President

This Agreement is hereby accepted and
agreed to as of the date thereof.

TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA

By: ***"Ho Young Lee"***
Name: Ho Young Lee
Title: Director

This Agreement is hereby accepted and
agreed to as of the date thereof.

NEW YORK LIFE INSURANCE COMPANY

By: ***"Kathleen A. Haberkern"***
Name: Kathleen A. Haberkern
Title: Corporate Vice President

NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION
By: New York Life Investment Management LLC, Its Investment Manager

By: ***"Kathleen A. Haberkern"***
Name: Kathleen A. Haberkern
Title: Director

FORETHOUGHT LIFE INSURANCE COMPANY
By: New York Life Investment Management LLC, Its Investment Manager

By: ***"Kathleen A. Haberkern"***
Name: Kathleen A. Haberkern
Title: Director

This Agreement is hereby accepted and
agreed to as of the date thereof.

C.M. LIFE INSURANCE COMPANY
By: Babson Capital Management LLC as Investment Adviser

By: ***"Mark A. Ahmed"***
Name: Mark A. Ahmed
Title: Managing Director

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY
By: Babson Capital Management LLC as Investment Adviser

By: ***"Mark A. Ahmed"***
Name: Mark A. Ahmed
Title: Managing Director

This Agreement is hereby accepted and
agreed to as of the date thereof.

PRINCIPAL LIFE INSURANCE COMPANY
By: Principal Global Investors, LLC
a Delaware limited liability company,
its authorized signatory

By: ***"Karen A. Pearston"***
Name: Karen A. Pearston
Title: Vice President and Associate
General Counsel

By: ***"Colin Pennycooke"***
Name: Colin Pennycooke
Title: Counsel

RGA REINSURANCE COMPANY,
a Missouri Corporation

By: Principal Global Investors, LLC
a Delaware limited liability company,
its authorized signatory

By: ***"Karen A. Pearston"***
Name: Karen A. Pearston
Title: Vice President and Associate
General Counsel

By: ***"Colin Pennycooke"***
Name: Colin Pennycooke
Title: Counsel

This Agreement is hereby accepted and
agreed to as of the date thereof.

PROVIDENT LIFE AND ACCIDENT INSURANCE COMPANY
By: Provident Investment Management, LLC
Its: Agent

By: ***"Ben Vance"***
Name: Ben Vance
Title: Managing Director

NEW YORK LIFE INSURANCE COMPANY
By: Provident Investment Management, LLC
Its: Agent

By: ***"Ben Vance"***
Name: Ben Vance
Title: Managing Director

This Agreement is hereby accepted and
agreed to as of the date thereof.

WESTERN NATIONAL LIFE INSURANCE COMPANY
By: AIG Asset Management (U.S.) LLC, Investment Advisor

By: ***"David C. Patch"***
Name: David C. Patch
Title: Vice President

This Agreement is hereby accepted and
agreed to as of the date thereof.

JOHN HANCOCK LIFE INSURANCE COMPANY OF NEW YORK

By: ***"S. Mark Ray"***
Name: S. Mark Ray
Title: Authorized Signatory

JOHN HANCOCK LIFE INSURANCE COMPANY (U.S.A.)

By: ***"S. Mark Ray"***
Name: S. Mark Ray
Title: Managing Director

JOHN HANCOCK LIFE INSURANCE COMPANY (U.S.A.)

By: Hancock Capital Investment Management, LLC,
as Investment Manager for Portfolio F128 Residual Block

By: ***"C. Dec Mullarkey"***
Name: C. Dec Mullarkey
Title: Senior Managing Director

This Agreement is hereby accepted and agreed to as of the date thereof.

SGF MINES INC.

By: ***"Luc Séguin"***
Name: Luc Séguin
Title: President

By: ***"Marc Paquet"***
Name: Marc Paquet
Title: Assistant Secretary

This Agreement is hereby accepted and
agreed to as of the date thereof.

CONNECTICUT GENERAL LIFE INSURANCE COMPANY
By: CIGNA Investments, Inc. (authorized agent)

By: ***"Deborah Wiacek"***
Name: Deborah Wiacek
Title: Senior Managing Director

LIFE INSURANCE COMPANY OF NORTH AMERICA
By: CIGNA Investments, Inc. (authorized agent)

By: ***"Deborah Wiacek"***
Name: Deborah Wiacek
Title: Senior Managing Director

This Agreement is hereby accepted and
agreed to as of the date thereof.

UNITED OF OMAHA LIFE INSURANCE COMPANY

By: ***"Justin P. Kavan"***
Name: Justin P. Kavan
Title: Vice President

COMPANION LIFE INSURANCE COMPANY

By: ***"Justin P. Kavan"***
Name: Justin P. Kavan
Title: Authorized Signer

MUTUAL OF OMAHA INSURANCE COMPANY

By: ***"Justin P. Kavan"***
Name: Justin P. Kavan
Title: Vice President

This Agreement is hereby accepted and
agreed to as of the date thereof.

BANKERS LIFE AND CASUALTY COMPANY
CONSECO LIFE INSURANCE COMPANY
CONSECO HEALTH INSURANCE COMPANY
CONSECO INSURANCE COMPANY
WASHINGTON NATIONAL INSURANCE COMPANY
By: 40|86 Advisors, Inc. acting as Investment Advisor

By: ***"Timothy L. Powell"***
Name: Timothy L. Powell
Title: Vice President

This Agreement is hereby accepted and
agreed to as of the date thereof.

NATIONWIDE LIFE INSURANCE COMPANY

By: ***"Mary Beth Cadle"***
Name: Mary Beth Cadle
Title: Authorized Signatory

This Agreement is hereby accepted and
agreed to as of the date thereof.

ALLIANZ LIFE INSURANCE COMPANY OF NORTH AMERICA
By: Allianz of America, Inc. as the authorized signatory and investment manager

By: ***"Gary Brown"***
Name: Gary Brown
Title: Chief Investment Officer, Fixed Income

This Agreement is hereby accepted and
agreed to as of the date thereof.

AVIVA LIFE AND ANNUITY COMPANY
By: Aviva Investors North America, Inc., Its authorized attorney in-fact

By: ***"Roger D. Fors"***
Name: Roger D. Fors
Title: VP-Private Fixed Income

This Agreement is hereby accepted and
agreed to as of the date thereof.

CONTINENTAL CASUALTY COMPANY

By: ***"Marilou R. McGirr"***
Name: Marilou R. McGirr
Title: Vice President and Assistant Treasurer

This Agreement is hereby accepted and
agreed to as of the date thereof.

SOUTHERN FARM BUREAU LIFE INSURANCE COMPANY

By: ***"Carol Robertson"***
Name: Carol Robertson, CFA
Title: Senior Portfolio Manager

This Agreement is hereby accepted and
agreed to as of the date thereof.

AMERICO FINANCIAL LIFE & ANNUITY-HANOVER

By: ***"Greg Hamilton"***
Name: Greg Hamilton
Title: VP — Investments

This Agreement is hereby accepted and
agreed to as of the date thereof.

THE OHIO NATIONAL LIFE INSURANCE COMPANY

By: ***"Jed R. Martin"***
Name: Jed R. Martin
Title: Vice President, Private Placements

OHIO NATIONAL LIFE ASSURANCE CORPORATION

By: ***"Jed R. Martin"***
Name: Jed R. Martin
Title: Vice President, Private Placements

This Agreement is hereby accepted and
agreed to as of the date thereof.

SENIOR HEALTH INSURANCE COMPANY OF PENNSYLVANIA

By: Conning Inc., as Investment Manager

By: ***"Samuel Otchere"***
Name: Samuel Otchere
Title: Vice President

This Agreement is hereby accepted and
agreed to as of the date thereof.

FARM BUREAU LIFE INSURANCE COMPANY

By: ***"Herman L. Riva"***
Name: Herman L. Riva
Title: Securities Vice President

This Agreement is hereby accepted and
agreed to as of the date thereof.

NAVY MUTUAL AID ASSOCIATION

By: ***"Allen McCray"***
Name: Allen McCray
Title: President, Investments

SCHEDULE B

DEFINED TERMS

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

" **Affiliate** " means, at any time, and with respect to any Person, any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person. As used in this definition, "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. Unless the context otherwise clearly requires, any reference to an "Affiliate" is a reference to an Affiliate of the Company.

" **Anti-Terrorism Order** " means Executive Order No. 13,224 of September 24, 2001, Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism, 66 U.S. Fed. Reg. 49, 079 (2001), as amended.

" **Associate** " means, where used to indicate a relationship with any Person, (a) any corporate or other business entity of which the Person beneficially owns, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all voting securities of such entity for the time being outstanding, (b) any partner of that Person, (c) any trust or estate in which the Person has a substantial beneficial interest or as to which the Person serves as trustee or in a similar capacity, (d) any relative of the Person, including the Person's spouse, where the relative has the same home as the Person, or (e) any relative of the spouse of the Person where the relative has the same home as the Person.

" **Business Day** " means (a) for the purposes of Section 8.9 only, any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York are required or authorized by applicable law to be closed, and (b) for the purposes of any other provision of this Agreement, any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York or Toronto, Ontario are required or authorized by applicable law to be closed.

" **Canadian Dollars** " means lawful money of Canada.

" **Capital Lease** " means, at any time, a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

" **Capital Lease Obligations** " means, as to any Person, an obligation of such Person to pay rent or other amounts under a Capital Lease and the amount of such obligation shall be the capitalized amount thereof, determined in accordance with GAAP.

" **Capital Reorganization** " means any change in the issued and outstanding Equity Interests of a Person involving the reclassification of such Equity Interests or the

conversion of such Equity Interests into, or exchange of such Equity Interests for, cash, securities or other property.

" **Cash Equivalents** " means, as of the date of any determination thereof, instruments of the following types:

(a) obligations of, or unconditionally guaranteed by, the governments of Canada or the United States, or any agency of either of them backed by the full faith and credit of the governments of Canada or the United States, respectively, maturing not more than one year from the date of acquisition;

(b) marketable direct obligations of the governments of one of the provinces of Canada, one of the states of the United States, or any agency thereof, or of any county, department, municipality or other political subdivision of Canada or the United States, the payment or guarantee of which constitutes a full faith and credit obligation of such province, state, municipality or other political subdivision, which matures not more than one year from the date of acquisition and which, at the time of acquisition, is accorded a short-term credit rating of at least A-1 by Standard & Poor's, at least P-1 by Moody's or at least R-1(middle) by DBRS;

(c) commercial paper, bonds, notes, debentures and bankers' acceptances issued by a Person residing in Canada or the United States and not referred to in clauses (a) or (b) above or clause (d) below, and maturing not more than one year from the date of issuance which, at the time of acquisition, is accorded a short-term credit rating of at least A-1 by Standard & Poor's, at least P-1 by Moody's or at least R-1(middle) by DBRS, and, in respect of Canadian asset-backed commercial paper that is based on a DBRS rating, provided that such asset-backed commercial paper is issued by a Person appearing on the list of "Global Liquidity Standard for ABCP Issuers" published and maintained by DBRS (for so long as such list is in existence and is continually being updated);

(d) (i) certificates of deposit maturing not more than one year from the date of issuance thereof, issued by a bank or trust company organized under the laws of the United States, any state thereof, or Canada or any province thereof or (ii) Principal Currency certificates of deposit maturing not more than one year from the date of acquisition and issued by a bank in a Principal Jurisdiction; in all cases having capital, surplus and undivided profits aggregating at least U.S.$500,000,000 (or the equivalent thereof in Canadian Dollars or in the currency of such Principal Jurisdiction) and whose short-term credit rating is, at the time of acquisition, accorded a short-term credit rating of at least A-1 by Standard & Poor's, at least P-1 by Moody's or at least R-1(middle) by DBRS;

(e) any repurchase agreement having a term of 30 days or less entered into with any Person satisfying the criteria set forth in clause (d) above, which is secured by a fully perfected security interest in any obligation of the type described in clauses (a) or (b) above and has a market value at the time such repurchase agreement is entered into of

not less than 100% of the repurchase obligation of such commercial banking institution thereunder; and

(f) investments in any security issued by an investment company registered under section 8 of the United States 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).

" **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 Company carrying in aggregate (assuming the exercise of all such conversion or exchange rights in favor 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 Company; or (b) the replacement by way of election or appointment at any time of one-half or more of the total number of the then incumbent members of the board of directors of the Company, or the election or appointment of new directors comprising one-half or more of the total number of members of the board of directors in office immediately following such election or appointment; unless, in any such case, the nomination of such directors for election or their appointment is approved by the board of directors of the Company in office immediately preceding such nomination or appointment in circumstances where such nomination or appointment is made other than as a result of a dissident public proxy solicitation, whether actual or threatened.

" **Closing** " is defined in Section 3.

" **Code** " means the United States Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

" **Company** " is defined in the first paragraph of this Agreement.

