Really, it's simple.

Agnico-Eagle Mines Limited
Annual Report 1999

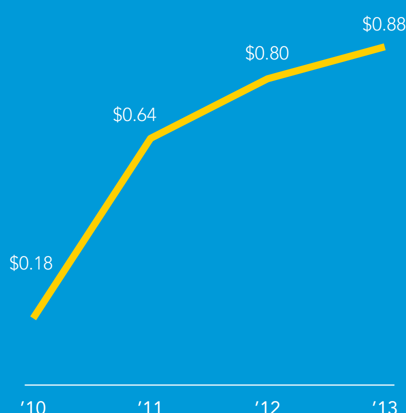
It still is.

2012 ANNUAL REPORT

Financial Summary

Annualized dividend

(per share)



All dollar amounts in this report are in US$ unless otherwise indicated	**2012**	2011	2010
Operating			
Gold production (ounces)	**1,043,811**	985,460	987,609
Total cash costs per ounce[1]	**$ 640**	$ 580	$ 451
Average realized gold price	**1,667**	1,573	1,250
Financial			
(millions except per share amounts)			
Revenue from mining operations	**$ 1,917.8**	$ 1,822	$ 1,422.5
Net income	**311**	(569)[2]	332.1
Net income per share	**1.82**	(3.36)[2]	2.05
Annualized dividend per share	**0.80**[3]	0.64	0.18

[1] Total cash costs per ounce is a non-GAAP measure. Please refer to the Management's Discussion and Analysis for a reconciliation of total cash costs per ounce to the nearest GAAP measure.

[2] 2011 net income results impacted by the after-tax writedowns on Meadowbank and Goldex of $645 million and $197 million, respectively.

[3] In December 2012, the Company announced a 10% increase in the quarterly dividend to $0.22 per share, with the first payment on March 13, 2013.

Note:

This document uses the terms "measured resources," "indicated resources" and "inferred resources." We advise investors that while those terms are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize them.

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The choice is Gold.

A continuing bull market. A history of positive correlation. An excellent entry point for new positions in bullion and gold mining shares.

The bull market in gold remains intact. The metal rose approximately 7.1% in 2012 in US dollar terms and has increased in each of the last 12 years.

Negative real interest rates incentivize capital to move into gold. It is difficult to imagine a world of positive real interest rates, absent a significant shift in monetary and fiscal policy in the Western democracies.

Gold and gold shares historically have been positively correlated. However, during the past few years, gold mining stocks have underperformed the metal due to a host of issues, some of which still hold true.

Gold mining stock valuations are now at the low end of the historical range since the introduction of the gold ETF (GLD) in 2004, or roughly 10% (basis XAU/spot bullion). Historically, past occurrences of such compressed valuation have been followed by significant rallies in gold mining shares over the ensuing few years.

We see evidence of fundamental change within the gold mining industry which addresses many of the concerns that have caused negative investor sentiment. For example, cost pressures are leveling off, which should help margins. Investor pushback against major capital spending projects is leading to better capital allocation decisions. There have been a number of departures at the CEO level due to investor dissatisfaction, and this should heighten the sense of accountability to shareholder interests in the ranks of management. On the other hand, resource nationalism remains a strong headwind. Only the better managed companies will be able to deal successfully with these pressures.

Despite the steady rise in the gold price over many years, it has failed to exceed the 2011 high of $1,901/oz. achieved during the debt ceiling crisis and US credit downgrade. This lack of direction has hurt gold mining stocks, which do best when the upward trend of the gold price is clear. We believe that gold stocks will respond favorably to a new high in the gold price.

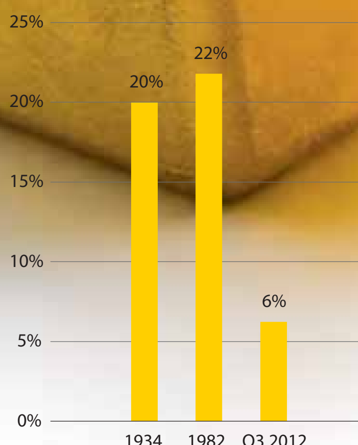
Gold needs to rise only 15% to trade at a new high. We believe that this is in the cards for 2013, and that such a move will be driven by the continuation of negative real interest rates and heightened concerns over the direction of monetary and fiscal affairs in all western democracies. Such concerns could be further exacerbated by a continuation of extremely weak economic activity in 2013.

Most investors seem to expect a gradual acceleration of economic growth in 2013. We disagree and believe that the recent tax hike,

Market cap of above ground gold as % of total US financial assets

($/tonne)

Source: Federal Reserve, World Gold Council



John Hathaway, CFA
Senior Managing Director
and Portfolio Manager,
Tocqueville Funds

Gold needs to rise only 15% to trade at a new high. We believe that this is in the cards for 2013.

one of the largest in history, will dampen economic activity sufficiently to widen the deficit and require the extension of debt monetization by the Fed for years to come.

Polarization of public opinion and the political process over austerity versus growth agendas will also serve to paralyze economic activity. Not only will this require continued monetization of fiscal deficits, but it will affect business and consumer behavior negatively. Intractable fiscal issues such as tax and entitlement reform, in our opinion, will only be achieved through political consensus. In the absence of effective political leadership, such a consensus seems achievable only in the aftermath of a financial and economic meltdown on the order of 2008.

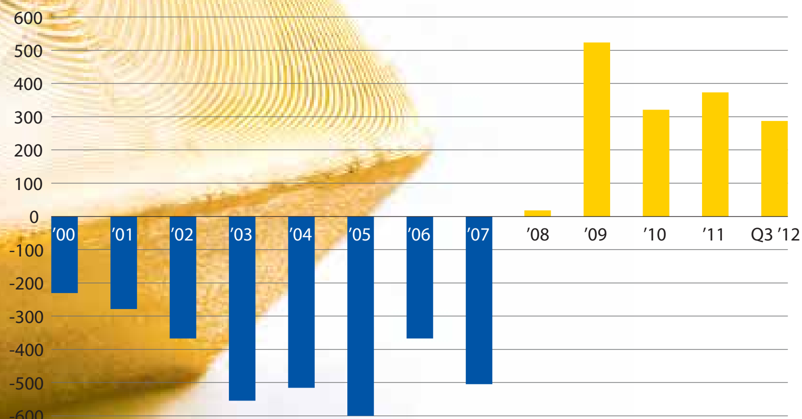
The case for gold stocks

In terms of potential return, gold stocks have inherent advantages over the metal itself: income, growth, and takeover potential. These three possible sources of return are beyond the scope of physical gold. As obvious as these attributes may seem, they have been periodically overlooked. Aside from speculators in Western capital markets, gold is purchased not for its return potential but rather for its traditional attributes as a safe haven and a store of value.

In the primal scramble for safety, the nuanced advantages of gold mining equities have been heavily discounted. To our thinking, the discount is sufficiently excessive to spell extraordinary opportunity.

Once gold demonstrates that it can trade sustainably above $2,000, or 20% above current levels, we believe that gold mining stocks could trade at 13%–15% of spot bullion (basis XAU). That would translate into appreciation of 60%–90% above the current XAU level of 160. Investor sentiment on gold is extremely negative, comparable to the levels of mid-May 2012, when gold was trading approximately $100/oz. below current levels. Historically, extreme negative sentiment levels such as these have provided excellent entry points for new positions in bullion and the mining shares.

Central banks net purchases
(tonnes)



Source: World Gold Council

Letter from the President and CEO

Fellow shareholders,

Really, it's simple. Agnico Eagle's mission is to run a high-quality, easy-to-understand business, which generates superior long-term per share returns for our shareholders, creates a great place to work for our employees, and is a leading contributor to the well-being of the communities in which we operate.

It was the message of our 1999 annual report, when we had one operating mine and produced approximately 90,000 ounces of gold. Thirteen years later, it continues to be our mission as we have grown into an international gold producer with five operating mines, three advanced projects and – as we celebrate a very important milestone in Agnico Eagle's history – the production of more than one million ounces of gold in a single year.

Through our 55-year history, and the highs and lows of the gold market and the operating challenges we have faced, Agnico Eagle has never wavered from this mission. We have built a successful business by executing a strategy that is simple and straightforward – find more gold, produce it in increasing quantities at the lowest possible cost, and do it while honouring our commitments to our stakeholders.

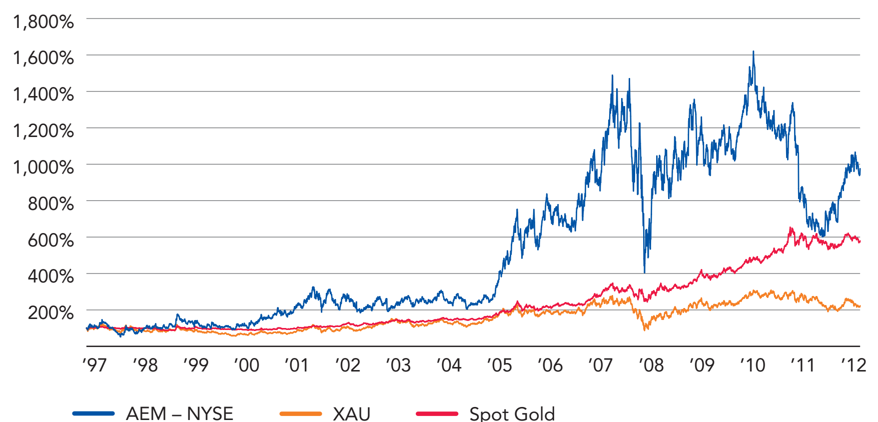
As Agnico Eagle prepares to build the next leg of our growth, we will continue to focus on building long-term value for our shareholders, our employees and our operating communities.

Agnico Eagle – high-quality gold business and a rewarding long-term gold investment

It is our focused and disciplined approach to long-term per share value creation and our track record of performance that have enabled Agnico Eagle to outperform the markets over the past 15 years. We did this by:

- pursuing quality growth opportunities, allowing us to diversify while building world-class assets;
- building a manageable business, which has helped us weather market storms and recover from operating setbacks;
- developing a strong and experienced management team, which allows us to maximize the value of our assets;
- consistently paying a dividend to our shareholders and taking a balanced approach to managing geopolitical risk; and
- keeping our commitments to our stakeholders and never compromising our values as we've grown. This means a lot to us.

15-year indexed share price performance



One of the best performing gold equities of 2012

In 2012, we set a new gold production record, with strong performance at all of our mines, especially Meadowbank and Pinos Altos. We also announced go-ahead production decisions at both La India and Goldex, which will advance our near-term growth profile. We reorganized our operating management group to set the stage for the next phase of value creation. And we finished the year by raising our quarterly dividend by 10% in December.

This follows a challenging operating year in 2011 – a year when we missed our production and cost targets. With the support of our Board and our shareholders, we have focused on executing our long-term business strategy and surpassed our 2012 performance targets. We also saw our share price increase throughout the year by over 40%.

Celebrating one million ounces of annual gold production

In December, we celebrated a major milestone in our Company's history – we poured our millionth ounce of gold in a single year. More than just a number, our millionth ounce of gold signifies the hard work, determination, vision and ingenuity it took to build Agnico Eagle into a world-class gold mining company. We are marking this milestone by launching a new and simplified corporate logo – one that captures the spirit and culture of Agnico Eagle.

This production milestone is also an important benchmark in our growth platform. With the assets we've built, the team we've assembled and the cash flow we are generating, Agnico Eagle is in an excellent position to pursue new growth opportunities.

2013 and beyond – building for the next stage of growth

Our focus in 2013, as we embark on this next phase of value creation, is on pursuing quality growth from several key Agnico Eagle projects.

Construction is underway at the La India project in Mexico, which is expected to achieve commercial production in the first half of 2014. During the same timeframe, we expect to achieve commercial production from the "M" and "E" satellite zones at Goldex. We will continue transitioning to the higher-grade, deeper part of the LaRonde mine, which requires a slower ramp-up than we originally anticipated. We have received Board approval to proceed with a 750 tonnes per day mill expansion to 3,750 tonnes per day at Kittila, which will add to our production profile in the second half of 2015. While at Meliadine, we expect to receive results from an updated study in 2014.

Looking beyond these current projects, we are now contemplating expanding our operating platform, allowing us to grow and diversify in the right way, adding value on a per share basis.

Currently, our northern business base includes our assets in Canada and Finland, mainly structured around our large mines at Meadowbank, Kittila, LaRonde and our large gold reserve and resource at Meliadine. While this northern business can be considered technically complicated, we have amassed a strong set of skills that we can use to manage the complexity and pursue new opportunities. It is a business we're comfortable with and it generates solid and consistent returns over long periods of time.

Our southern business, based in Mexico, has demonstrated its ability to grow quickly and generate strong net free cash flow. It is from here that we expect to add new operating platforms for future growth. The deposits in this region are typically less technically complex, have shorter time to production and generally produce a higher rate of return. Our team has the skills, capacity and knowledge to expand our business to the south, and we will seek opportunities that allow us to create long-term value for Agnico Eagle and our stakeholders.

Honouring our commitments: building long-term value for our shareholders, employees and communities

To our shareholders: As we pursue this next stage of growth, we will maintain our strategy and our disciplined approach to business. We will focus on generating superior long-term per share returns and pursue opportunities that fit with our business, our skill set and the way we do business. We intend to be patient, control costs, allocate capital wisely to minimize share dilution and continue to pay a meaningful dividend.

To our communities: We will continue to build world-class assets. We will honour our commitments and be a leading contributor to the well-being of the communities in which we operate. We will help build local capacity and skills and create long-term employment opportunities. We will follow our corporate values and the pillars of our sustainable development policy – protect the environment, operate safely, and demonstrate respect for our communities and our employees.

To our employees: We will remain a great place to work wherever and however our Company grows, and we will provide exciting career advancement opportunities to our team. We will develop the next generation of leaders to continue Agnico Eagle's legacy of building a great company and creating long-term value for our stakeholders.

In closing, I want to thank our employees for their hard work and dedication, which helped us rebound from a challenging period over a year ago. I believe we've emerged even stronger as we embark on our next phase of value creation for Agnico Eagle's shareholders, our employees and the communities in which we operate.

Sean Boyd
President and Chief Executive Officer
March 11, 2013

Agnico Eagle is an industry leader in per share production, reserves, cash flows and dividends.

20%
PRODUCTION GROWTH EXPECTED BY 2015

10%
INCREASE IN QUARTERLY DIVIDEND IN DECEMBER 2012

Corporate Strategy

Build a high-quality, manageable business that generates superior long-term returns per share by:

- **Increasing gold production in lower risk jurisdictions:**
  Expecting production growth of approximately 20% to over 1.2 million ounces by 2015 from current operating regions.

- **Growing operating and free cash flows:**
  Goal is to increase net free cash flow through higher production, controlling operating costs and disciplined capital spending.

- **Providing meaningful dividends:**
  History of paying dividends for 31 consecutive years, and the goal is to continue to increase the dividend over time.

- **Minimizing share dilution:**
  Traditionally, acquisitions have been completed with minimal share dilution and the Company is forecasting that its currently envisaged capital spending program will be internally funded.

- **Operating in a socially responsible manner:**
  Create economic value by operating in a safe, socially and environmentally responsible manner while contributing to the prosperity of our employees and the communities in which we operate.

Senior Management

Sean Boyd
President and
Chief Executive Officer

David Smith
Senior Vice-President,
Finance, and
Chief Financial Officer

Donald G. Allan
Senior Vice-President,
Corporate
Development

Alain Blackburn
Senior Vice-President,
Exploration

Picklu Datta
Senior Vice-President,
Treasury and Finance

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

Marc Legault
Senior Vice-President,
Project Evaluations

Jean-Luk Pellerin
Senior Vice-President,
Human Resources

Jean Robitaille
Senior Vice-President,
Technical Services and
Project Development

Yvon Sylvestre
Senior Vice-President,
Operations

Targets and Achievements

2012 Targets	What we delivered	2013 Targets
Lost-time accident frequency below a rate of 3.3 for the Agnico Eagle workforce	**Achieved 2.44**	Lost-time accident frequency below a rate of 2.8 for the Agnico Eagle workforce; shifting to aspirational Zero Harm safety targets and developing "leading" performance indicators
No fines or penalties for environmental failures	**Achieved**	No fines or penalties for environmental failures
Zero category 3, 4 or 5 environmental incidents	**Achieved**	Zero category 3, 4 or 5 environmental incidents
875,000 to 950,000 ounces of gold production	**Achieved. Record annual gold production of 1,043,811 ounces, largely due to strong operating results from all the mines**	970,000 to 1,010,000 ounces of gold production
Increase gold production per share	**Achieved. Gold production of 6.1 ounces per 1,000 shares**	Meet or exceed 2013 production guidance
More than 20 million ounces of gold reserves	**Maintained gold reserves at 18.7 million ounces, essentially unchanged from 2011 levels and net of 1.04 million ounces of gold production. Decision was made to focus on improving quality of reserve base**	Maintain gold reserves between 15 and 20 times annual gold production rate; currently, this amounts to approximately 18 times Agnico Eagle's annual production rate
Total cash costs of $690 to $750 per ounce	**Achieved. Total cash costs of $640 per ounce, primarily due to better cost profiles at Meadowbank and Kittila**	Total cash costs of $700 to $750 per ounce
Increase operating cash flow per share	**Achieved. Record annual cash flow from operations of $696 million or $4.06 per share**	Increase operating cash flow per share
Search out acquisition opportunities in low-risk regions that are well matched to our skills and abilities	**We continue to seek acquisition opportunities in low-risk regions that are well matched to our skills and abilities**	Search out acquisition opportunities in low-risk regions that are well matched to our skills and abilities
Be a low-cost leader	**Provided more cost transparency**	All-in sustaining costs of approximately $1,075 per ounce

Celebrating the past, creating long-term value for the future

In December 2012, Agnico Eagle celebrated a major milestone in our Company's history – we poured our millionth ounce of gold in a single year. Combining gold from each of our minesites into one gold bar, we honoured the contribution of every mine and every mine employee – past and present – to building Agnico Eagle into a world-class gold mining company. With the assets we've built, the team we've assembled, and the cash flow we are generating, Agnico Eagle is in an excellent position to pursue new growth opportunities. We are advancing our near-term growth projects at La India and Goldex, and progress continues at the LaRonde Extension; we expect to grow our gold production by 20% over the next three years to over 1,200,000 ounces of gold.