" **Competitor** " means any Person (other than the Company or any Subsidiary) that is engaged in any aspect of the Core Business and/or other activities reasonably related thereto, provided that:

(a) the provision of investment advisory services by an Institutional Investor to a Plan or Non-U.S. Plan which is owned or controlled by a Person which would otherwise be a Competitor shall not of itself cause the Institutional Investor providing such services to be deemed to be a Competitor if such Institutional Investor has established procedures which will prevent confidential information supplied to such Institutional Investor by the Company or its Subsidiaries from being transmitted or otherwise made available to such Plan or Non-U.S. Plan or the Person owning or controlling such Plan or Non-U.S. Plan; and

(b) in no event shall an Institutional Investor which maintains passive investments in any Person which is a Competitor be deemed a Competitor if such Institutional Investor has established procedures which will prevent Confidential

Information supplied to such Institutional Investor by the Company or its Subsidiaries from being transmitted or otherwise made available to a Competitor, it being agreed that the normal administration of the investment and enforcement thereof shall be deemed not to cause such Institutional Investor to be a Competitor.

" **Confidential Information** " is defined in Section 21.

" **Consolidated Hedging Exposure** " means the aggregate of all amounts that would be payable to all Persons by the Company and its Subsidiaries or to the Company and its Subsidiaries, on the date of determination, taking into account all legally enforceable netting arrangements, pursuant to each ISDA Master Agreement between the Company and each such Person and each Subsidiary and each such Person, as if all Derivative Instruments under such ISDA Master Agreements were being terminated on that day.

" **Consolidated Total Assets** " means, as of any date, the total assets of the Company and the Subsidiary Guarantors as of such date, as determined in accordance with GAAP.

" **Constating Documents** " means, with respect to any Person, its articles or certificate of incorporation, amendment, amalgamation, continuance or association, memorandum of association, declaration of trust, partnership agreement, limited liability company agreement or other similar document, as applicable, and all unanimous shareholder agreements, other shareholder agreements, voting trust agreements and similar arrangements applicable to the Person's Equity Interests which bind such Person, and by-laws, all as amended, supplemented, restated or replaced from time to time.

" **Core Business** " means the development, construction and operation of mining properties and any operation relating to mining, including the manufacturing, processing or refining of products produced from mining operations and properties, and the sale of products produced from or in connection with mining operations and properties, and the financing related thereto.

" **Corporate Reorganization** " means (i) the liquidation of Agnico-Eagle (Delaware) L.L.C., Agnico-Eagle (Delaware) II L.L.C. and Agnico-Eagle (Delaware) III L.L.C. into Agnico-Eagle (Barbados) Limited, (ii) the merger of Agnico-Eagle Sweden AB, Agnico-Eagle AB and Riddarhyttan Resources AB with Agnico-Eagle Sweden AB as the continuing entity and (iii) the Mexican Pledge.

" **DBRS** " means DBRS Ltd., together with any relevant local affiliates thereof and any successor to any of the foregoing.

" **Default** " means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

" **Default Rate** " means, with respect to any Note, that rate of interest that is the greater of (i) 2.0% per annum above the rate of interest stated in clause (a) of the first paragraph

of such Note and (ii) 2.0% over the rate of interest publicly announced by Bank of America, N.A. in New York, New York as its "base" or "prime" rate.

" **Derivative Instrument** " means an agreement entered into from time to time by a Person in order to control, fix or regulate currency exchange, commodity price or interest rate fluctuations, including a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions and any combination of these transactions).

" **Disclosure Documents** " is defined in Section 5.3.

" **Disposition** " is defined in Section 10.7.

" **EBITDA** " means, for any period, on a consolidated basis, an amount equal to the Company's revenue from the sale of product from mines, less : (a) onsite and offsite cash operating costs for such period; (b) cash 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.

" **Environmental Laws** " means any and all applicable Federal, state, local, and foreign statutes, laws, regulations, ordinances, and binding rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including but not limited to those related to Hazardous Materials.

" **Equity Interests** " means, with respect to any Person, all shares, interests, units, trust units, partnership, membership or other interests, participations or other equivalent rights in the Person's equity or capital, however designated, whether voting or non voting, whether now outstanding or issued after the date of Closing, together with warrants, options or other rights to acquire any such equity interests of such Person and securities convertible into or exchangeable for any such equity interests of such Person.

" **ERISA** " means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

" **ERISA Affiliate** " means any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under section 414 of the Code.

" **Event of Default** " is defined in Section 11.

" **GAAP** " means generally accepted accounting principles (including International Financial Reporting Standards, as applicable if and only to the extent adopted by the Company) as in effect from time to time in the United States.

" **Goldex Mine** " means the Goldex mining operations and property owned directly or indirectly by the Company or a Subsidiary and located in or around the City of Vald'Or, Quebec, as presently constituted and as the same may be developed or expanded from time to time, and any replacements, substitutions and modifications thereof permitted hereunder, together with all easements, rights of way, rights, titles or interests of every kind and description which the Company or a Subsidiary has rights to, or otherwise owns or controls, relating to or acquired in connection with such operations, properties and claims.

" **Governmental Authority** " means

(a) the government of

(i) the United States of America or Canada or any State, Province or other political subdivision of either thereof, or

(ii) any other jurisdiction in which the Company or any Subsidiary Guarantor conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company or any Subsidiary Guarantor, or

(b) any entity of or within the jurisdictions referenced in clauses (i) or (ii) above exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

" **Guaranty** " means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any indebtedness, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including (without limitation) obligations incurred through an agreement, contingent or otherwise, by such Person:

(a) to purchase such indebtedness or obligation or any property constituting security therefor;

(b) to advance or supply funds (i) for the purchase or payment of such indebtedness or obligation, or (ii) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such indebtedness or obligation;

(c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such indebtedness or obligation of the ability of any other Person to make payment of the indebtedness or obligation; or

(d) otherwise to assure the owner of such indebtedness or obligation against loss in respect thereof.

In any computation of the indebtedness or other liabilities of the obligor under any Guaranty, the indebtedness or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor.

" **Hazardous Material** " means any and all pollutants, toxic or hazardous wastes or other substances that might pose a hazard to human health and safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage or filtration of which, in each case, is or shall be restricted, prohibited or penalized by any Environmental Law, including, without limitation, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum, petroleum products, lead based paint, radon gas or similar restricted, prohibited or penalized substances.

" **holder** " means, with respect to any Note the Person in whose name such Note is registered in the register maintained by the Company pursuant to Section 14.1.

" **Indebtedness** " means, with respect to a Person, without duplication, the aggregate of the following amounts, each calculated in accordance with GAAP, unless the context otherwise requires:

(a) all obligations that would be considered to be indebtedness for borrowed money (including, without limitation, by way of overdraft and drafts or orders accepted representing extensions of credit), and all obligations (whether or not with respect to the borrowing of money) that are evidenced by bonds, debentures, notes or other similar instruments;

(b) reimbursement obligations under bankers' acceptances and contingent obligations of such Person in respect of any letter of credit, letters of guarantee, bank guarantee, surety bond, performance bond and similar instruments;

(c) all liabilities upon which interest charges are paid or are customarily paid by that Person;

(d) any Equity Interests of that Person (or of any Subsidiary of that Person) which Equity Interests, by their terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part, prior to the maturity date of the Series C Notes, for cash or securities constituting Indebtedness (read without reference to this clause (d)) unless the issuer of such Equity Interests has by the terms of such Equity Interests the option of repaying such amounts or retiring or exchanging such Equity Interests with Equity Interests not convertible or exchangeable or redeemable for Indebtedness (read without reference to this clause (d));

(e) all Capital Lease Obligations, obligations under Synthetic Leases, obligations under sale and leaseback transactions (unless the lease component of the sale and leaseback transaction is an operating lease) and indebtedness under arrangements relating to purchase money liens and other obligations in respect of the deferred purchase price of property and services; and

(f) the amount of the contingent obligations under any Guaranty (other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business) or other agreement assuring payment of any obligation in any manner of any part or all of an obligation of another Person of the type included in clauses (a) through (e) above;

other than trade payables incurred in the ordinary course of business and payable in accordance with customary practices.

" **Institutional Investor** " means (a) any Purchaser of a Note, (b) any holder of a Note holding (together with one or more of its affiliates) more than 5% of the aggregate principal amount of the Notes then outstanding, (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form, and (d) any Related Fund of any holder of any Note.

" **ISDA Master Agreement** " means the 1992 ISDA Master Agreement (Multi-Currency - Cross Border) or the 2002 ISDA Master Agreement, each as published by the International Swaps and Derivatives Association, Inc. and, where the context permits or requires, includes all schedules, supplements, annexes and confirmations attached thereto or incorporated therein, as such agreement may be amended, supplemented or replaced from time to time.

" **Kittila Mine** " means the Kittila mining operations and property owned directly or indirectly by the Company or a Subsidiary and located in or around Kittila, Finland, as presently constituted and as the same may be developed or expanded from time to time, and any replacements, substitutions and modifications thereof permitted hereunder, together with all easements, rights of way, rights, titles or interests of every kind and description which the Company or a Subsidiary has rights to, or otherwise owns or controls, relating to or acquired in connection with such operations, properties and claims.

" **Lapa Mine** " means the Company's Lapa mining operations and property owned directly or indirectly by the Company or a Subsidiary and 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, and any replacements, substitutions and modifications thereof permitted hereunder, together with all easements, rights of way, rights, titles or interests of every kind and description which the Company or a Subsidiary has rights to, or otherwise owns or controls, relating to or acquired in connection with such operations, properties and claims.

" **LaRonde Mine** " means the LaRonde mining operations and property owned directly or indirectly by the Company or a Subsidiary and located in or around Cadillac and Bousquet, Quebec, as presently constituted and as the same may be developed or expanded from time to time, and any replacements, substitutions and modifications thereof permitted hereunder, together with all easements, rights of way, rights, titles or interests of every kind and description which the Company or a Subsidiary has rights to, or otherwise owns or controls, relating to or acquired in connection with such operations, properties and claims.

" **Lien** " means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or Capital Lease, upon or with respect to any property or asset of such Person (including in the case of stock, stockholder agreements, voting trust agreements and all similar arrangements).

" **Major Credit Facility** " means (a) the U.S.$300,000,000 Amended and Restated Credit Agreement, dated as of June 15, 2009, among the Company, as borrower, the guarantors party thereto from time to time, the lenders party thereto from time to time, The Bank of Nova Scotia, as administrative agent, Société Générale (Canada Branch), as syndication agent and The Toronto Dominion Bank, as documentation agent, together with any agreement renewing, refinancing, refunding or replacing the foregoing, and as any of the foregoing may be amended, restated, supplemented or otherwise modified from time to time, (b) the U.S.$600,000,000 Amended and Restated Credit Agreement, dated as of June 15, 2009, among the Company, as borrower, the guarantors party thereto from time to time, the lenders party thereto from time to time, The Bank of Nova Scotia, as administrative agent, The Toronto Dominion Bank, as syndication agent, Bank of Montreal, as co-documentation agent, Canadian Imperial Bank of Commerce, as co-documentation agent and Export Development Canada, as co-documentation agent, together with any agreement renewing, refinancing, refunding or replacing the foregoing, and as any of the foregoing may be amended, restated, supplemented or otherwise modified from time to time and (c) at any time that either or both of the agreements described above ceases to be outstanding, any other primary bank lending agreement or facility of the Company and its Subsidiaries as a whole.

" **Make-Whole Amount** " is defined in Section 8.9.

" **Material** " means material in relation to the business, operations, affairs, financial condition, assets, properties or prospects of the Company and its Subsidiaries taken as a whole.

" **Material Adverse Effect** " means a material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole, or (b) the ability of the Company and the Subsidiary Guarantors, taken as a whole, to perform their respective obligations under this Agreement, the Notes or any Subsidiary Guarantee (as applicable), or (c) the validity or enforceability of this Agreement, the Notes or any Subsidiary Guarantee.

" **Material Assets** " means (a) the Mines and all other present and after-acquired property and assets used in connection with or relating to the Mines or any other operating mine, development stage mine project or facility for the extraction or processing of ore (including all corresponding underground and surface facilities and infrastructure and all related plant, buildings, fixtures, equipment, chattels and machinery), whether situate on or off such mine, development stage mine project or facility, and all replacements, substitutions and additions thereto and (b) the Subsidiary Guarantors.

" **Meadowbank Mine** " means the Meadowbank mine development project and the related mining operations and property owned directly or indirectly by the Company or a Subsidiary and located in or around the Kivalliq district of Nunavut, as presently constituted and as the same may be developed or expanded from time to time, and any replacements, substitutions and modifications thereof permitted hereunder, together with all easements, rights of way, rights, titles or interests of every kind and description which the Company or a Subsidiary has rights to, or otherwise owns or controls, relating to or acquired in connection with such operations, properties and claims.

" **Memorandum** " is defined in Section 5.3.

" **Mexican Pledge** " means the pledge by Tenedora Agnico Eagle Mexico S.A. de C.V. of the common shares of Agnico Eagle Mexico, S.A. de C.V. to Agnico-Eagle Mines Mexico Cooperatie U.A. to secure an interest-bearing loan made by Agnico-Eagle Mines Mexico Cooperatie U.A. to Agnico Eagle Mexico, S.A. de C.V.

" **Mines** " means the Goldex Mine, the Kittila Mine, the LaRonde Mine, the Lapa Mine, the Meadowbank Mine and the Pinos Altos Mine.

" **Modified Make-Whole Amount** " is defined in Section 8.9.

" **Moody's** " means Moody's Investors Service, Inc., together with any relevant local affiliates thereof and any successor to any of the foregoing.

" **Multiemployer Plan** " means any Plan that is a "multiemployer plan" (as such term is defined in section 4001(a)(3) of ERISA).

" **NAIC** " means the National Association of Insurance Commissioners or any successor thereto.