In 2012, our operations set new production records, recorded excellent safety performances, and continued to pursue quality growth opportunities in order to generate superior long-term per share returns for our shareholders.

In 2012, Agnico Eagle produced more than one million ounces in one year for the first time in its 55-year history.

Canada

Our northern business base includes our assets in Canada, mainly structured around our mining operations in Quebec and in the Kivalliq region of Nunavut. This is a business we're comfortable with, one that we've amassed a strong set of skills to manage and that generates solid and consistent returns over time.

Quebec: LaRonde ramp-up at lower mine continues

LaRonde has one of the largest gold reserves of any operating mine in Canada and has produced more than 4.5 million ounces of gold since it opened in 1988.

In 2012, LaRonde produced 161,000 ounces of gold, an improvement over 2011 results. The higher production is consistent with more ore being mined from the lower mine, which accesses richer ores. However, challenges associated with heat and congestion in the deeper part of the mine have effectively delayed the ramp-up of production. Additional cooling capacity, which will be installed in late 2013, is expected to improve operating flexibility and production at the mine.

Pursuing quality production and growth: LaRonde currently has a mine life lasting through to 2027. Despite the recent production delays, overall gold production and throughput are expected to remain unchanged over the life of mine. The value of ore processed over the remaining 15-year mine life is expected to be 50% higher than ore mined in 2012, largely due to accessing material with higher gold grades in the lower mine area. Our exploration team continues to focus on converting resources to reserves, and on exploring to the west of the LaRonde mine at the nearby Bousquet and Ellison properties.

Lapa: Steady performance, potential to extend mine life

The Lapa underground mine, located near our LaRonde operation, is our smallest but highest-grade gold mine. In 2012, mine production held steady at approximately 106,000 ounces of gold, while mill throughput increased on a year-over-year basis. Exploration continues to focus immediately east of the orebody and at depth where new results suggest the potential to quickly add new gold reserves. We expect additional exploration results in 2013, which could have the potential to extend the mine life of Lapa into 2016.

Nunavut: Meadowbank significantly improves performance; provides biggest contribution to Agnico Eagle's production

Our Meadowbank mine in the Nunavut Territory of northern Canada significantly improved its year-over-year operating performance and exceeded our expectations for 2012, following a difficult two-year start-up period at this remote minesite.

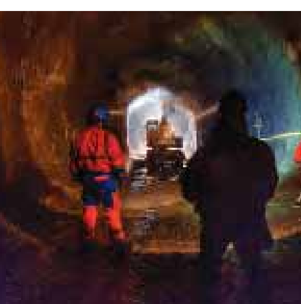
Meadowbank produced a record 366,030 ounces of gold during the year, at total cash costs per ounce of gold of $913. The improvements in Meadowbank's production and costs were largely a result of the successful implementation of a new mine plan, which the Meadowbank team developed at the beginning of the year.

Pursuing quality production and growth: Based on Meadowbank's improved performance, we have revised our annual production forecast considerably higher than previously stated; in particular, we expect that the Meadowbank mill's improved throughput of 11,000 tonnes per day is sustainable.

Meadowbank's reserves grew during the year due to the conversion of resources at the Vault deposit. This has slightly extended the mine life partially into 2018 and could have a further positive impact on Meadowbank's future.

Finland

Our northern business base includes our assets in Finland, namely the Kittila underground mine, which is extracting one of the largest known gold deposits in Europe. It continues to generate solid and consistent returns over time.



Kittila sets new production records; mill expansion receives go-ahead

The Kittila mine in northern Finland achieved record annual gold production and mill recoveries in 2012, even as the team transitioned into an underground-only operation following the completion of open pit mining in November 2012. The mine produced a record amount of almost 176,000 ounces of gold, at total cash costs of $565 per ounce, while the mill realized average recoveries of 88.3% – its best ever annual recoveries. Kittila also achieved record cash operating profits of $186 million for the year.

Pursuing quality production and growth: We are proceeding with an expansion at Kittila which will increase milling capacity by 750 tonnes per day and allow the mine to increase its daily throughput capacity to 3,750 tonnes, starting in the second half of 2015. The $103 million expansion project will help improve Kittila's unit costs and offset a grade decline over the medium term. The capital costs for the project will be spread over three years, with $25 million allocated for 2013.

We are also proceeding with a study on the potential construction of a production shaft at Kittila. The shaft should provide operating cost savings and sustain long-term production at higher throughput levels from multiple zones, especially at depths below 700 metres. Recent exploration results show the Rimpi deposit extending to the north and downward, suggesting a strong potential for the large, long-life Kittila orebody to expand further toward the north in the future.

Mexico

Our Mexican operations have consistently demonstrated their ability to grow quickly and generate a high rate of return. Our management team – the majority of whom come from the surrounding communities – has the skills, capacity and knowledge to expand our southern business base in the future, should the right opportunity present itself.

Pinos Altos achieves record annual gold production at low costs; southern production base continues to grow

In 2012, Pinos Altos – and the Creston Mascota satellite mine – produced a record of approximately 235,000 ounces of gold at a total cash cost per ounce of $286, due mainly to higher gold grades at both the heap leach and in the mill. Pinos Altos and Creston Mascota were the largest contributors to our operating margin, providing $298 million in 2012.

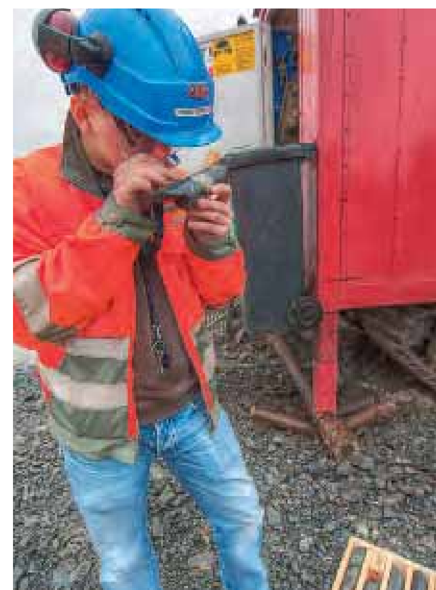
Pursuing quality production and growth: In 2012, we began sinking a $106 million underground production shaft which is expected to be completed in 2016. The shaft will increase the maximum capacity of the underground mine from the current 3,000 tonnes per day to 4,500 tonnes per day, which will allow better matching of the mill capacity with the future mining capacity.

Based on the team's performance to date – including the strong 2012 operating results and the higher mill throughput – we have increased our three-year production forecast for Pinos Altos. We expect production from Phase 2 of the Creston Mascota heap leach to begin in the second quarter of 2013 and to ramp up over the remainder of the year. By 2015, we also anticipate an increase in mill throughput as the underground shaft project advances, resulting in improved production.

Gold Reserves Improving in Quality

Gold resources continue to grow at core properties

Agnico Eagle focuses on growing our gold reserves and production in mining-friendly regions, acquiring early-stage opportunities, and adding value through our exploration and mine-building expertise. Our exploration program is yielding impressive results, consistently replacing reserves and resources – in 2012, more than two million ounces of gold were discovered by our team.