" **Non-U.S. Plan** " means any plan, fund or other similar program that (a) is established or maintained outside the United States of America by the Company or any Subsidiary primarily for the benefit of employees of the Company or one or more Subsidiaries residing outside the United States of America, which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement or payments to be made upon termination of employment, and (b) is not subject to ERISA or the Code.

" **Notes** " is defined in Section 1.

" **Officer's Certificate** " means a certificate of a Senior Financial Officer or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate.

" **Other Supported Agreements** " means all agreements or arrangements (including Guaranties) entered into or made from time to time by the Company or any Subsidiary Guarantor in connection with (a) cash consolidation, cash management and electronic funds

transfer arrangements between the Company or any Subsidiary Guarantor and any lender or an Affiliate of a lender under a Major Credit Facility and (b) doré purchase agreements between the Company or any Subsidiary Guarantor and any lender or an Affiliate of a lender under a Major Credit Facility.

" **Other Supported Obligations** " means all obligations of the Company or any Subsidiary Guarantor to any Other Supported Party under or in connection with the Other Supported Agreements and all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Company or any Subsidiary Guarantor to any Other Supported Party in any currency or remaining unpaid by the Company or any Subsidiary Guarantor to any Other Supported Party in any currency under or in connection with the Other Supported Agreements, whether arising from dealings between any Other Supported Party and the Company or any Subsidiary Guarantor or from any other dealings or proceedings by which any Other Supported Party may be or become in any manner whatever creditors of the Company or any Subsidiary Guarantor under or in connection with the Other Supported Agreements, and wherever incurred, and whether incurred by the Company or any Subsidiary Guarantor alone or with another or others and whether as principal or surety, and all interest, fees, commissions, legal and other costs, charges and expenses.

" **Other Supported Party** " means, at any time, an agent or a lender or an Affiliate of an agent or a lender under a Major Credit Facility which at such time is a creditor under or in connection with an Other Supported Agreement.

" **PBGC** " means the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

" **Person** " means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, business entity or Governmental Authority.

" **Pinos Altos Mine** " means the Pinos Altos mining operations and property owned by the Company or a Subsidiary and located in or around the municipality of Ocampo in the state of Chihuahua, Republic of Mexico, as presently constituted and as the same may be developed or expanded from time to time, and any replacements, substitutions and modifications thereof permitted hereunder, together with all easements, rights of way, rights, titles or interests of every kind and description which the Company or a Subsidiary has rights to, or otherwise owns or controls, relating to or acquired in connection with such operations, properties and claims.

" **Plan** " means an "employee benefit plan" (as defined in section 3(3) of ERISA) subject to Title I of ERISA that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or required to be made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate may have any liability.

" **Principal Currency** " means each of Canadian Dollars, U.S. Dollars, Euros, British pounds, Swiss francs and Swedish kronor.

" **Principal Jurisdiction** " means each of Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

" **Process Agent** " is defined in Section 4.10.

" **property** " or " **properties** " means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

" **Purchaser** " is defined in the first paragraph of this Agreement.

" **Qualified Institutional Buyer** " means any Person who is a "qualified institutional buyer" within the meaning of such term as set forth in Rule 144A(a)(1) under the Securities Act.

" **Related Fund** " means, with respect to any holder of any Note, any fund or entity that (a) invests in securities or bank loans, and (b) is advised or managed by such holder, the same investment advisor as such holder or by an affiliate of such holder or such investment advisor.

" **Required Holders** " means, at any time, the holders of a majority in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by the Company, any of its Affiliates, any of its Associates or any Person of which it is an Associate).

" **Responsible Officer** " means any Senior Financial Officer and any other officer of the Company with responsibility for the administration of the relevant portion of this Agreement.

" **Securities Act** " means the Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

" **Senior Financial Officer** " means the chief financial officer, principal accounting officer, treasurer or comptroller of the Company.

" **Series A Notes** " is defined in Section 1.

" **Series B Notes** " is defined in Section 1.

" **Series C Notes** " is defined in Section 1.

" **Shareholders' Equity** " means, at any time, the amount which would, in accordance with GAAP, be classified on the consolidated balance sheet of the Company at such time as shareholders' equity of the Company.

" **Standard & Poor's** " means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc., together with any relevant local affiliates thereof and any successor to any of the foregoing.

" **Subsidiary** " means, with respect to a Person, another Person if, but only if, (a) the other Person is controlled by, (i) the first Person, or (ii) the first Person and one or more Persons each of which is controlled by the first Person, or (iii) two or more Persons each of which is controlled by the first Person; or (b) the other Person is a subsidiary of a Person that is the first Person's subsidiary. For purposes of this definition, a Person shall be deemed to be controlled by another Person or by two or more Persons if, but only if, (a) voting securities of the first Person carrying more than 50% of the votes for the election of directors are held, other than by way of security only, by or for the benefit of such other Person, and (b) the votes carried by such securities are sufficient, if exercised, to elect a majority of the board of directors of the first Person. Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Company.

" **Subsidiary Guarantee** " means a Guaranty of a Subsidiary Guarantor of the obligations of the Company under this Agreement and the Notes, substantially in the form of Exhibit 9.8 (provided that, to the extent that the provisions of Section 9.8(d) relating to a limited Subsidiary Guarantee are applicable, such form may be adjusted to provide for the relevant limitations).

" **Subsidiary Guarantee Conditions** " means, with respect to any Subsidiary Guarantee and any Subsidiary Guarantor, the delivery to the holders of the Notes of (i) a certificate signed by a director or an appropriate officer of such Subsidiary Guarantor confirming that such Subsidiary Guarantor is, and after giving such Subsidiary Guarantee will be, able to pay its debts as they become due and payable, and otherwise solvent and will not become insolvent because of it entering into such Subsidiary Guarantee or the doing of any act for the purpose of giving effect to such Subsidiary Guarantee and (ii) any agreements, certificates and/or legal opinions as may reasonably be required by, and as shall be reasonably acceptable to, the Required Holders in order to establish that the obligations of such Subsidiary Guarantor under such Subsidiary Guarantee shall rank in right of payment either *pari passu* or senior to all other senior unsecured Indebtedness of such Subsidiary Guarantor.

" **Subsidiary Guarantor** " means any Subsidiary that has executed and delivered a Subsidiary Guarantee and has not ceased to be a Subsidiary Guarantor pursuant to Section 9.8(c).

" **SVO** " means the Securities Valuation Office of the NAIC or any successor to such Office.

" **Synthetic Lease** " means, at any time, any lease (including leases that may be terminated by the lessee at any time) of any property (a) that is accounted for as an operating lease under GAAP and (b) in respect of which the lessee retains or obtains ownership of the property so leased for income tax purposes, other than any such lease under which such Person is the lessor.

" **Tangible Net Worth** " means, at the date of determination, the aggregate value of the Company's then stated share capital, other paid-in capital and contributed surplus (but excluding any deficit or shares of the Company 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.

" **Tax** " means any tax (whether income, documentary, sales, stamp, registration, issue, capital, property, excise or otherwise), duty, assessment, levy, impost, fee, compulsory loan, charge or withholding.

" **Taxing Jurisdiction** " is defined in Section 13.

" **Total Debt** " means, at any time, all Indebtedness of the Company on a consolidated basis (which shall, for purposes of this definition, include the Consolidated Hedging Exposure owed by the Company and its Subsidiaries).

" **Total Net Debt** " means Total Debt less Unencumbered Cash.

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

" **U.S. Dollars** " or " **U.S.$** " means lawful money of the United States of America.

" **Unencumbered Cash** " means all cash and Cash Equivalents held by the Company and its Subsidiaries in the Principal Jurisdictions that are not subject to any Lien by any Person, other than inchoate Liens which arise by statute or operation of law, in each case, on an involuntary basis. For the avoidance of doubt, any cash or Cash Equivalents held by any joint ventures that is proportionately consolidated into the Company's balance sheet shall not constitute Unencumbered Cash.

" **USA PATRIOT Act** " means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

" **Wholly-Owned Subsidiary** " means, at any time, any Subsidiary all of the equity interests (except directors' qualifying shares) and voting interests of which are owned by any one or more of the Company and the Company's other Wholly-Owned Subsidiaries at such time.

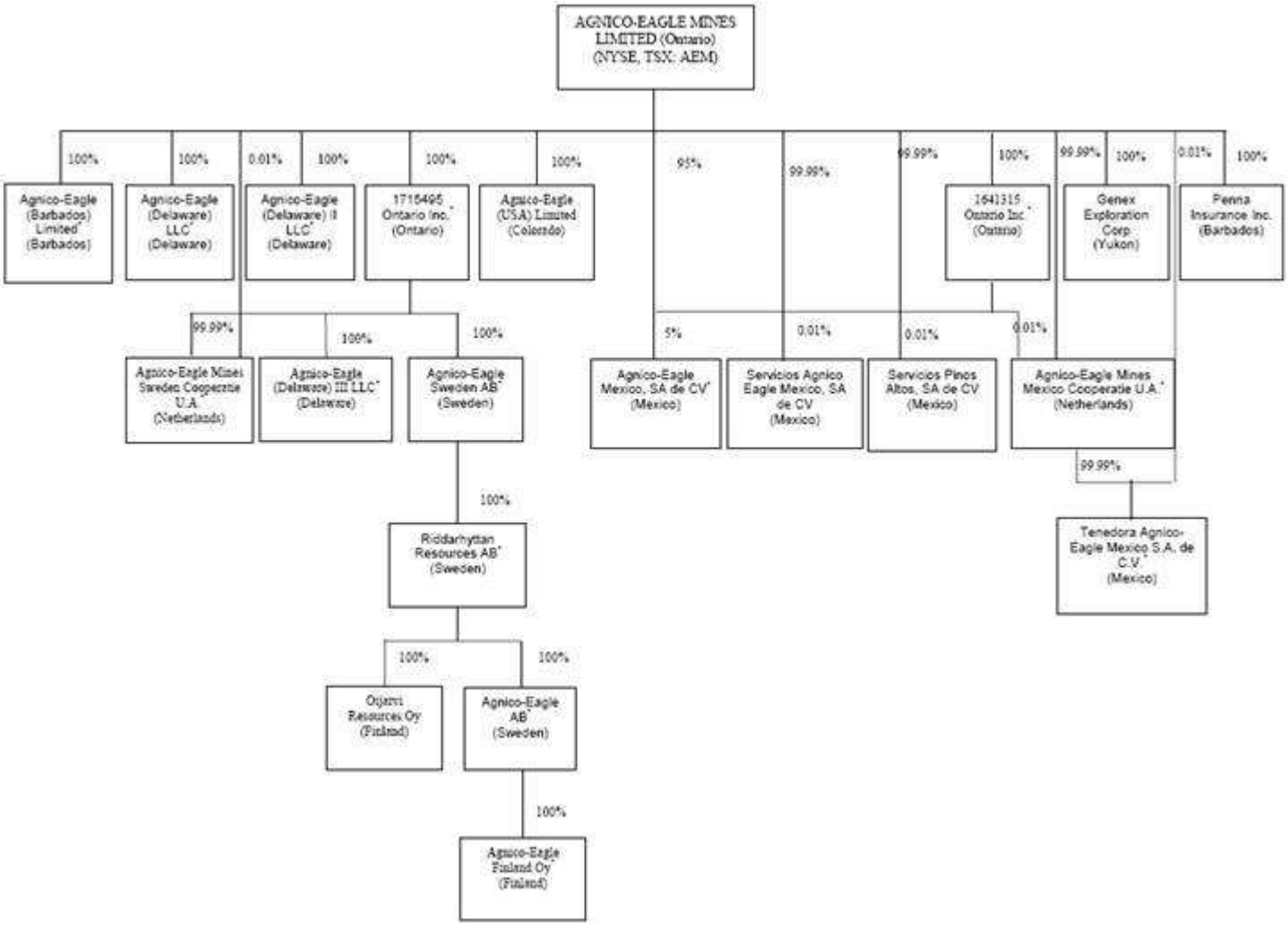
SCHEDULE 5.3

DISCLOSURE MATERIALS

None.

SCHEDULE 5.4

SUBSIDIARIES OF THE COMPANY, OWNERSHIP OF SUBSIDIARY STOCK, ETC



Notes :

- The LaRonde, Goldex and Lapa Mines and the Meadowbank development project are owned by Agnico-Eagle Mines and Limited and each mine/project is operated as a separate division.
- The Kittila Mine is owned by Agnico-Eagle AB and is operated by an unincorporated Finnish Branch of Agnico-Eagle AB.
- The Pinos Altos Mine projects owned by Agnico Eagle Mexico, SA de CV.

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* Indicates that the Subsidiary will be a Subsidiary Guarantor on the date of Closing

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Directors and Senior Officers of Agnico-Eagle Mines Limited

Name	Title
James D. Nasso	Chairman
Sean Boyd	Vice-Chairman and Chief Executive Officer

Leanne M. Baker	Director
Douglas R. Beaumont	Director
Clifford J. Davis	Director
David Garofalo	Director, Senior Vice-President, Finance and Chief Financial Officer
Bernard Kraft	Director
Mel Leiderman	Director
J. Merfyn Roberts	Director
Eberhard Scherkus	Director, President, and Chief Operating Officer
Howard Stockford	Director
Pertti Voutilainen	Director
Donald G. Allan	Senior Vice-President, Corporate Development
Alain Blackburn	Senior Vice-President, Exploration

SCHEDULE 5.5

FINANCIAL STATEMENTS

Audited Consolidated Annual Financial Statements of the Company as of December 31, 2005.
Audited Consolidated Annual Financial Statements of the Company as of December 31, 2006.
Audited Consolidated Annual Financial Statements of the Company as of December 31, 2007.
Audited Consolidated Annual Financial Statements of the Company as of December 31, 2008.
Audited Consolidated Annual Financial Statements of the Company as of December 31, 2009.