Our key advances include:

- At the La India project in Mexico, construction continues with commercial production now anticipated in the second quarter of 2014. The mine is expected to produce, on average, 90,000 ounces of gold annually at total cash costs per ounce of approximately $500 over a forecast nine-year mine life.
- At the nearby Tarachi site, advanced exploration work continues with indicated gold resources increasing by 15% to approximately 450,000 ounces from 34.5 million tonnes grading 0.4 grams/tonne (g/t). Inferred gold resources increased by 327% to nearly 900,000 ounces from 72.0 million tonnes grading 0.4 g/t. Based on this ongoing drilling success, we have initiated a metallurgical testing program on Tarachi composite samples.
- The Goldex mine in Val-d'Or is expected to begin operating from the M and E zones in the second quarter of 2014. Goldex is expected to produce approximately 80,000 ounces of gold annually at total cash costs of approximately $900 per ounce over a mine life of three to four years. Exploration on several other satellite zones, including the deeper D zone, has the potential to extend the mine's life.
- Exploration drilling was most successful at the Meliadine project in Nunavut, where more than one million ounces of gold was discovered. Meliadine's Normeg deposit, discovered in 2012, now hosts 2.5 million tonnes grading 8.0 g/t, or 0.66 million ounces of gold in inferred resources. This deposit, which is parallel to and located approximately 100 metres from the main Tiriganiaq deposit, has the potential to enhance the Meliadine project economics as exploration drilling continues in 2013.

  Meliadine is one of our largest gold projects in terms of gold reserves and resources, and is a long-term asset for Agnico Eagle. The project is currently in the permitting phase with first production possible by 2018. In 2014, we expect an updated study on building a medium sized operation on this multi-million ounce gold deposit.
- At the Kittila mine in Finland, the Rimpi deposit, located to the north of the main Suuri deposit, continues to grow. In 2012, the probable reserves grew by more than 760,000 ounces and currently consist of 6.8 million tonnes grading 4.9 g/t, or 1.1 million ounces of gold. The deposit remains open at depth.

Our 2013 exploration program will focus primarily on accelerating the drilling programs at Kittila, Meliadine and La India/Tarachi, which is expected to convert resources to reserves and extend the regional and minesite potential. Ultimately, these programs could provide growth to our production profile. In 2013, Agnico Eagle's exploration budget is approximately $92 million, with approximately 70% expected to be spent on minesite and advanced project exploration.

Gold Reserves by Mine/Project

(thousands of ounces)	2012	2011
Proven and Probable Reserves		
LaRonde	**4,206**	4,700
Lapa	**395**	501
Kittila	**4,783**	5,177
Pinos Altos	**2,714**	3,103
Meadowbank	**2,294**	2,201
Meliadine	**2,987**	2,877
Bousquet	**178**	191
Subtotal	**17,556**	18,750
New Reserves		
Goldex	**349**	–
La India	**776**	–
Total Reserves	**18,681**	18,750

Amounts presented in this table have been rounded to the nearest thousand. In addition to Agnico Eagle's proven and probable reserves, the Company's measured and indicated resources now total approximately 8.1 million ounces of gold (141 million tonnes grading 1.8 g/t), while inferred resources now stand at approximately 12.2 million ounces of gold (200 million tonnes grading 1.9 g/t). Please visit our website for a detailed breakdown of the Company's reserves and resources.

Agnico Eagle's byproduct proven and probable reserves include approximately 96 million ounces of silver, 220,000 tonnes of zinc and 73,000 tonnes of copper. The byproduct reserves and resources for silver, zinc, copper and lead in the LaRonde orebody and the silver reserves and resources contained at Pinos Altos are presented on our website. These byproduct reserves and resources are not included in Agnico Eagle's gold reserve and resource totals.

In 2011, the assumptions for the reserve estimates at all of the mines were $1,255 per ounce gold, $23.00 per ounce silver, $0.91 per pound zinc, $3.25 per pound copper, and C$/US$, US$/euro and MXP/US$ exchange rates of 1.05, 1.37 and 12.86, respectively.

In 2012, the assumptions used for the mineral reserve estimates at the Lapa, Meadowbank and Creston Mascota mines and the Goldex mine project and Meliadine project reported by the Company on February 13, 2013 are based on three-year average prices for the period ending December 31, 2012 of $1,490 per ounce gold, $29.00 per ounce silver, $0.95 per pound zinc, $3.67 per pound copper, and C$/US$, US$/euro and MXP/US$ exchange rates of 1.00, 1.34 and 12.75, respectively. The assumptions used for the mineral reserve estimates at the LaRonde, Pinos Altos and Kittila mines and the La India mine project and the Tarachi project reported by the Company on February 13, 2013 were based on three-year average prices for the period ending June 30, 2012 of $1,345 per ounce gold, $25.00 per ounce silver, $0.95 per pound zinc, $3.49 per pound copper, and C$/US$, US$/euro and MXP/US$ exchange rates of 1.00, 1.30 and 13.00, respectively.

Making a Difference

Agnico Eagle is determined to make a significant and positive difference in the communities where we operate and in the lives of our employees. In doing so, we want our environmental and social initiatives strategically linked to the priorities and expectations of our stakeholders.

In 2012, we took key steps to strengthen our sustainable development program and to better align ourselves with the expectations of our stakeholders.

Governance

We revised our Sustainable Development Policy, formally outlining the guiding principles and commitments we will uphold.

At the core of our policy, we are committed to making a difference by creating value for our shareholders by operating in a safe, socially and environmentally responsible manner while contributing to the prosperity of our employees, their families and the communities in which we operate.

Our Stakeholder Advisory Committee: In 2012, we held our second Stakeholder Advisory Committee meeting. Committee members are independent stakeholders with expertise in sustainability, community development and disclosure and governance practices. The Committee provides us with guidance on building a focused sustainability strategy and reviews our social investment priorities and corporate social responsibility (CSR) and sustainability initiatives. The goal of this more focused strategy is to provide clear outcomes and rewards for both Agnico Eagle and the communities in which we operate.

Responsible Mining Management System

We are working at integrating sustainability into all aspects and stages of our business – from our exploration and acquisition activities to our operating and site closure plans. We believe that this integration will make a difference in the way we operate.

This integration will be done through the development and implementation of a formal Health, Safety, Environment and Social Acceptability Management System – the so-called Responsible Mining Management System (RMMS) – which was initiated in 2012. The aim of the RMMS is to further promote a culture of accountability and leadership that encourages our employees to continuously improve our sustainability performance. The system will be consistent with the ISO 14001 Environmental Management System and the OHSAS 18001 Health and Safety Management System.

Employees

Health and safety: We achieved a combined lost-time accident (LTA) frequency rate of 2.44 – substantially better than our target rate of 3.3 – and our lowest rate ever. To achieve this in the same year that we set record levels of production is a remarkable outcome.

For 2013, our corporate objective for the combined LTA is 2.8 – or better than the average of the best two of the last three years. Our long-term goal is to strengthen our health and safety culture with more individual accountability and leadership to move toward the ultimate goal of a workplace with zero accidents. A key objective for 2013 is to select performance indicators that will promote consistent improvement in Agnico Eagle's safety management program.

Community

We believe that we can make a real difference in the communities in which we operate through the creation of long-term employment opportunities, improvement in education and training, building local capacity and the provision of economic development opportunities.

At each of our operations worldwide, our goal is to hire 100% of the workforce – including our management team – directly from the local region in which the operation is located.

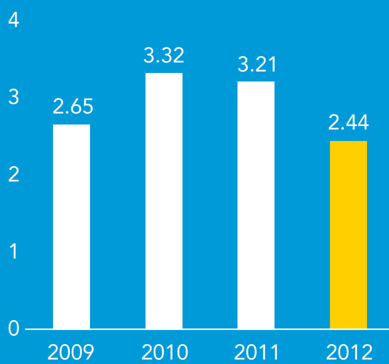
Whether it is supporting local women near our Pinos Altos site in Mexico in starting up a sewing cooperative or supporting an existing workshop in Arviat by using their services at Meadowbank, we work closely with our neighbouring communities to develop alternative employment and business opportunities to help diversify local economies.

In 2012, we began a substantial three-year investment in an educational program known as Mining Matters' Aboriginal Education and Outreach Programs in the Kivalliq region of Nunavut. The goal of the program is to show young people that there are interesting jobs, careers and a future for them in the north, and that the mining industry can be a key source of these opportunities.

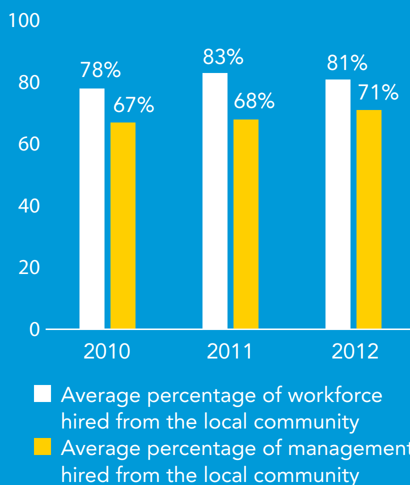
24%

reduction in combined lost-time accident frequency

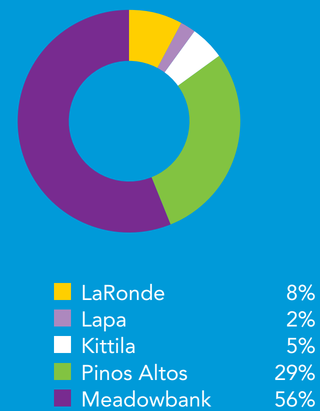
Combined Lost-Time Accident Frequency



Local Hiring



Total Direct and Indirect GHG Emissions



For more information on our achievements and detailed information on our CSR performance, please download a copy of our 2012 CSR Report at www.agnicoeagle.com or request a copy of our Summary CSR Report at CSR@agnicoeagle.com.