SCHEDULE 5.7

REQUIRED GOVERNMENTAL AUTHORIZATIONS, ETC.

Pursuant to Section 6.1 of National Instrument 45-106 — *Prospectus and Registration Exemptions* , the Company is required to report to the Autorité des marchés financiers the distribution of Notes to SGF Mines Inc. and certain information with respect to the offering.

SCHEDULE 5.15

EXISTING INDEBTEDNESS; FUTURE LIENS

5.15 (a)

Major Credit Facilities

1. The U.S.$300,000,000 Amended and Restated Credit Agreement, dated as of June 15, 2009, as amended, among Agnico-Eagle Mines Limited, as borrower, the guarantors party thereto from time to time, the lenders party thereto from time to time, The Bank of Nova Scotia, as administrative agent, Société Générale (Canada Branch), as syndication agent and The Toronto Dominion Bank, as documentation agent.

2. The U.S.$600,000,000 Amended and Restated Credit Agreement, dated as of June 15, 2009, as amended, among Agnico-Eagle Mines Limited, as borrower, the guarantors party thereto from time to time, the lenders party thereto from time to time, The Bank of Nova Scotia, as administrative agent, The Toronto Dominion Bank, as syndication agent, Bank of Montreal, as co-documentation agent, Canadian Imperial Bank of Commerce, as co-documentation agent and Export Development Canada, as co-documentation agent.

3. Each of the Subsidiary Guarantors included in Schedule 5.4 have provided guarantees in connection with the major credit facilities listed above.

Other

4. Credit agreement dated January 7, 2007 between Agnico-Eagle AB and Nordea Bank Finland Plc, in an amount not to exceed €10,000,000.

5. Financial security guarantee issuance agreement dated as of June 2, 2009 between Agnico-Eagle Mines Limited and Export Development Canada.

6. Capital Lease Obligations in connection with certain Liens listed on Schedule 10.5.

7. Capital Lease Obligations of Agnico-Eagle AB Finland Branch with respect to five Cat 777F trucks, two Cat 385CL excavators and a Sleipner transportation system.

5.15(b)

None.

5.15(c)

8. The major credit facilities listed above contain a negative covenant and financial covenants which restrict the ability of the Company to incur Indebtedness.

SCHEDULE 10.5

EXISTING LIENS

Registrations Against Agnico-Eagle Mines Limited Under the Personal Property Security Act (Ontario)

Secured Party	Registration Details	Collateral
Xerox Canada Ltd. 33 Bloor St. E., 3rd Floor Toronto, ON M4W 3H1	Registration No. 20061214 1009 1462 9962 (6 years) (Ref. File No. 631424124)	Photocopy equipment
Caterpillar Financial Services Limited 700 Dorval Drive, Suite 705, Oakville, ON L6K 3V3	Registration No. 20070925 1047 8077 7779 (3 years) (Ref. File No. 639359253)	4 Caterpillar motor vehicles
Xerox Canada Ltd. 33 Bloor St. E., 3rd Floor Toronto, ON M4W 3H1	Registration No. 20071219 1404 1462 2799 (6 years) (Ref. File No. 641510037)	Photocopy equipment
Xerox Canada Ltd. 33 Bloor St. E., 3rd Floor Toronto, ON M4W 3H1	Registration No. 20080306 1405 1462 7757 (6 years) (Ref. File No. 643180194)	Photocopy equipment
The Bank of Nova Scotia 20 Queen St West, 4th Floor Toronto, ON M5H 3R3	Registration No. 20090520 1610 1532 8529 (4 years) (Ref. File No. 653561217)	One Toro 50 Underground Haulage Truck s/n T9050444; one LH514 Underground LHD s/n L914D311; and one RB50E Raisedrill s/n RB50E-032.
HSBC Bank Canada 350-407 8 Avenue SW Calgary, AB T2P 1E5	Registration No. 20091019 1951 1531 7037 (5 years) (Ref. File No. 657033903) Amendment Registration No. 20091020 1451 1530 4377	Equipment
HSBC Bank Canada 350-407 8 Avenue SW Calgary, AB T2P 1E5	Registration No. 20091014 1947 1531 5276 (5 years) (Ref. File No. 656949384 Amendment Registration No. 20091019 1951 1531 7429 Amendment Registration No. 20091019 1951 1531 7430 Amendment Registration No. 20091020 1451 1530 4378	Equipment
The Bank of Nova Scotia 20 Queen Street West — 4 th Floor Toronto, ON M5H 1H1	Registration No. 20090629 1834 1532 3470 (5 years) (Reference File No. 654546492	Equipment/Other

Registrations Against Agnico-Eagle Mines Limited Under the British Columbia Personal Property Registry

Secured Party	Registration Details	Collateral
Caterpillar Financial Services Limited	Registered September 26, 2007 (expiry September 26, 2010) under Registration No. 942306D	Six Caterpillar motor vehicles
Caterpillar Financial Services Limited	Registered September 25, 2007 (expiry September 25, 2010) under Registration No. 939036D	Four Caterpillar motor vehicles
Toromont CAT, A Div. of Toromont Industries Ltd.	Registered October 20, 2008 (expiry October 20, 2010) under Registration No. 649747E	Caterpillar 980H plus attachments
Caterpillar Financial Services Limited	Registered November 4, 2008 (expiry November 4, 2011) under Registration No. 678095E	Caterpillar 980H plus attachments
Caterpillar Financial Services Limited	Registered May 28, 2009 (expiry May 28, 2013) under Registration No. 991292E	Caterpillar 14M
HSBC Bank Canada	Registered October 19, 2009 (expiry October 19, 2014) under Registration No. 232114F	O&K Orenstein & Kopmodel Excavator and related equipment
HSBC Bank Canada	Registered October 19, 2009 (expiry October 14, 2014) under Registration No. 232146F	O&K Orenstein & Kopmodel Excavator and related equipment

Registrations Against Agnico-Eagle Mines Limited Under the Nunavut Territory Personal Property Registry

Secured Party	Registration Details	Collateral
Caterpillar Financial Services Limited	Registered September 25, 2007 (expiry September 25, 2010) under Registration No. 107953	Four Caterpillar motor vehicles
Caterpillar Financial Services Limited	Registered September 26, 2007 (expiry September 26, 2010) under Registration No. 108001	Six Caterpillar motor vehicles
Caterpillar Financial Services Limited	Registered July 11, 2008 (expiry July 11, 2011) under Registration No. 122010	Two Caterpillar motor vehicles
Caterpillar Financial Services Limited	Registered July 11, 2008 (expiry July 11, 2011) under Registration No. 122028	Eight Caterpillar motor vehicles
Caterpillar Financial Services Limited	Registered July 14, 2008 (expiry July 14, 2011) under Registration No. 122069; Amendment No. 122135	Four Caterpillar motor vehicles

Secured Party	Registration Details	Collateral
Caterpillar Financial Services Limited	Registered July 14, 2008 (expiry July 14, 2011) under Registration No. 122077	One Caterpillar motor vehicle
Caterpillar Financial Services Limited	Registered July 14, 2008 (expiry July 14, 2011) under Registration No. 122085	One Caterpillar motor vehicle
Caterpillar Financial Services Limited	Registered July 14, 2008 (expiry July 14, 2011) under Registration No. 122093	One Caterpillar motor vehicle
Toromont CAT, A Div. of Toromont Industries Ltd.	Registered October 20, 2008 (expiry October 20, 2010) under Registration No. 127274	One Caterpillar motor vehicle
Caterpillar Financial Services Limited	Registered November 5, 2008 (expiry November 5, 2011) under Registration No. 128090	One Caterpillar motor vehicle
Caterpillar Financial Services Limited	Registered December 16, 2008 (expiry December 16, 2011) under Registration No. 130468	Three Caterpillar motor vehicles
Caterpillar Financial Services Limited	Registered May 28, 2009 (expiry May 28, 2013) under Registration No. 139329	2009 Caterpillar 14M
HSBC Bank Canada	Registered October 14, 2009 (expiry October 14, 2014) under Registration No. 148013	Two Toro Loaders and one Toro Truck
HSBC Bank Canada	Registered October 14, 2009 (expiry October 14, 2014) under Registration No. 148270	Orenstein & Kopmodel Excavator and Bucked Excavation
HSBC Bank Canada	Registered October 14, 2009 (expiry October 14, 2014) under Registration No. 148288	Orenstein & Kopmodel Excavator and Bucked Excavation

Registrations Against Agnico-Eagle Mines Limited in the Register of Personal and Moveable Real Rights — Quebec

Secured Party	Registration Details	Collateral
Gestion Loca-Bail Ltée	Registered on April 6, 2005 (expiry March 30, 2010) under Registration No. 05-0188197-0001	Photocopier
Gestion Loca-Bail Ltée	Registered October 12, 2006 (expiry October 4, 2010) under Registration No. 06-0591413-0001	Photocopier
Gestion Loca-Bail Ltée	Registered January 17, 2007 (expiry January 10, 2010) under Registration No. 07-0025303-0001	Photocopier and related equipment

Secured Party	Registration Details	Collateral
Ford Credit Canada Leasing, A Division of Canadian Road Leasing Company	Registered April 18, 2007 (expiry April 16, 2010) under Registration No. 07-0200265-0001	2007 Ford F150, serial #1FTVX14587NA35220

Hardy Ringuette Automobiles Inc. (assignee)		
Gestion Loca-Bail Ltée	Registered April 19, 2007 (expiry April 5, 2010) under Registration No. 07-0206330-0001	Photocopier
Gestion Loca-Bail Ltée	Registered July 11, 2007 (expiry May 18, 2010) under Registration No. 07-0396248-0001	Photocopier and related equipment
Gestion Loca-Bail Ltée	Registered October 10, 2007 (expiry July 27, 2010) under Registration No. 07-0582625-0001	Fax Canon Laser
Hardy Ringuette Automobiles Inc. Location Credit Ford Canada, Une Division De Compagnie De Location Canadian Road (assignee)	Registered October 15, 2007 (expiry October 14, 2010) under Registration No. 07-0591089-0023	2008 Ford F250, serial #1FTSW21598EB74175
Hardy Ringuette Automobiles Inc. Location Credit Ford Canada, Une Division De Compagnie De Location Canadian Road (assignee)	Registered October 30, 2007 (expiry October 29, 2010) under Registration No. 07-0623704-0033	2008 Ford F150, serial #1FTRF14W08KB60048
Hardy Ringuette Automobiles Inc. Location Credit Ford Canada, Une Division De Compagnie De Location Canadian Road (assignee)	Registered October 30, 2007 (expiry October 29, 2010) under Registration No. 07-0623704-0034	2008 Ford F150, serial #1FTRF14W38KB60271
Gestion Loca-Bail Ltée	Registered December 7, 2007 (expiry November 14, 2011) under Registration No. 07-0700180-0001	Photocopier and related equipment
Gestion Loca-Bail Ltée	Registered December 7, 2007 (expiry October 3, 2011) under Registration No. 07-0700187-0001	Photocopier and related equipment

Secured Party	Registration Details	Collateral
Gestion Loca-Bail Ltée	Registered January 30, 2008 (expiry January 16, 2012) under Registration No. 08-0051392-0001	Photocopier and related equipment
Ford Credit Canada Leasing, A Division of Canadian Road Leasing Company	Registered February 11, 2008 (expiry February 10, 2011) under Registration No. 08-0072011-0063	2008 Ford F150, serial #1FTRF14WX8KB69517 2008 Ford F150, serial #1FTRF14W68KB60507 2008 Ford F150, serial #1FTRF14W18KC49661
Hardy Ringuette Automobiles Inc. Location Credit Ford Canada, Une Division De Compagnie De Location Canadian Road (assignee)	Registered April 7, 2008 (expiry April 6, 2011) under Registration No. 08-0183283-0019	2008 Ford F250, serial #1FTSW21538ED26581
Hardy Ringuette Automobiles Inc. Location Credit Ford Canada, Une Division De Compagnie De Location Canadian Road (assignee)	Registered April 7, 2008 (expiry April 6, 2011) under Registration No. 08-0183283-0020	2008 Ford F150, serial #1FTRF14W48KD09464
Hardy Ringuette Automobiles Inc. Location Credit Ford Canada, Une Division De Compagnie De Location Canadian Road (assignee)	Registered April 8, 2008 (expiry April 7, 2011) under Registration No. 08-0186276-0007	2008 Ford F150, serial #1FTVX14568KD01112
Gestion Loca-Bail Ltée	Registered on July 7, 2008 (expiry July 31, 2011) under Registration No. 08-0394893-0001	Photocopiers and related equipment
Location Credit Ford Canada, Une Division De Compagnie De Location Canadian Road	Registered July 11, 2008 (expiry July 9, 2011) under Registration No. 08-0403194-0019	2008 Ford F250, serial #1FTSX21548EE15511
Hardy Ringuette Automobiles Inc. Location Credit Ford Canada, Une Division De Compagnie De Location Canadian Road (assignee)	Registered July 18, 2008 (expiry July 17, 2011) under Registration No. 08-0420215-0075	2008 Ford F250, serial #1FTSX21548EE15511