Corporate Governance

We strive to earn and retain the trust of shareholders through a steadfast commitment to sound and effective corporate governance. Our governance practices reflect the structure and processes we believe are necessary to improve company performance and enhance shareholder value.

Board of Directors

Our Board consists of 13 directors. All but one director are independent of management and free from any interest or business that could materially interfere with their ability to act in the Company's best interests.

The Board is ultimately responsible for overseeing the management of the business and affairs of the Company and, in doing so, is required to act in the best interests of the Company. It discharges its responsibilities either directly or through four committees.

Board Committees

The Corporate Governance Committee advises and makes recommendations to the Board on corporate governance matters, the effectiveness of the Board and its committees, the contributions of individual directors and the identification and selection of director nominees.

The Audit Committee assists the Board in its oversight responsibilities with respect to the integrity of the Company's financial statements, compliance with legal and regulatory requirements, external auditor qualifications, and the independence and performance of the Company's internal and external audit functions.

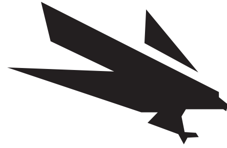
The Compensation Committee advises and makes recommendations to the Board on the Company's strategy, policies and programs for compensating and developing senior management and officers and for compensating directors.

The Health, Safety, Environment and Sustainable Development Committee (HSESD) advises and makes recommendations to the Board with respect to monitoring and reviewing HSE policies, principles, practices and processes; HSE performance; and regulatory issues relating to health, safety and the environment. It also supports the Company's commitment to adopt best practices in mining operations, promotion of a healthy and safe work environment, and environmentally sound and socially responsible resource development.

All of the Board committees are composed entirely of outside directors who are unrelated to and independent from Agnico Eagle. Committee charters are posted on the corporate website.

Ethical Business Conduct

Agnico Eagle has adopted a Code of Business Conduct and Ethics that provides a framework for directors, officers and employees on the conduct and ethical decision-making integral to their work. We have also adopted a Code of Business Ethics for consultants and contractors. The Audit Committee is responsible for monitoring compliance with these codes. In conjunction with the codes, we have established a toll-free compliance hotline to allow for anonymous reporting of suspected violations. More information is posted on the corporate website.



AGNICO EAGLE

Management's Discussion and Analysis
(Prepared in accordance with United States GAAP)
for the year ended December 31, 2012

Agnico-Eagle Mines Limited

Management's Discussion and Analysis

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This Management's Discussion and Analysis ("MD&A") dated March 26, 2013 of Agnico-Eagle Mines Limited ("Agnico-Eagle" or the "Company") should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2012, prepared in accordance with United States generally accepted accounting principles ("US GAAP"). The annual consolidated financial statements and MD&A are presented in United States dollars ("US dollars", "$" or "US$"), unless otherwise specified. Certain information in this MD&A is presented in Canadian dollars ("C$") or European Union euros ("Euro" or "€"). Additional information relating to the Company, including the Company's Annual Report on Form 20-F for the year ended December 31, 2012 (the "Form 20-F"), is available on the Canadian Securities Administrators' (the "CSA") SEDAR website at www.sedar.com.

NOTE TO INVESTORS CONCERNING FORWARD-LOOKING INFORMATION

Certain statements in this MD&A, 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 2013 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, all-in sustaining costs, 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 MD&A are based, and which may prove to be incorrect, include, but are not limited to, the assumptions detailed in this MD&A and the 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 or man-made occurrences, political changes, mining or milling issues, title issues or otherwise; that permitting, development and expansion at each of Agnico-Eagle's mines 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 US dollar will be approximately consistent with current levels or as detailed in this MD&A and the 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 MD&A reflect the Company's views as at the date of this MD&A 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" in the Form 20-F. 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 MD&A contains information regarding anticipated total cash costs per ounce and minesite costs per tonne at certain of the Company's mines and mine development projects. This information was developed to assist management with its assessment as to what resources to allocate to the construction and/or expansion of its mine and mine development projects. Investors are cautioned that this information may not be suitable for other purposes.

NOTE TO INVESTORS CONCERNING ESTIMATES OF MINERAL RESOURCES

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

This document 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 U.S. Securities and Exchange Commission (the "SEC") does not recognize them. **Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into 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 MD&A 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 "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; taken by themselves, these measures are not necessarily indicative of operating costs or cash flow measures prepared in accordance with US GAAP. This MD&A 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 incorporating production costs adjusted consistent with the reconciliation provided, 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.

Executive Summary

Agnico-Eagle is a gold mining company with mining operations in Canada, Mexico and Finland, and exploration activities in Canada, Europe, Latin America and the United States. Agnico-Eagle's LaRonde mine in Quebec is one of Canada's largest operating gold mines by gold reserves and has provided the Company's foundation for domestic and international expansion. Agnico-Eagle earns a significant proportion of its revenue and cash flow from the production and sale of gold in both dore bar and concentrate form. The remainder of revenue and cash flow is generated by the production and sale of byproduct metals, namely silver, zinc, copper and lead.

Agnico-Eagle is positioned to benefit from a strong gold price. Throughout its 41-year history, Agnico-Eagle's policy has been not to sell forward its future gold production. In 2012, Agnico-Eagle recorded total cash costs per ounce[i] of $640 and an average realized price of gold of $1,667 per ounce, an increase of 6% over the 2011 average realized price of gold of $1,573 per ounce.

Over the past four years, Agnico-Eagle has evolved from operating two gold mines in Canada to being an international gold mining company operating five gold mines at the end of 2012. Each mine is located in what the Company believes to be a politically stable country that is supportive of the mining industry. The political stability of the regions in which Agnico-Eagle operates helps to provide confidence in its current and future prospects and profitability. This is important for Agnico-Eagle as it believes that many of its new mines and recently acquired mining projects have long-term mining potential.

Key Results and Success Factors

- Record annual gold production of 1,043,811 ounces was achieved during 2012, an increase of 6% compared with 2011 gold production of 985,460 ounces.
- The Company recorded a record amount of cash provided by operating activities of $696.0 million in 2012, up 4% compared with 2011.
- Annual net income was $310.9 million in 2012, compared with a net loss of $569.0 million in 2011.
- Construction on the M and E Zones at the Goldex mine and on the La India project is proceeding according to plan, with production at both expected to commence in 2014.
- The Company's operations are located in mining-friendly regions that the Company believes have low political risk and long-term mining potential.
- The Company's longstanding policy not to sell forward its future gold production ensures that shareholders participate fully in rising gold prices. In 2012, the Company benefited from a 6% increase in its average realized price per ounce of gold compared with 2011.
- The Company maintains a strong financial position and forecasts being fully funded for its currently planned growth.
- The Company has strong senior management continuity as its chief executive officer has 28 years of service with the Company.
- In December 2012, the Company declared a quarterly dividend of $0.22 per share, a 10% increase over the prior quarterly dividend. The Company has now declared a cash dividend for 31 consecutive years.

Quebec, Canada

The LaRonde mine extension achieved commercial production as of December 1, 2011 and is expected to extend the life of the Company's first mine through 2026. The infrastructure and knowledge base gained from building and operating the LaRonde mine has been leveraged by the Company in building and operating the Goldex and Lapa mines, both of which are within 60 kilometres of the LaRonde mine. The Lapa mine achieved commercial production in May 2009 and production from the M and E Zones at the Goldex mine is expected to commence in 2014. The Company's Quebec mines, with a total of 5.0 million ounces of proven and probable gold reserves as at December 31, 2012, have benefited from common infrastructure and mining teams. However, the mines in this region are experiencing general cost escalation due to the high demand for labor and materials in the mining industry.

(i) For a discussion of the Company's use of this non-GAAP measure, please see "Results of Operations — Production Costs — Reconciliation of Production Costs to Total Cash Costs per Ounce of Gold by Mine".

On October 19, 2011, the Company suspended mining operations and gold production at the Goldex mine due to geotechnical concerns with the rock above the mining horizon of the Goldex Extension Zone ("GEZ"). As of September 30, 2011, Agnico-Eagle wrote down its investment in the Goldex mine (net of expected residual value) and its underground ore stockpile, for a pre-tax loss on the Goldex mine of $302.9 million. All of the remaining 1.6 million ounces of proven and probable reserves at the Goldex mine, other than ore stockpiled on the surface, were reclassified as mineral resources. An environmental remediation liability was recorded as of September 30, 2011 reflecting anticipated costs of remediation. The Goldex mill completed processing feed from the remaining surface stockpile in October of 2011.