Secured Party	Registration Details	Collateral
Toromont Cat, A Division of Toromont Industries Ltd. Caterpillar Financial Services Limited (assignee)	Registered July 30, 2008 (expiry June 30, 2011) under Registration No. 08-0444262-0006	Motor vehicles
Location Credit Ford Canada, Une Division De Compagnie De Location Canadian Road	Registered October 8, 2008 (expiry October 8, 2011) under Registration No. 08-0583748-0018	Motor vehicle
Location Credit Ford Canada, Une Division De Compagnie De Location Canadian Road	Registered February 2, 2009 (expiry January 29, 2012) under Registration No. 09-0051290-0002	Motor vehicle
Location Credit Ford Canada, Une Division De Compagnie De Location Canadian Road	Registered February 27, 2009 (expiry February 26, 2012) under Registration No. 09-0102286-0045	Motor vehicle
Gestion Loca-Bail Ltée	Registered April 15, 2009 (expiry March 3, 2013) under Registration No. 09-0202771-0001	Photocopiers and related equipment
Location Credit Ford Canada, Une Division De Compagnie De Location Canadian Road	Registered May 11, 2009 (expiry May 10, 2012) under Registration No. 09-0264800-0020	Motor vehicle
Bal Global Finance Canada Corporation	Registered July 6, 2009 (expiry June 30, 2019) under Registration No. 09-0401160-0001	The personal and movable property including drilling and mining equipment of any nature or kind described in any Leasing Schedule executed by the parties
Bal Global Finance Canada Corporation	Registered July 6, 2009 (expiry June 30, 2019) under Registration No. 09-0401160-0002	The personal and movable property including drilling and mining equipment of any nature or kind described in any Leasing Schedule executed by the parties
Bal Global Finance Canada Corporation	Registered July 6, 2009 (expiry June 30, 2019) under Registration No. 09-0401160-0003	Various drilling and mining equipment located at Goldex Mine, Val d’Or, Quebec
Bal Global Finance Canada Corporation	Registered July 6, 2009 (expiry June 30, 2019) under Registration No. 09-0401160-0004	Various drilling and mining equipment located at Goldex Mine, Val d’Or, Quebec

Secured Party	Registration Details	Collateral
Atlas Copco Customer Finance Canada a division of Atlas Copco Canada Inc.	Registered July 16, 2009 (expiry July 14, 2010) under Registration No. 09-0429764-0002	(x2) Atlas Copco ST 1030 SCOOP TRAM S/N AVO08X554, S/N AVO08X321 with all accessories and attachments.
The Bank of Nova Scotia	Registered July 20, 2009 (expiry July 20, 2018) under Registration No. 09-0439986-0001	1 new TORO 50 underground haulage truck S/N T9050444 1 new LH514 underground LHD S/N L914D311
The Bank of Nova Scotia	Registered July 24, 2009 (expiry July 23, 2018) under Registration No. 09-0452727-0011	Various drilling and mining equipment
Hardy Ringuette Automobiles Inc. Location Credit Ford Canada, une division de Compagnie de Location Canadian Road	Registered August 21, 2009 (expiry August 20, 2012) under Registration No. 09-0516937-0013	2009 FORD F150 serial no. 1FTPF14849KC69381
HSBC Bank Canada	Registered October 26, 2009 (expiry October 15, 2013) under Registration No. 09-0665290-0001	1 used Toro Loader, model 1400 U/G, serial no. T7140234 1 used Toro Loader, model 50 U/G, serial number T7050325 1 used Toro Haulage Truck, model 50 U/G, serial number T8050375
Gestion Loca Bail Ltee	Registered October 26, 2009 (expiry September 24, 2013) under Registration No. 09-0665505-0001	2 photocopiers and related equipment
Location Credit Ford Canada, une division de Compagnie de location Canadien Road	Registered February 25, 2010 (expiry February 24, 2013) under Registration No. 10-0108942-0023	2010 Ford F150 serial no. 1FTVX1EV1AKA56482
Ford Credit Canada Leasing, a division of Canadian Road Leasing Company	Registered March 2, 2010 (expiry March 1, 2013) under Registration No. 10-0118244-0003	2010 Ford E150 serial no. 1FTNF1E87AKA36346
HSBC Bank Canada	Registered March 22, 2010 (expiry June 16, 2015) under Registration No. 10-0163965-0001	1 Gold F-250-001 HP800, serial no. HP800240, Cone Crusher and associated rights, equipment and accessories

EXHIBIT 1-A

[Form of Series A Note]

AGNICO-EAGLE MINES LIMITED

6.13% Series A Senior Note Due 2017

No. A-[ ] [Date]
U.S.$[ ] PPN 008474 A*9

FOR VALUE RECEIVED, the undersigned, AGNICO-EAGLE MINES LIMITED (herein called the " **Company** "), a corporation organized and existing under the laws of the Province of Ontario, hereby promises to pay to [ ], or registered assigns, the principal sum of [ ] UNITED STATES DOLLARS (or so much thereof as shall not have been prepaid) on April 7, 2017, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance thereof at the rate of 6.13% per annum from the date hereof, payable semiannually, on the 7 th day of April and October in each year, commencing with the April 7 or October 7 next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, on any overdue payment of interest and, during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Make-Whole Amount or Modified Make-Whole Amount, at a rate per annum from time to time equal to the greater of (i) 8.13% and (ii) 2.0% over the rate of interest publicly announced by Bank of America, N.A. from time to time in New York, New York as its "base" or "prime" rate, payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand).

Payments of principal of, interest on and any Make-Whole Amount or Modified Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at the principal office of Bank of America, N.A. in New York, New York or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Notes (herein called the " **Notes** ") issued pursuant to the Note Purchase Agreement, dated as of April 7, 2010 (as from time to time amended, the " **Note Purchase Agreement** "), between the Company and the respective Purchasers named therein, and payment of principal of, and Make-Whole Amount and Modified Make-Whole Amount, if any, and interest on this Note has been guaranteed by each Subsidiary Guarantor in accordance with the terms of its Subsidiary Guarantee. Each holder of this Note will be deemed, by its acceptance hereof, to have agreed to the provisions set forth in Sections 6(a), 14.2(b) and 21 of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, accompanied by a written instrument of transfer duly executed by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount or Modified Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the Company and the holder of this Note shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

AGNICO-EAGLE MINES LIMITED

By _____
Name:
Title:

EXHIBIT 1-B

[Form of Series B Note]

AGNICO-EAGLE MINES LIMITED

6.67% Series B Senior Note Due 2020

No. B-[ ] [Date]
U.S.$[ ] PPN 008474 A@7

FOR VALUE RECEIVED, the undersigned, AGNICO-EAGLE MINES LIMITED (herein called the " **Company** "), a corporation organized and existing under the laws of the Province of Ontario, hereby promises to pay to [ ], or registered assigns, the principal sum of [ ] UNITED STATES DOLLARS (or so much thereof as shall not have been prepaid) on April 7, 2020, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance thereof at the rate of 6.67% per annum from the date hereof, payable semiannually, on the 7 th day of April and October in each year, commencing with the April 7 or October 7 next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, on any overdue payment of interest and, during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Make-Whole Amount or Modified Make-Whole Amount, at a rate per annum from time to time equal to the greater of (i) 8.67% and (ii) 2.0% over the rate of interest publicly announced by Bank of America, N.A. from time to time in New York, New York as its "base" or "prime" rate, payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand).

Payments of principal of, interest on and any Make-Whole Amount or Modified Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at the principal office of Bank of America, N.A. in New York, New York or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Notes (herein called the " **Notes** ") issued pursuant to the Note Purchase Agreement, dated as of April 7, 2010 (as from time to time amended, the " **Note Purchase Agreement** "), between the Company and the respective Purchasers named therein, and payment of principal of, and Make-Whole Amount and Modified Make-Whole Amount, if any, and interest on this Note has been guaranteed by each Subsidiary Guarantor in accordance with the terms of its Subsidiary Guarantee. Each holder of this Note will be deemed, by its acceptance hereof, to have agreed to the provisions set forth in Sections 6(a), 14.2(b) and 21 of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, accompanied by a written instrument of transfer duly executed by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount or Modified Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the Company and the holder of this Note shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

AGNICO-EAGLE MINES LIMITED

By _____
Name:
Title:

EXHIBIT 1-C

[Form of Series C Note]

AGNICO-EAGLE MINES LIMITED

6.77% Series C Senior Note Due 2022

No. C-[ ] [Date]
U.S.$[ ] PPN 008474 A#5

FOR VALUE RECEIVED, the undersigned, AGNICO-EAGLE MINES LIMITED (herein called the " **Company** "), a corporation organized and existing under the laws of the Province of Ontario, hereby promises to pay to [ ], or registered assigns, the principal sum of [ ] UNITED STATES DOLLARS (or so much thereof as shall not have been prepaid) on April 7, 2022, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance thereof at the rate of 6.77% per annum from the date hereof, payable semiannually, on the 7 th day of April and October in each year, commencing with the April 7 or October 7 next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, on any overdue payment of interest and, during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Make-Whole Amount or Modified Make-Whole Amount, at a rate per annum from time to time equal to the greater of (i) 8.77% and (ii) 2.0% over the rate of interest publicly announced by Bank of America, N.A. from time to time in New York, New York as its "base" or "prime" rate, payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand).

Payments of principal of, interest on and any Make-Whole Amount or Modified Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at the principal office of Bank of America, N.A. in New York, New York or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Notes (herein called the " **Notes** ") issued pursuant to the Note Purchase Agreement, dated as of April 7, 2010 (as from time to time amended, the " **Note Purchase Agreement** "), between the Company and the respective Purchasers named therein, and payment of principal of, and Make-Whole Amount and Modified Make-Whole Amount, if any, and interest on this Note has been guaranteed by each Subsidiary Guarantor in accordance with the terms of its Subsidiary Guarantee. Each holder of this Note will be deemed, by its acceptance hereof, to have agreed to the provisions set forth in Sections 6(a), 14.2(b) and 21 of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, accompanied by a written instrument of transfer duly executed by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount or Modified Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the Company and the holder of this Note shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

AGNICO-EAGLE MINES LIMITED

By _____
Name:
Title:

EXHIBITS 4.4(A)(I) (II), (III), (IV), (V), (VI) AND (VII)

Forms of Opinions of Special Counsel to the Company and the Subsidiary Guarantors

[To be negotiated separately.]

EXHIBIT 4.4(B)

Form of Opinion of Special Counsel
to The Purchasers

[To be provided to the Purchasers separately.]

EXHIBIT 7.2

Form of Compliance Certificate

AGNICO-EAGLE MINES LIMITED

COMPLIANCE CERTIFICATE

Reference is made to the note purchase agreement (the " **Note Agreement** ") dated as of April 7, 2010 among Agnico-Eagle Mines Limited (the " **Company** ") and the purchasers listed on Schedule A of the Note Agreement and to the issuance by Agnico of US$115,000,000 aggregate principal amount of 6.13% Series A Senior Notes due 2017 (the " **Series A Notes** "), US$360,000,000 aggregate principal amount of 6.67% Series B Senior Notes due 2020 (the " **Series B Notes** ") and US$125,000,000 aggregate principal amount of 6.77% Series C Senior Notes due 2022 (the " **Series C Notes** " and, together with the Series A Notes and the Series B Notes, the " **Notes** ") for an aggregate principal amount of US$600,000,000 of Notes. Unless otherwise indicated, all capitalized terms used in this opinion letter that are defined in the Note Agreement have the meanings ascribed to them in the Note Agreement.

I, [name], [title (Senior Financial Officer)] of the Company, DO HEREBY CERTIFY, solely in my capacity as an officer of the Company and without personal liability, as follows:

1. I have reviewed the relevant terms of the Note Agreement and have made, or caused to be made, under my supervision, a review of the transactions and conditions of the Company and its Subsidiaries from [date of the start of the annual or interim period covered by the financial statements furnished with this certificate] to the date hereof;

2. [Such review has not revealed the existence during such period of any condition or event that constitutes a Default or an Event of Default under the Note Agreement;]

   [or]

   [Such review has revealed [describe the nature and period of existence of a condition or event during the period that constitutes a Default or an Event of Default and any action taken or proposed to be taken by the Company with respect thereto];]

3. Evidence of compliance by the Company with the requirements of Section 9.8(a)(i) of the Note Agreement as of the end of the Company's most recently completed fiscal quarter (the " **Period** "), which ended on [date], is as follows:

   (a) The Company and the Subsidiary Guarantors accounted for • % of the consolidated total assets of the Company and its Subsidiaries as of the last

day of the Period and • % of the consolidated total revenues of the Company and its Subsidiaries for the twelve-month period ending on the last day of the Period; and

(b) set forth on Schedule A hereto are the calculations of the percentages of consolidated total assets and revenues referred to above.

4. Evidence of compliance by the Company with the requirements of Sections 9.9 and 9.10 of the Note Agreement as of the end of the Period is as follows:

(a) the Total Net Debt to EBITDA Ratio was • : • (maximum • : •);

(b) the Tangible Net Worth was US$ • (minimum US$ •); and

(c) set forth on Schedule B hereto are the calculations of the financial covenants referred to in clauses (a) and (b) above.