In 2012, exploration drilling continued on several mineralized zones on the Goldex mine property near the GEZ. A team of independent consultants and Agnico-Eagle staff performed a thorough review, including a preliminary economic assessment, to determine whether future mining operations on the property, including the M and E Zones, would be viable. After a review of the assessment, Agnico-Eagle's Board of Directors (the "Board") approved the M and E Zones for development and first gold production is expected in the second quarter of 2014 with annual average payable gold production of approximately 80,000 ounces at total cash costs per ounce of gold produced of approximately $900 over a mine life of approximately three to four years. All necessary operating permits have been received for the development of the M and E Zones. The mining operations will include the use of existing Goldex mine infrastructure such as the shaft and mill. The operations in the GEZ remain suspended indefinitely. Exploration on several other Goldex mine satellite zones, including the deeper D Zone has the potential to extend the mine's life further.

Finland

The Kittila mine in northern Finland, which is geologically similar to the Abitibi region of Quebec, was added to the Company's portfolio through the acquisition of Riddarhyttan Resources AB in 2005. Applying the Company's technical experience gained from its operations in Quebec, the team designed a drilling program at Kittila that led to the conversion of mineral resources to mineral reserves at the beginning of 2006. A positive feasibility study was completed in mid-2006 and the Company decided to build the Kittila mine. Construction at the Kittila mine was completed in 2008 and commercial production was achieved on May 1, 2009.

A total of 175,878 ounces of gold were produced at the Kittila mine in 2012, up 23% compared with 143,560 ounces of gold produced in 2011. This increase was due primarily to improved mill throughput, grades and recoveries. Gold reserves at the Kittila mine amounted to 4.8 million ounces at December 31, 2012, down from 5.2 million ounces at December 31, 2011. The Kittila mine's reserves were calculated using a higher cut-off grade at December 31, 2012 due to its relatively long mine life, resulting in a reduction in gold reserves that exceeded depletion from 2012 gold production.

In 2012, a 750 tonne per day expansion was approved that is expected to increase the throughput capacity at the Kittila mine by 25% to 3,750 tonnes per day commencing in the second half of 2015. Total capital expenditures on the Kittila mine throughput expansion project are expected be approximately $103.0 million over a three-year period, with approximately $25.0 million expected to be spent in 2013. The Kittila mine throughput expansion project is expected to improve unit costs and to offset a gradual reduction in realized grade towards the reserve grade over the next several years.

A study is underway that considers the construction of a production shaft at the Kittila mine. It is expected that a production shaft would provide operating cost savings and sustain long-term production at higher throughput levels from multiple zones, particularly at depths below 700 metres.

Mexico

In 2006, the Company completed the acquisition of the Pinos Altos property, then an advanced stage exploration property in northern Mexico, after the Company's extensive drilling campaign had doubled the contained gold and silver resources. In August 2007, a favorable feasibility study led to the decision to build the Pinos Altos mine, which achieved commercial production in November 2009. A total of 183,662 ounces of gold were produced in 2012 compared with 166,158 ounces in 2011, due primarily to higher grades and improved mill throughput. The Pinos Altos mine, including the Creston Mascota deposit at Pinos Altos, had total gold reserves of 2.7 million ounces at December 31, 2012.

The Creston Mascota deposit at Pinos Altos is approximately seven kilometres to the northwest of the main deposit at the Pinos Altos mine. Commercial production was achieved at the Creston Masocota deposit at Pinos Altos on March 1, 2011. During 2012, 51,175 ounces of gold were produced at the Creston Mascota deposit at Pinos Altos compared with 38,222 ounces in 2011.

On September 30, 2012, a movement of leached ore from the upper lifts of the Creston Mascota deposit at Pinos Altos phase one leach pad was observed and active leaching was suspended. Further assessment suggested that the integrity of the phase one leach pad liner had been compromised by the September 30, 2012 event and the Company's management does not expect to conduct any further leaching on the phase one leach pad as a result. The Company recorded a $1.5 million impairment loss ($1.1 million after-tax) at December 31, 2012 relating to the heap leach pad liner and piping at the Creston Mascota deposit at Pinos Altos. The Company expects production from the Creston Mascota deposit at Pinos Altos phase two leach pad to commence in the second quarter of 2013 and to ramp up over the remainder of the year, with normal steady state operations resuming in 2014.

On November 18, 2011, Agnico-Eagle acquired control of Grayd Resource Corporation (''Grayd'') by way of a take-over bid. On January 23, 2012, the Company completed a compulsory acquisition of the remaining outstanding shares of Grayd that it did not already own. Grayd owned the La India project, which is located approximately 70 kilometres northwest of the Pinos Altos mine. In September 2012, development and construction of the La India mine was approved. The La India project is expected to commence operations in the second quarter of 2014 with annual average payable gold production of approximately 90,000 ounces at total cash costs per ounce of gold produced of approximately $500 over a mine life of approximately nine years. The Grayd acquisition also included the Tarachi exploration property which will continue to be a focus of exploration during 2013.

The development of the La India project and the potential for the Tarachi exploration property reinforce the growing importance of the Mexican operations as a key contributor to Agnico-Eagle's operating and growth profile.

Nunavut, Canada

In 2007, the Company acquired Cumberland Resources Ltd., owner of the Meadowbank gold project in Nunavut, Canada. In February 2010, the Meadowbank mine completed its first dore bar pour and commercial production was achieved in March 2010. Total 2012 gold production at the Meadowbank mine was 366,030 ounces, up 35% compared with 2011 gold production of 270,801 ounces. The Meadowbank mine's gold reserves amounted to approximately 2.3 million ounces at December 31, 2012, an increase of approximately 0.1 million ounces compared with the prior year due primarily to the 2012 conversion of mineral resources to reserves at the mine's Vault deposit.

In March 2011, the kitchen facilities at the employee camp at the Meadowbank mine were extensively damaged as a result of a fire. The fire was contained to the kitchen and there were no injuries. Operations were normalized prior to the end of the second quarter of 2011. The Company recognized a loss on disposal of the kitchen of $6.9 million, incurred related costs of $7.4 million and recognized an insurance receivable of $11.2 million. The difference of $3.1 million was recognized in the general and administrative line item of the consolidated statements of income (loss) and comprehensive income (loss) in the first quarter of 2011. The Company's exposure to insurance losses related to this claim is limited to the $3.1 million exposure through its captive insurance company. As at December 31, 2012, $4.6 million of net insurance proceeds had been received by the Company and a remaining insurance receivable of $6.6 million was recorded in the Other current assets line of the consolidated balance sheets.

As a result of consistently high operating costs, a revised life of mine plan was developed for the Meadowbank mine as at December 31, 2011, resulting in a shorter mine life and a pre-tax impairment in the carrying value of the mine of $907.7 million. The new mine plan, combined with the extraction of ore in 2011, resulted in a reduction of proven and probable reserves by 1.3 million ounces of gold at December 31, 2011.

On July 6, 2010, Agnico-Eagle acquired Comaplex Minerals Corp. (''Comaplex'') by way of a plan of arrangement. Comaplex's Meliadine project in Nunavut, Canada is currently one of Agnico-Eagle's largest gold deposits and is considered to be a long-term cornerstone asset for the Company. Proven and probable gold reserves amounted to 3.0 million ounces at December 31, 2012, an increase of 0.1 million ounces compared with December 31, 2011. The Meliadine project is currently in the permitting phase, and the Company expects to complete an updated study regarding the building of a medium-sized mine at the Meliadine project in 2014.

Strategy

Agnico-Eagle's strategy is to build a high quality, manageable business that generates superior long-term returns per share by:

1. Increasing gold production in lower risk jurisdictions

- The Company expects gold production growth of approximately 20% to over 1.2 million ounces by 2015 from current operating regions.

2. Growing operating and free cash flows
   - The Company's strategy is to increase net free cash flow through higher production, controlled operating costs and disciplined capital spending.
3. Providing meaningful dividends
   - History of paying cash dividends for 31 consecutive years, with a goal to continue to increase dividends over time.
4. Minimizing share dilution
   - Traditionally, acquisitions have been completed with minimal share dilution and the Company expects that its planned capital spending program will be internally funded.
5. Operating in a socially responsible manner
   - The Company plans to create economic value by operating in a safe and socially and environmentally responsible manner while contributing to the prosperity of our employees and the communities in which it operates.