5. Evidence of compliance by the Company with the requirements of Sections 10.5(p) and 10.6(g) of the Note Agreement as of the end of the Period is as follows:

(a) the aggregate amount of all Indebtedness of the Company and the Subsidiary Guarantors secured by Liens permitted pursuant to Section 10.5(p) of the Note Agreement was • % of Shareholders' Equity (maximum: • %);

(b) the aggregate amount of all Indebtedness of Subsidiary Guarantors permitted pursuant to Section 10.6(g) of the Note Agreement was • % of Shareholders' Equity (maximum: • %);

(c) the sum (without dupliction) of (a) and (b) above was • % of Shareholders' Equity (maximum: • %); and

(d) set forth on Schedule C hereto are the calculations relating to clauses (a), (b) and (c) above.

6. [For annual financials only] Evidence of compliance by the Company with the requirements of Section 10.7(f) of the Note Agreement for the Company's most recently completed fiscal year, which ended on [date], is as follows:

(a) the aggregate book value of the Material Assets subject to Dispositions pursuant to Section 10.7(f) of the Note Agreement during the Company's most recently competed fiscal year was • % of Consolidated Total Assets as of the end of the immediately preceding fiscal year (maximum: • %); and

(b) set forth on Schedule D hereto are the calculations relating to the previous clause.

DATED .

Name:
Title:

EXHIBIT 9.8

FORM OF SUBSIDIARY GUARANTEE

[NAME OF GUARANTOR]

TO: Each Person who is from time to time a holder (each a " **Noteholder** ") of one or more of (i) the U.S.$115,000,000 6.13% Series A Senior Notes due 2017, (ii) the U.S.$360,000,000 6.67% Series B Senior Notes due 2020 and (iii) the U.S.$125,000,000 6.77% Series C Senior Notes due 2022 (collectively, together with all notes delivered in substitution or exchange for any of said notes pursuant to the Note Purchase Agreement referred to below, the " **Notes** "), in each case issued by AGNICO-EAGLE MINES LIMITED, a corporation organized under the laws of the Province of Ontario (the " **Company** "), pursuant to the Note Purchase Agreement dated as of April 7, 2010 (as amended, modified or supplemented from time to time, the " **Note Purchase Agreement** ") among the Company and each of the purchasers whose names appear on Schedule A to the Note Purchase Agreement.

DATED: As of [ ].

RECITALS:

A. The Company is party to the Note Purchase Agreement providing for the purchase by the Purchasers named therein, and the sale by the Company, of the Notes.

B. [Name of Guarantor], a/an [name of jurisdiction] corporation (the " **Guarantor** "), [is required / has elected], pursuant to the terms of the Note Purchase Agreement, to execute and deliver this Guarantee (the " **Guarantee** ") to the Noteholders.

C. The purchase of the Notes by the Purchasers is necessary and desirable to the conduct and operation of the business of the Obligors and will enure to the benefit of the Guarantor.

D. It is in the best interests of the Guarantor to execute and deliver this Guarantee, inasmuch as the Guarantor and the Company are engaged in related businesses and the Guarantor will derive substantial direct and indirect benefits from the Company's issuance of the Notes to the Purchasers.

NOW THEREFORE, for value received, and in consideration of the purchase of the Notes by the Purchasers, the Guarantor covenants and agrees in favour of the Noteholders as follows:

1. **Definitions, Construction, Etc** .

(a) In this Guarantee capitalized terms used herein and not defined herein shall have the meanings given to them in the Note Purchase Agreement, and the following terms shall have the following meanings:

(i) " **Guaranteed Obligations** " means all indebtedness, liabilities and obligations of the Principal Debtors under the Note Purchase Agreement, the Notes, the Other Guarantees and all other documents and instruments to which a Principal Debtor is a party delivered thereunder or in relation thereto.

(ii) " **Obligors** " means the Company and each Subsidiary Guarantor.

(iii) " **Other Guarantees** " means the Subsidiary Guarantees of each Subsidiary Guarantor (other than the Guarantor).

(iv) " **Principal Debtors** " means the Obligors (other than the Guarantor).

(v) " **Termination Date** " means the earlier of (a) the date of the indefeasible repayment in full in cash of all the Guaranteed Obligations and (b) the date on which the Guarantor is released from its obligations under this Guarantee in accordance with the terms of the Note Purchase Agreement.

(b) This Guarantee has been negotiated by the Guarantor 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 Guarantee.

(c) In this Guarantee:

(i) the division into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Guarantee; and

(ii) unless otherwise specified or the context otherwise requires:

(A) references to any Section are references to the Section of this Guarantee;

(B) "including" or "includes" means "including (or includes) but not limited to" and shall not be construed to limit any general statement preceding it to the specific or similar items or matters immediately following it;

(C) references to contracts, agreements or instruments are deemed to include all present and future amendments, supplements, restatements or replacements to or of such contracts, agreements or instruments;

(D) references to any legislation, statutory instrument or regulation or a section or other provision thereof is a reference to the legislation, statutory instrument, regulation, section or other provision as amended or re-enacted from time to time;

(E) references to any thing includes the whole or any part of that thing and a reference to a group of things or persons includes each thing or person in that group;

(F) references to a party to this Guarantee includes that party's successors and permitted assigns; and

(G) words in the singular include the plural and vice-versa and words in one gender include all genders.

2. **Guarantee** .

(a) The Guarantor unconditionally and irrevocably guarantees to the Noteholders, on a joint and several basis with each other Subsidiary Guarantor, the full and, subject to Section 6(a), punctual payment, and the performance, of the Guaranteed Obligations.

(b) The Guarantor hereby further agrees that if the Company shall default in the payment or performance of any of the Guaranteed Obligations, the Guarantor will promptly pay or perform the same following the occurrence of an Event of Default which is continuing and which has not been waived by the requisite Noteholders, and that in the case of any extension of time of payment or renewal of any of the Guaranteed Obligations, the same will be promptly paid in full when due (whether at extended maturity, by acceleration, by optional prepayment or otherwise) in accordance with the terms of such extension or renewal.

(c) All obligations of the Guarantor under this Section 2 shall survive the transfer of any Note, and any obligations of the Guarantor under this Section 2 with respect to which the related underlying obligation of the Company is expressly stated to survive the payment of any Note (if so expressly stated in the Note Purchase Agreement or such Note) shall also survive the payment of such Note.

3. **Guarantee Unlimited** . The liability of the undersigned hereunder is unlimited and bears interest from the due date of the applicable Guaranteed Obligations at the rates set out in the Notes; provided however, that there will be no duplication of any interest payable by the Principal Debtors and the Guarantor.

4. **Nature of Guarantee** . This Guarantee shall be a continuing guarantee of all of the Guaranteed Obligations and shall in all respects be an absolute, unconditional and irrevocable guarantee of payment when due and not of collection and shall apply to and secure any ultimate balance due or remaining unpaid to the Noteholders, and shall remain in full force and effect until the Termination Date. This Guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time of any sum of money for the time being due or remaining unpaid to the Noteholders. Each Noteholder shall apply all payments received from the Guarantor hereunder against the Guaranteed Obligations in such manner as such Noteholder sees fit. The Guarantor shall be liable to the Noteholders as principal debtor and not as surety only, and will not plead or assert to the contrary in any action taken by any Noteholder in enforcing this Guarantee.

5. **Noteholders not Bound to Exhaust Recourse** . No Noteholder shall be bound to exhaust its recourse against the Principal Debtors or others or any securities or other guarantees it may at any time hold, or pursue any other remedy against the Guarantor, before any Noteholder will be entitled to payment from the Guarantor under this Guarantee, and the Guarantor renounces all benefits of discussion and division.

6. **Demand; Acceleration** .

(a) After the occurrence of an Event of Default which is continuing and which has not been waived by the requisite Noteholders, any Noteholder may treat all Guaranteed Obligations as due and payable and may forthwith demand from the Guarantor the total amount hereby guaranteed and may apply the sum so collected upon the Guaranteed Obligations. A written statement of an officer of any Noteholder as to the amount of Guaranteed Obligations remaining unpaid at any time by the Principal Debtors shall constitute *prima facie* evidence against the Guarantor as to the amount of Guaranteed Obligations remaining unpaid at such time.

(b) If an Event of Default permitting the acceleration of the maturity of the principal amount of any Notes shall exist and such acceleration shall at such time be prevented or the right of any Noteholder to receive any payment on account of the Guaranteed Obligations shall at such time be delayed or otherwise affected by reason of the pendency against the Company, the Guarantor or any other guarantors of a case or proceeding under a bankruptcy or insolvency law, the Guarantor agrees that, for purposes of this Guarantee and its obligations hereunder, the maturity of such principal amount shall be deemed to have been accelerated with the same effect as if the Noteholder had accelerated the same in accordance with the terms of the Note Purchase Agreement, and the Guarantor shall forthwith pay such accelerated Guaranteed Obligations.

(c) The Guarantor's liability to pay to a Noteholder and perform the Guaranteed Obligations under this Guarantee shall arise forthwith after demand has been made in writing by or on behalf of a Noteholder on the Guarantor. Demand on the Guarantor that is addressed to the Guarantor at the address of the Guarantor set forth on the execution page hereof or last known to such Noteholder shall be deemed to have been effectually made in accordance with the rules relating to delivery of notices set forth in Section 19 of the Note Purchase Agreement.

7. **Guarantee in Addition to Other Security** . This Guarantee shall be in addition to and not in substitution for any other guarantees or other securities which the Noteholders may now or hereafter hold in respect of the Guaranteed Obligations and no Noteholder shall be under any obligation to marshal in favour of the Guarantor any other guarantees or other securities or any moneys or other assets which they may be entitled to receive or may have a claim upon; and no loss of or in respect of or unenforceability of any other guarantees or other securities which the Noteholders may now or hereafter hold in respect of the Guaranteed Obligations, whether occasioned by the fault of the Noteholders or otherwise, shall in any way limit or lessen the Guarantor's liability hereunder.

8. **Liability not Lessened or Limited** .

(a) Without prejudice to or in any way limiting or lessening the Guarantor's liability under this Guarantee and without obtaining the consent of or giving notice to the Guarantor, the Noteholders, as applicable, may:

(i) discontinue, reduce, increase, renew, abstain from renewing or otherwise vary the terms of the Guaranteed Obligations or the obligations of any Person relating thereto;

(ii) supplement, amend, restate or substitute, in whole or in part, the Note Purchase Agreement, the Notes, any Other Guarantee or any other document relating to the foregoing;

(iii) grant time, renewals, extensions, indulgences, releases and discharges to and accept compositions from or otherwise deal with the Principal Debtors and others, including the Guarantor and any other guarantor as the Noteholders may see fit;

(iv) take, abstain from taking or perfecting, vary, exchange, renew, discharge, give up, realize on or otherwise deal with securities and guarantees in such manner as the Noteholders may see fit; and

(v) apply all moneys received from the Principal Debtors or others or from securities or guarantees upon such parts of the Guaranteed Obligations as the Noteholders may see fit and change any such application in whole or in part from time to time.

(b) This Guarantee shall not be discharged or otherwise affected by:

(i) any loss of capacity of any Principal Debtor;

(ii) any change in the name of any Principal Debtor or in the objects, business, assets, capital structure or constitution of any Principal Debtor;

(iii) the sale of any Principal Debtor's business or any part thereof or any reorganization (whether by way of consolidation, amalgamation, merger, transfer, lease or otherwise);

(iv) any lack of validity, legality, effectiveness or enforceability of the Note Purchase Agreement, the Notes, the Other Guarantees or any other agreement or instrument referred to herein or therein;

(v) any default, failure or delay, willful or otherwise, on the part of the Company to perform or comply with, or the impossibility or illegality of performance by the Company of, any term of the Note Purchase Agreement, the Notes or any other agreement or instrument referred to therein;

(vi) the failure of any Noteholder (x) to assert any claim or demand or to enforce any right or remedy against any Principal Debtor under the provisions of the Note Purchase Agreement, the Notes, the Other Guarantees or any other agreement or instrument referred to therein or (y) to exercise any right or remedy against any other guarantor of any of the Guaranteed Obligations;

(vii) any suit or other action brought by, or any judgment in favour of, any beneficiaries or creditors of, any Principal Debtor for any reason whatsoever, including without limitation any suit or action in any way attacking or involving any issue, matter or thing in respect of the Note Purchase Agreement, the Notes, the Other Guarantees or any other agreement or instrument referred to therein; or

(viii) any other circumstance (other than the indefeasible payment in full of all Guaranteed Obligations) which might constitute in whole or in part a defence available to, or a legal or equitable discharge of, the Guarantor or the Principal Debtors in respect of the Guaranteed Obligations in any jurisdiction.

Notwithstanding any such event, this Guarantee shall continue to apply to all Guaranteed Obligations whether heretofore, now or hereafter incurred. If any Principal Debtor amalgamates or merges with any Person, or all or substantially all of the property of any Principal Debtor becomes the property of another Person, this Guarantee shall extend and apply to the equivalent liabilities of the amalgamated, merged or other Person, which liabilities shall be included in the Guaranteed Obligations.

9. **Subrogation, Etc** . Until the Termination Date, all dividends, compositions, proceeds of securities or payments received by the Noteholders from the Principal Debtors or others in respect of the Guaranteed Obligations shall be regarded for all purposes as payments of the Guaranteed Obligations but without any right on the part of the Guarantor to claim the benefit thereof in reduction of the liability under this Guarantee, and until the Termination Date, the Guarantor shall not claim any set-off or counterclaim against any Principal Debtor in respect of any liability of such Principal Debtor to the Guarantor, claim or prove in the bankruptcy or insolvency of any Principal Debtor in competition with any Noteholder, nor have any right to be subrogated to any Noteholder. Any amount paid to the Guarantor on account of any such subrogation rights prior to the Termination Date shall be held in trust for the benefit of the Noteholders and shall immediately be paid and turned over to the Noteholders in the exact form received by the Guarantor, to be credited and applied against the Guaranteed Obligations, whether matured or unmatured.

10. **Proceeds from Noteholders** . All proceeds of the Notes remitted by the Noteholders under the Note Purchase Agreement to the Principal Debtors shall be deemed to form part of the Guaranteed Obligations (a) notwithstanding any lack of notice to the Guarantor, any lack or limitation of power of any Principal Debtor or of the directors, partners or agents thereof, the dissolution, bankruptcy, insolvency or other similar event of any Principal Debtor, or that any Principal Debtor may not be a legal or suable entity, or any irregularity, defect or informality in

the obtaining of such advances, renewals or credits, whether or not the Noteholders had knowledge thereof, or (b) even if such proceeds were remitted after the dissolution, bankruptcy, insolvency or other similar event of any Principal Debtor. Any Guaranteed Obligations which may not be recoverable from the Guarantor as guarantor shall be recoverable from the Guarantor as principal debtor in respect thereof and shall be paid to the Noteholders on demand with interest at the rate applicable to each such Noteholder.

11. **Liabilities Owing by Principal Debtors** . After the occurrence of an Event of Default which is continuing and which has not been waived by the requisite Noteholders, all moneys received by the Guarantor in respect of debts and liabilities, present and future, of each Principal Debtor to the Guarantor shall upon receipt by the Guarantor be forthwith paid over to the Noteholders, in whole without in any way lessening or limiting the liability of the Guarantor under this Guarantee.

12. **Termination Rights** . (a) The Guarantor shall not be entitled to terminate its liability under this Guarantee prior to the Termination Date. (b) If the Termination Date occurs, then the Noteholders shall, at the request of the Guarantor (and at the Guarantor's sole cost and expense), cancel and discharge this Guarantee and execute and deliver to the Guarantor any such deeds and other instruments as shall be reasonably required therefor.

13. **Covenants** . (a) The Guarantor hereby covenants and agrees that it will comply with, perform, fulfill and satisfy the covenants contained in Sections 9 and 10 of the Note Purchase Agreement to the extent that such covenants provide for performance by such Guarantor. (b) [Subject to Section [ ](1),] the Guarantor will ensure that its payment obligations under this Guarantee will at all times rank at least *pari passu* , without preference or priority, with all other unsecured and unsubordinated Indebtedness of the Guarantor, except for any such Indebtedness preferred by operation of law.

14. **Representations and Warranties** . The Guarantor hereby represents and warrants that each of the representations and warranties of the Company contained in Sections 5.1, 5.2, 5.6, 5.7, 5.9, 5.19 [(subject to Section [ ])](2) and 5.22 of the Note Purchase Agreement is true and correct as it applies to, and as if made by, the Guarantor with respect to this Guarantee, *mutatis mutandis* .

15. **Entire Agreement** . This Guarantee and the agreements referred to herein constitute the entire agreement between the parties hereto and supersede any prior agreements, undertakings, declarations, representations and understandings, both written and verbal, in respect of the subject matter hereof. Possession of this instrument by any Noteholder shall be conclusive evidence against the Guarantor that the instrument was not delivered in escrow or pursuant to

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(1) Insert reference to any provision relating to limitations on the guarantee pursuant to applicable local law (e.g., U.S. law relating to avoidance provisions under the U.S. Bankruptcy Code).

(2) See footnote directly above.

any agreement that it should not be effective until any condition precedent or subsequent has been complied with.

16. **Applicable Law and Process** .

(a) This Guarantee shall be governed by, and interpreted and enforced in accordance with, the laws in force in the Province of Ontario (in this Section 16, the " **Province** ") and the laws of Canada applicable in the Province, except that the submission to the courts of New York State in the succeeding sentence shall be governed by the laws of the State of New York. Any legal action or proceeding with respect to this Guarantee may be brought in the courts of the Province, in the courts of New York State or any federal court sitting in the Borough of Manhattan, or in the courts of any other jurisdiction where the Guarantor may have assets or carry on business or where payments are to be made hereunder, as any Noteholder may elect in its sole discretion, and the Guarantor irrevocably submits to the non-exclusive jurisdiction of each such court and acknowledges its competence and, by execution and delivery of this Guarantee, the Guarantor hereby accepts for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts and hereby waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same. The Guarantor hereby waives, to the maximum extent permitted by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section 16 any special, exemplary, punitive or consequential damages (nothing herein shall be construed as a waiver of any direct damages). Nothing herein shall limit the right of any Noteholder to serve process in any manner permitted by law or to commence legal proceedings or otherwise proceed against the Guarantor in any other jurisdiction.

(b) The Guarantor hereby irrevocably appoints and designates CT Corporation in New York, New York, or any other person having and maintaining a place of business in the State of New York whom the Guarantor may from time to time hereafter designate (having given 30 days' notice thereof to each Noteholder then outstanding), as the true and lawful attorney and duly authorized agent for acceptance of services of legal process of the Guarantor. The Guarantor hereby agrees that service of process in any such proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to it at its address specified herein or at such other address of which each Noteholder shall have been notified pursuant thereto.

17. **Successors and Assigns** . All rights of each Noteholder under this Guarantee shall enure to the benefit of its successors and assigns and all obligations of the Guarantor under this Guarantee shall bind the Guarantor, its successors and permitted assigns. All rights of each Noteholder under this Guarantee shall be assignable in accordance with the Note Purchase Agreement.

18. **Indemnities** . If any Guaranteed Obligations are not otherwise recoverable under this Guarantee, the Guarantor shall indemnify each Noteholder against, and save each of them

harmless from, any losses which may arise by virtue of any of the Guaranteed Obligations, the Note Purchase Agreement, the Notes, any Other Guarantee, any security held by any Noteholder for the Guaranteed Obligations, or any other agreement relating to any of the foregoing, being or becoming for any reason whatsoever in whole or in part (a) void, voidable, *ultra vires* , illegal, invalid, ineffective or otherwise unenforceable in accordance with its terms, or (b) released or discharged by operation of law (all of the foregoing being an " **Indemnifiable Circumstance** "). For greater certainty, the losses shall be equal to the amount of all Guaranteed Obligations which would have been payable by the Principal Debtors but for the Indemnifiable Circumstance plus the other losses referred to in the preceding sentence. This indemnity contained in this Section 18 is a separate obligation from any other obligation of the Guarantor contained in this Guarantee and this indemnity has been included in this Guarantee, as opposed to being included in a separate agreement, for convenience only. For greater certainty, the reference to the undersigned herein as a "Guarantor" and the reference to this agreement as a "Guarantee" are for convenience only and shall have no bearing on the preceding sentence or the legal effect of this agreement.

19. **Costs and Expenses** . All costs and expenses incurred by any Noteholder in connection with preserving, exercising or enforcing any of its rights hereunder, including legal fees, and other reasonable expenses in connection therewith (in this Section 19, " **realization costs** ") shall be payable by the Guarantor to such Noteholder forthwith upon demand therefor, and until the realization costs are paid, the realization costs shall bear interest from the date each such realization cost is incurred until each such realization cost is paid at the rate of interest per annum equal to the rate of interest applicable to such Noteholder.

20. **Amalgamation or Merger of Guarantor** . If the Guarantor amalgamates or merges with any other Person, the obligations of the Guarantor hereunder shall continue and shall be assumed by, and be binding and enforceable against, the amalgamated or merged Person (without any further action being taken by such Person), as if the amalgamated or merged Person had executed this Guarantee as the Guarantor.

21. **Reinstatement** . This Guarantee shall be reinstated if at any time any payment of any Guaranteed Obligation is rescinded or must otherwise be returned by any Noteholder upon any receivership, insolvency, dissolution, arrangement or other similar proceedings of or affecting any Principal Debtor, the Guarantor or any other Person, or for any other reason whatsoever. Any Noteholder may concede or compromise any claim that any such payment ought to be rescinded or otherwise returned, without discharging, diminishing or in any way affecting the liability of the Guarantor hereunder or the effect of this Section 21.

22. **Acknowledgments of Guarantor** . The Guarantor acknowledges that it is aware of, and consents to and approves, the terms of the Note Purchase Agreement, the Notes, the Other Guarantees and all agreements and documents referred to therein. The Guarantor hereby assumes responsibility for keeping itself informed of the financial condition of the Principal Debtors, and any and all endorsers and/or other guarantors of any instrument or document evidencing all or any part of the Guaranteed Obligations and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations or any part thereof that diligent inquiry would reveal and the Guarantor hereby agrees that the Noteholders shall have no duty to advise the Guarantor of information known to the Noteholders regarding such condition or any

such circumstances or to undertake any investigation not a part of its regular business routine. If any Noteholder, in its sole discretion, undertakes at any time or from time to time to provide any such information to the Guarantor, the Noteholders shall be under no obligation to update any such information or to provide any such information to the Guarantor on any subsequent occasion. The Guarantor further acknowledges that (x) no Noteholder has any fiduciary relationship with or duty to the Guarantor arising out of or in connection with this Guarantee, the Note Purchase Agreement or the Notes, and the relationship between the Noteholders on the one hand, and the Guarantor, on the other hand, in connection herewith or therewith is solely that of debtor and creditor and (y) no joint venture is created hereby or by the Note Purchase Agreement, the Notes or this Guarantee or otherwise exists by virtue of the transactions contemplated hereby among the Guarantor and the Noteholders.

23. **Amendments and Waivers** . No amendment, supplement or waiver of any provision of this Guarantee shall in any event be effective unless it is in writing and signed by the Guarantor and the Required Holders, except that no such amendment, supplement or waiver may, without the written consent of each Noteholder affected thereby, amend any of Sections 2, 8, 28, 29 or this Section 23, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No waiver by any Noteholder of any breach by the Guarantor hereunder shall extend to or be taken in any manner whatsoever to affect any subsequent breach by the Guarantor or the rights resulting therefrom. No failure on the part of any Noteholder to exercise, and no delay in exercising any right, power or remedy hereunder or otherwise shall operate as a waiver thereof, and no single or partial exercise by any Noteholder of any right, power or remedy shall preclude any other or further exercise thereof or of another right, power or remedy. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

24. **Severability** . Any provision of this Guarantee which is or becomes prohibited or unenforceable in any relevant jurisdiction shall not invalidate or impair the remaining provisions hereof which shall, to the maximum extent permitted by law, be deemed severable from such prohibited or unenforceable provision and any such prohibition or unenforceability in any such jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

25. **Counterparts** . This Guarantee may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, and such counterparts together shall constitute one and the same Guarantee. For the purposes of this Section 25, the delivery of a facsimile copy of an executed copy of this Guarantee shall be deemed to be valid execution and delivery of this Guarantee.

26. **Time of the Essence** . Time shall be of the essence of this Guarantee.

27. **Waiver of Notice, Etc** . To the maximum extent permitted by law, the Guarantor hereby waives demand, presentment, protest, notice of nonpayment and (except as provided in Section 6) any other notice with respect to any of the Guaranteed Obligations and this Guarantee.

28. **Judgment Currency** . Any payment on account of an amount that is payable hereunder in U.S. Dollars which is made to or for the account of any Noteholder in any other currency, whether as a result of any judgment or order or the enforcement thereof or the realization of any

security or the liquidation of any Obligor, shall constitute a discharge of the obligation of the Guarantor under this Guarantee only to the extent of the amount of U.S. Dollars which such Noteholder could purchase in the foreign exchange markets in London, England, with the amount of such other currency in accordance with normal banking procedures at the rate of exchange prevailing on the London Banking Day following receipt of the payment first referred to above. If the amount of U.S. Dollars that could be so purchased is less than the amount of U.S. Dollars originally due to such Noteholder, the Guarantor agrees, to the fullest extent permitted by law, to indemnify and save harmless such Noteholder from and against all loss or damage arising out of or as a result of such deficiency. This indemnity shall, to the fullest extent permitted by law, constitute an obligation separate and independent from the other obligations contained in this Guarantee, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by such Noteholder from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under the Notes or under any judgment or order. As used herein the term "London Banking Day" shall mean any day other than Saturday or Sunday or a day on which commercial banks are required or authorized by law to be closed in London, England. The agreements in this Section 28 shall survive the Termination Date.

29. **Taxes** . Section 13 of the Note Purchase Agreement (including all definitions which are used in Section 13 of the Note Purchase Agreement) is incorporated into this Guarantee by reference, *mutatis mutandis* .

30. **Limitations Act** . The Guarantor acknowledges and agrees that any Noteholder may make a claim or demand payment hereunder notwithstanding any limitation period regarding such claim or demand set forth in the *Limitations Act* , *2002* (Ontario) or under any other applicable law with similar effect and, to the maximum extent permitted by applicable law, any limitations periods set forth in such Act or applicable law are hereby explicitly excluded. For greater certainty, the Guarantor acknowledges that this Guarantee is a "business agreement" as defined under Section 22 of the *Limitations Act* , *2002* (Ontario).