Key Performance Drivers

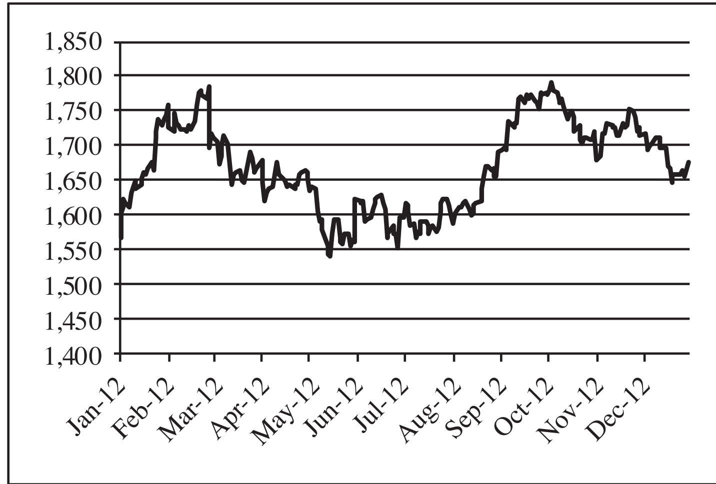
The key drivers of financial performance for Agnico-Eagle are:

- spot price of gold;
- production volumes;
- production costs;
- spot prices of silver, zinc and copper; and
- Canadian dollar/US dollar, Euro/US dollar and Mexican peso/US dollar exchange rates.

Spot Price of Gold, Silver, Zinc and Copper

The Company has never sold gold forward, which allows the Company to take full advantage of rising gold prices, as management believes that low-cost production is the best protection against decreasing gold prices. As a result, the Company benefitted from increased average gold prices in 2012 relative to 2011.

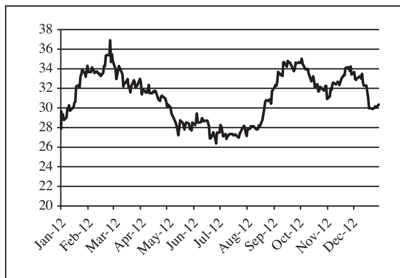
Gold P.M. Fix ($ per ounce)
(Source: Bloomberg)



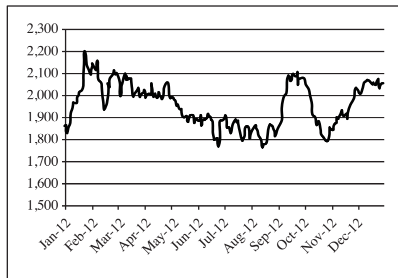
	2012	2011	% Change
High price	$1,796	$1,921	(7%)
Low price	$1,527	$1,308	17%
Average price	$1,668	$1,571	6%
Average price realized	$1,667	$1,573	6%

In 2012, the market price for gold per ounce was on average 6% higher than in 2011. The Company's average realized price per ounce of gold in 2012 was 6% higher than in 2011. The Company was well-positioned to take advantage of the increased market prices by not selling forward its future gold production.

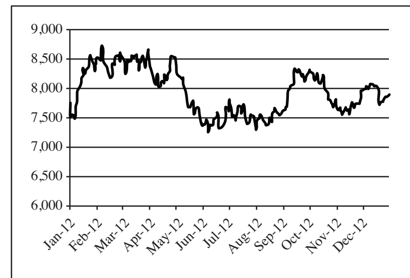
SILVER ($ per ounce)
(Source: Bloomberg)



ZINC ($ per tonne)
(Source: Bloomberg)



COPPER ($ per tonne)
(Source: Bloomberg)



Net silver, zinc, copper and lead revenue is treated as a reduction of production costs in calculating total cash costs per ounce of gold and therefore production and price assumptions for these metals are important factors in both revenue and total cash costs per ounce of gold for the LaRonde mine. Agnico-Eagle's realized sales price for silver decreased by 8% in 2012 compared with 2011 while realized sales prices for zinc and copper increased by 3% and 13%, respectively, over the same period. The future impact of fluctuations in byproduct metal prices will decline as the LaRonde mine's relative proportion of the Company's production declines and as production continues to shift towards deeper sections of the LaRonde mine where gold grades are higher and byproduct metals are less prevalent. The remainder of the Company's mines and mine projects contain no, or insignificant quantities of byproduct metals, with the exception of the Pinos Altos mine, which contains significant byproduct silver.

Production Volumes and Costs

Changes in production volumes have a direct impact on the Company's financial results. Total payable gold production was 1,043,811 ounces in 2012, up 6% from 985,460 ounces in 2011. This increase in production volumes was due primarily to increases in gold grade and ore milled at the Meadowbank mine and increases in gold grade at the LaRonde and Kittila mines in 2012 compared with 2011, which more than offset the impact of the suspension of operations at the Goldex mine on October 19, 2011.

Production costs are discussed in detail in the Results of Operations section below.

Foreign Exchange Rates (Ratio to US$)

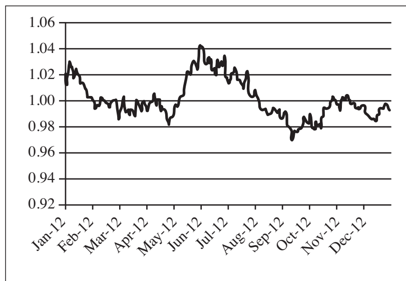
The exchange rate of the US dollar relative to the Canadian dollar, Euro and Mexican peso are important financial drivers for the Company for the following reasons:

- all revenues are earned in US dollars;
- the majority of operating costs at the LaRonde, Meadowbank and Lapa mines are incurred in Canadian dollars;
- a significant portion of operating costs at the Pinos Altos mine and the Creston Mascota deposit at Pinos Altos are incurred in Mexican pesos; and
- the majority of operating costs at the Kittila mine are incurred in Euros.

The Company mitigates a portion of the impact of fluctuating exchange rates on its financial results by using currency hedging strategies.

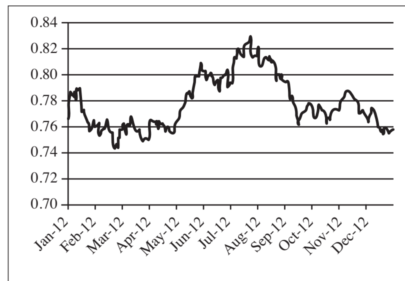
CANADIAN DOLLAR

(Source: Bloomberg)



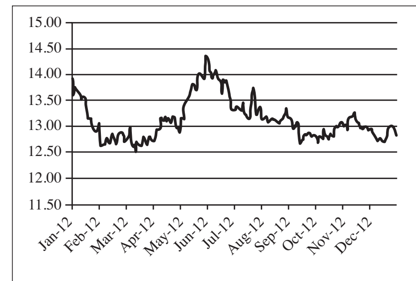
EURO

(Source: Bloomberg)



MEXICAN PESO

(Source: Bloomberg)



In 2012, the Company's operating results and cash flows were impacted by changes in foreign exchange rates. All of the Company's revenues are earned in US dollars while a significant portion of its operating and capital costs are incurred in Canadian dollars, Euros and Mexican pesos. On average, the Canadian dollar, Euro and Mexican peso all weakened relative to the US dollar in 2012 compared with 2011, decreasing costs denominated in local currencies when translated into US dollars for reporting purposes.

Results of Operations

Revenues from Mining Operations

In 2012, revenue from mining operations increased by 5% to $1,917.7 million from $1,821.8 million in 2011. The increase in revenue was primarily attributable to higher sales prices and sales volumes realized on gold in 2012 compared with 2011.

In 2012, sales of precious metals (gold and silver) accounted for 97% of revenues from mining operations, up from 95% in 2011 and 93% in 2010. The increase in the percentage of revenues from precious metals compared with 2011 is due primarily to higher sales prices and sales volumes realized on gold and lower sales volumes on zinc, offset partially by decreases in sales volumes and sales prices realized on silver. Revenues from mining operations are accounted for net of related smelting, refining, transportation and other charges.

The table below details revenues from mining operations, production volumes and sales volumes by metal:

	2012	2011	2010
	(thousands of United States dollars)		
Revenues from mining operations:			
Gold	$1,712,666	$1,563,760	$1,216,249
Silver	140,221	171,725	104,544
Zinc	45,797	70,522	77,544
Copper	19,018	14,451	22,219
Lead	12	1,341	1,965
	$1,917,714	$1,821,799	$1,422,521
Production volumes:			
Gold (ounces)	1,043,811	985,460	987,609
Silver (000s ounces)	4,646	5,080	4,812
Zinc (tonnes)	38,637	54,894	62,544
Copper (tonnes)	4,126	3,216	4,224
Sales volumes:			
Gold (ounces)	1,028,062	996,090	973,057
Silver (000s ounces)	4,556	5,089	4,722
Zinc (tonnes)	42,604	54,499	59,566
Copper (tonnes)	4,115	3,194	4,223

Revenues from gold sales increased by $148.9 million, or 10%, in 2012 compared with 2011. Gold production increased by 6% to 1,043,811 ounces in 2012 from 985,460 ounces in 2011. A 35% increase in gold production at the Meadowbank mine due to higher gold grades and ore milled and increases in gold grades at the LaRonde and Kittila mines were the primary contributors to the Company's overall gold production increase in 2012 compared with 2011. Partially offsetting these increases in gold production was the absence of production from the Goldex mine in 2012 due to the suspension of mining operations at the GEZ on October 19, 2011. Average realized gold price increased 6% to $1,667 per ounce in 2012 from $1,573 per ounce in 2011.