31. **Notices** . All notices hereunder shall be addressed (a) to the Guarantor at its address (email, physical or otherwise) set forth on the execution page hereof or at any other address provided in writing to each Noteholder or (b) to the Noteholders at such Noteholder's address (email, physical or otherwise) set forth in Schedule A to the Note Purchase Agreement or at any other address provided in writing to the Company. All notices or demands shall be deemed received according to the rules set forth in Section 19 of the Note Purchase Agreement.

32. **Further Assurances** . The Guarantor shall do, execute and deliver or shall cause to be done, executed and delivered all such further acts, documents and things as any Noteholder may reasonably request for the purpose of giving effect to this Guarantee.

33. **Paramountcy** . In the event of any conflict or inconsistency between the provisions of this Guarantee and the provisions of the Note Purchase Agreement, the provisions of the Note Purchase Agreement shall prevail and be paramount.

34. **Rate of Interest.** 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.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned has duly executed this Guarantee as of the date first written above.

[NAME OF GUARANTOR]

By: _____
Name:
Title:

Address: [c/o Agnico-Eagle Mines Limited
145 King Street West, Suite 400
Toronto, Ontario
Canada, M5C 2Y7
Attention: David Garofalo]

EXHIBIT 10.2

FORM OF ASSUMPTION AGREEMENT OF THE OBLIGATIONS OF THE COMPANY

ASSUMPTION AGREEMENT

ASSUMPTION AGREEMENT dated as of (the " *Assumption Agreement* ") made by [Name of assuming entity], a corporation (the " *New Company* "), in favor of the persons or entities listed on Schedule A attached hereto (the " *Noteholders* "), each of which is a party to (or a transferee of a party to) the Note Purchase Agreement dated as of April 7, 2010 among Agnico-Eagle Mines Limited, a corporation organized under the laws of the Province of Ontario (the " *Company* "), and the several Noteholders (the " *Note Agreement* "). Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Note Agreement.

W I T N E S S E T H:

WHEREAS, pursuant to the [Describe documents evidencing merger, sale or consolidation] dated as of , between the New Company and the Company, the Company has [been merged with and into] [sold, leased or conveyed all or substantially all its assets to] [been consolidated with] the New Company (the " *Transaction* ") and, as a result of the Transaction, the New Company has assumed all of the rights, duties, liabilities and obligations of the Company, including, without limitation, all of the rights, duties, liabilities and obligations of the Company under the Note Agreement and the Notes; and

WHEREAS, the New Company, as the [surviving corporation of] [transferee or lessee of all or substantially all of the Company's assets pursuant to] the Transaction, shall receive direct and indirect benefits by reason of the investments made by the Noteholders under the Note Agreement (which benefits are hereby acknowledged); and

WHEREAS, Section 10.2(e)(i) of the Note Agreement requires that the New Company execute and deliver this Assumption Agreement;

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the New Company hereby agrees as follows:

1. *Assumption* . (a) The New Company, as the [surviving corporation of] [transferee or lessee of all or substantially all of the Company's assets pursuant to] the Transaction, hereby unconditionally and expressly assumes, confirms and agrees to perform and observe each and every one of the covenants, rights, promises, agreements, terms, conditions, obligations, duties and liabilities of the Company under the Note Agreement and the Notes and under any documents, instruments or agreements executed and delivered or furnished, or to be executed and delivered or furnished, by the Company in connection therewith, and to be bound by all waivers made by the Company with respect to any matter set forth therein.

(b) All references to the Company in the Note Agreement or any Note or any document, instrument or agreement executed and delivered or furnished, or to be

executed and delivered or furnished, in connection therewith shall be deemed to be references to the New Company, except for references to the Company relating to its status prior to the consummation of the Transaction.

2. *Representations and Warranties* . The New Company hereby accepts and assumes all obligations and liabilities of the Company related to each representation or warranty made by the Company in the Note Agreement or any other document, instrument or agreement executed and delivered or furnished in connection therewith. The New Company further represents, warrants and affirms for the benefit of the Noteholders that each of the representations and warranties of the Company contained in Sections 5.1, 5.2, 5.6, 5.7, 5.19 and 5.22 of the Note Agreement is true and correct with respect to the New Company, *mutatis mutandis* , on and as of the date hereof and as of the date of consummation of the Transaction. Each such representation and warranty is incorporated by reference herein in its entirety. The New Company further represents and warrants that no Default or Event of Default has occurred and is continuing under the Note Agreement (as of the actual date of the Transaction and, in the case of Section 9.9 and 9.10 of the Note Agreement, assuming that such Transaction had occurred on the last day of the quarterly or annual financial period of the Company immediately preceding the actual date of such Transaction for which financial statements of the Company are available).

3. *Further Assurances* . At any time and from time to time, upon any Noteholder's request and at the sole expense of the New Company, the New Company will promptly execute and deliver any and all further instruments and documents and will take such further action as such Noteholder may reasonably deem necessary to ensure the validity and enforceability of this Assumption Agreement.

4. *Amendment, Etc* . No amendment or waiver of any provision of this Assumption Agreement shall be effective, unless the same be in writing and executed by the New Company and the Required Holders.

5. *Binding Effect; Assignment* . This Assumption Agreement shall be binding upon the New Company, and shall inure to the benefit of the Noteholders and their respective successors and assigns.

6. *Governing Law* . This Assumption Agreement shall be governed by, and construed in accordance with, the law of the State of New York, excluding choice of law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

7. *Counterparts* . This Assumption Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

8. *Subsidiary Guarantees* . By its signature hereto, each Subsidiary Guarantor unconditionally affirms its obligations under its Subsidiary Guarantee.

IN WITNESS WHEREOF, the undersigned has caused this Assumption Agreement to be duly executed and delivered by its duly authorized officer on the date first above written.

[NAME OF NEW COMPANY]

By _____
Name:
Title:

Agreed and consented
to this day of

AGNICO-EAGLE MINES LIMITED

By: _____
Name:
Title:

[INSERT SIGNATURE BLOCKS OF
EACH SUBSIDIARY GUARANTOR]

FORM OF ASSUMPTION AGREEMENT OF THE OBLIGATIONS OF A SUBSIDIARY GUARANTOR

ASSUMPTION AGREEMENT

ASSUMPTION AGREEMENT dated as of (the " *Assumption Agreement* ") made by [Name of assuming entity], a corporation (the " *New Guarantor* "), in favor of the persons or entities listed on Schedule A attached hereto (the " *Noteholders* "), each of which is a party to (or a transferee of a party to) the Note Purchase Agreement dated as of April 7, 2010 among Agnico-Eagle Mines Limited, a corporation organized under the laws of the Province of Ontario (the " *Company* "), and the several Noteholders (the " *Note Agreement* "). Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Note Agreement or the Guarantee referred to below.

W I T N E S S E T H:

WHEREAS, [Name of old guarantor], a [corporation] (the " *Guarantor* ") is party to that certain Guarantee dated as of [ ], entered into in favor of the Noteholders and pursuant to the terms of the Note Agreement (the " *Guarantee* ").

WHEREAS, pursuant to the [Describe documents evidencing merger, sale or consolidation] dated as of , between the New Guarantor and the Guarantor, the Guarantor has [been merged with and into] [sold, leased or conveyed all or substantially all its assets to] [been consolidated with] the New Guarantor (the " *Transaction* ") and, as a result of the Transaction, the New Guarantor has assumed all of the rights, duties, liabilities and obligations of the Guarantor, including, without limitation, all of the rights, duties, liabilities and obligations of the Guarantor under the Guarantee; and

WHEREAS, the New Guarantor, as the [surviving corporation of] [transferee or lessee of all or substantially all of the Guarantor's assets pursuant to] the Transaction, shall receive direct and indirect benefits by reason of the investments made by the Noteholders under the Note Agreement (which benefits are hereby acknowledged); and

WHEREAS, Section 10.2(e)(i) of the Note Agreement requires that the New Guarantor execute and deliver this Assumption Agreement;

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the New Guarantor hereby agrees as follows:

1. *Assumption* . (a) The New Guarantor, as the [surviving corporation of] [transferee or lessee of all or substantially all of the Guarantor's assets pursuant to] the Transaction, hereby unconditionally and expressly assumes, confirms and agrees to perform and observe each and every one of the covenants, rights, promises, agreements, terms, conditions, obligations, duties and liabilities of the Guarantor under the Guarantee and under any documents, instruments or agreements executed and delivered or furnished, or to be executed and delivered or furnished, by the Guarantor in connection therewith, and to be bound by all waivers made by the Guarantor with respect to any matter set forth therein.

(b) All references to the Guarantor in the Guarantee or any document, instrument or agreement executed and delivered or furnished, or to be executed and delivered or furnished, in connection therewith shall be deemed to be references to the New Guarantor, except for references to the Guarantor relating to its status prior to the consummation of the Transaction.

2. *Representations and Warranties* . The New Guarantor hereby accepts and assumes all obligations and liabilities of the Guarantor related to each representation or warranty made by the Guarantor in the Guarantee or any other document, instrument or agreement executed and delivered or furnished in connection therewith. The New Guarantor further represents, warrants and affirms for the benefit of the Noteholders that each of the representations and warranties of the Company contained in Sections 5.1, 5.2, 5.6, 5.7, 5.19 and 5.22 of the Note Agreement is true and correct with respect to the New Guarantor, *mutatis mutandis* , on and as of the date hereof and as of the date of consummation of the Transaction. Each such representation and warranty is incorporated by reference herein in its entirety.

3. *Further Assurances* . At any time and from time to time, upon any Noteholder's request and at the sole expense of the New Guarantor, the New Guarantor will promptly execute and deliver any and all further instruments and documents and will take such further action as such Noteholder may reasonably deem necessary to ensure the validity and enforceability of this Assumption Agreement.

4. *Amendment, Etc* . No amendment or waiver of any provision of this Assumption Agreement shall be effective, unless the same be in writing and executed by the New Guarantor and the Required Holders.

5. *Binding Effect; Assignment* . This Assumption Agreement shall be binding upon the New Guarantor, and shall inure to the benefit of the Noteholders and their respective successors and assigns.

6. *Governing Law* . This Assumption Agreement shall be governed by, and construed in accordance with, the law of the State of New York, excluding choice of law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

7. *Counterparts* . This Assumption Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

IN WITNESS WHEREOF, the undersigned has caused this Assumption Agreement to be duly executed and delivered by its duly authorized officer on the date first above written.

[NAME OF NEW GUARANTOR]

By _____
Name:
Title:

Agreed and consented
to this day of

[NAME OF GUARANTOR]

By: _____
Name:
Title:

Exhibit 8.01

Subsidiaries

Name	Jurisdiction of Incorporation	Other names under which the entity operates
1641315 Ontario Inc.	Ontario	None
1715495 Ontario Inc.	Ontario	None
AEUS LLC	Nevada	None
Agnico-Eagle (Barbados) Limited	Barbados	None
Agnico-Eagle (USA) Limited	Nevada	None
Agnico-Eagle AB	Sweden	None
Agnico-Eagle Finland Oy	Finland	None
Agnico Eagle Mexico, S.A. de C.V.	Mexico	None
Agnico-Eagle Mines Mexico Cooperatie U.A.	Netherlands	None
Agnico-Eagle Mines Sweden Cooperatie U.A.	Netherlands	None
Agnico-Eagle Sweden AB	Sweden	None
Genex Exploration Corp.	Yukon	None
Minera Agave, S.A. de C.V.	Mexico	None
Oijarvi Resources Oy	Finland	None
Penna Insurance Inc.	Barbados	None
Pequop Exploration LLC	Nevada	None
Riddarhyttan Resources AB	Sweden	None
Servicios Agnico Eagle Mexico, S.A. de C.V.	Mexico	None
Servicios Pinos Altos, S.A. de C.V.	Mexico	None
Tenedora Agnico Eagle Mexico S.A. de C.V.	Mexico	None
West Pequop Project LLC	Nevada	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; and

5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

By /s/ Sean Boyd
Sean Boyd
Vice-Chairman and Chief Executive Officer

Toronto, Canada
March 28 , 2011

Exhibit 12.02

CERTIFICATION

I, Ammar Al-Joundi, certify that:

1. I have reviewed this Annual Report on Form 20-F of Agnico-Eagle Mines Limited (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13(a)-15(f) and 15d-15(f)) for the Company and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

By /s/ Ammar Al-Joundi
Ammar Al-Joundi
Senior Vice-President, Finance and Chief Financial Officer

Toronto, Canada
March 28 , 2011

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, 2010 (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 28 , 2011

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 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, Ammar Al-Joundi, 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, 2010 (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/ Ammar Al-Joundi
Ammar Al-Joundi
Senior Vice-President, Finance and Chief Financial Officer

Toronto, Canada
March 28 , 2011

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 (as may be amended or supplemented) (File No. 333-152004) 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 of our reports dated March 28, 2011, with respect to the consolidated financial statements of Agnico-Eagle Mines Limited and to the effectiveness of internal control over financial reporting of Agnico-Eagle Mines Limited, which reports are included in the Annual Report on Form 20-F of Agnico-Eagle Mines Limited for the year ended December 31, 2010 filed with the Securities and Exchange Commission.

ERNST & YOUNG LLP
Chartered Accountants
Licensed Public Accountants

Toronto, Canada
March 28, 2011