Revenues from silver sales decreased by $31.5 million, or 18%, in 2012 compared with 2011 due primarily to a lower realized silver price and lower silver grade and silver mill recoveries at the LaRonde mine. Revenues from zinc sales decreased by $24.7 million, or 35%, to $45.8 million in 2012 compared with 2011 due primarily to lower zinc grades at the LaRonde mine. Revenues from copper sales increased by $4.6 million, or 32%, in 2012 compared with 2011 due primarily to higher realized copper sales prices between periods and higher copper grades at the LaRonde mine.

Production Costs

In 2012, total production costs were $897.7 million compared with $876.1 million in 2011. This increase is due primarily to a 28% increase in throughput at the Meadowbank mine between 2011 and 2012 made possible by the addition of a secondary crusher in June 2011 and improved equipment availability. The overall increase in production costs was partially offset by the suspension of mining operations at the Goldex mine on October 19, 2011.

The table below details production costs by mine:

Production Costs	2012	2011	2010
	(thousands of Unites States dollars)		
LaRonde mine	$225,647	$209,947	$189,146
Goldex mine	—	56,939	61,561
Lapa mine	73,376	68,599	66,199
Kittila mine	98,037	110,477	87,740
Pinos Altos mine	152,942	145,614	90,293
Meadowbank mine	347,710	284,502	182,533
Production costs per consolidated statements of income (loss) and comprehensive income (loss)	$897,712	$876,078	$677,472

Production costs at the LaRonde mine were $225.6 million in 2012, an increase of 7% compared with 2011 production costs of $209.9 million. During 2012, the LaRonde mine processed an average of 6,444 tonnes of ore per day compared with 6,592 tonnes of ore per day during 2011. The decrease in throughput between periods was due primarily to heat and congestion challenges associated with ore sourced from the deeper LaRonde mine extension. Minesite costs per tonne were C$98 in the fourth quarter of 2012 compared with C$79 in the fourth quarter of 2011. For the full year 2012, minesite costs per tonne were C$95 compared with C$84 per tonne in 2011. The increase in minesite costs per tonne in 2012 compared with 2011 is attributable primarily to lower throughput and general cost increases.

Production costs at the Goldex mine were nil in 2012 compared with $56.9 million in 2011. The absence of production costs in 2012 is a result of the suspension of Goldex mine operations on October 19, 2011. Minesite costs per tonne were nil in the fourth quarter of 2012 compared to C$21 in the fourth quarter of 2011 when the surface stockpile that remained after the suspension of mining operations was milled. For the full year 2012, minesite costs per tonne were nil compared with C$21 per tonne in 2011.

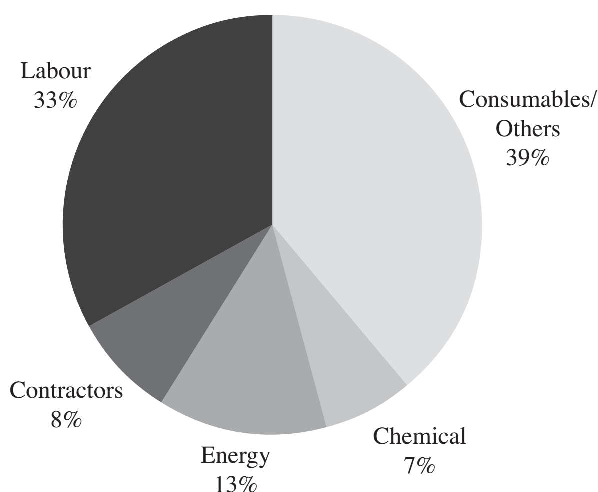
Production costs at the Lapa mine were $73.4 million in 2012, an increase of 7% compared with 2011 production costs of $68.6 million. During 2012, the Lapa mine processed an average of 1,749 tonnes of ore per day, an increase of 3% over the 1,701 tonnes of ore per day processed during 2011. The increase in throughput between 2011 and 2012 was due primarily to improved maintenance scheduling and mill optimization. Minesite costs per tonne were C$113 in the fourth quarter of 2012 compared with C$117 in the fourth quarter of 2011. For the full year 2012, minesite costs per tonne were up slightly but essentially unchanged at C$115 compared with C$110 per tonne in 2011.

Production costs at the Kittila mine were $98.0 million in 2012, a decrease of 11% compared with 2011 production costs of $110.5 million. During 2012, the Kittila mine processed an average of 2,979 tonnes of ore per day, an increase of 5% over the 2,824 tonnes of ore per day processed during 2011 due primarily to an increase in autoclave availability. Minesite costs per tonne were €69 in the fourth quarter of 2012 compared with €80 in the fourth quarter of 2011. For the full year 2012, minesite costs per tonne were €69 compared with €75 per tonne in 2011 due primarily to increased contractor efficiencies and to relatively lower costs associated with mining the final benches of the open pit during 2012.

Production costs at the Pinos Altos mine, including the Creston Mascota deposit at Pinos Altos, were $152.9 million in 2012, an increase of 5% compared with 2011 production costs of $145.6 million. During 2012, the Pinos Altos mine processed an average of 12,007 tonnes of ore per day, a decrease of 3% compared with the 12,355 tonnes of ore per day processed during 2011 due primarily to the temporary suspension of heap leach stacking at the Creston Mascota deposit at Pinos Altos in September 2012. Minesite costs per tonne were $46 in the fourth quarter of 2012 compared with $24 in the fourth quarter of 2011. For the full year 2012, minesite costs per tonne were $31 compared with $27 per tonne in 2011. The increase in minesite costs per tonne between 2011 and 2012 is mainly attributable to the absence of lower cost heap leach tonnes processed from the Creston Mascota deposit at Pinos Altos during the fourth quarter of 2012.

Production costs at the Meadowbank mine were $347.7 million in 2012, an increase of 22% compared with 2011 production costs of $284.5 million. During 2012, the Meadowbank mine processed an average of 10,440 tonnes of ore per day, an increase of 28% over the 8,158 tonnes of ore per day processed during 2011 due primarily to the June 2011 addition of the permanent secondary crusher and improvements in equipment availability and equipment maintenance. Minesite costs per tonne were C$90 in the fourth quarter of 2012 compared with C$98 in the fourth quarter of 2011. For the full year 2012, minesite costs per tonne were C$88 compared with C$91 per tonne in 2011. The decrease in minesite costs per tonne between 2011 and 2012 is mainly attributable to a reduction in waste tonnes moved under the revised Meadowbank mine plan and overall productivity gains.

Total Production Costs by Category



Total cash costs per ounce of gold produced, representing the weighted average of all of the Company's producing mines, increased to $640 in 2012 from $580 in 2011 and $451 in 2010. At the LaRonde mine, total cash costs per ounce of gold increased from $77 in 2011 to $569 in 2012 due primarily to significantly lower byproduct revenue as the mine transitions to ore sourced from lower levels, and previously noted challenges with heat and congestion at the deeper levels. Total cash costs per ounce of gold at the Goldex mine were $401 in 2011 until the suspension of operations on October 19, 2011. At the Lapa mine, total cash costs per ounce of gold increased from $650 in 2011 to $697 in 2012 due to general mining industry cost increases. At the Kittila mine, total cash costs per ounce of gold decreased from $739 in 2011 to $565 in 2012 due primarily to a 23% increase in gold production and improved efficiencies in the use of consumables and contractors. Total cash costs per ounce of gold at the Pinos Altos mine, including the Creston Mascota deposit at Pinos Altos, decreased from $299 in 2011 to $286 in 2012 due primarily to increased production between these periods. Despite the temporary suspension of heap leach operations at the Creston Mascota deposit at Pinos Altos effective October 1, 2012, gold production increased by 30,457 ounces at the Pinos Altos mine overall in 2012 compared with 2011. At the Meadowbank mine, total cash costs per ounce of gold decreased from $1,000 in 2011 to $913 in 2012 due primarily to increased gold production and to the successful implementation of the revised mine plan in 2012.

Total cash costs per ounce of gold produced 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 recorded in the consolidated statements of income (loss) and comprehensive income (loss) for byproduct revenues, unsold concentrate inventory production costs, non-cash reclamation provisions, deferred stripping costs and other adjustments, and then dividing by the number of ounces of gold produced. The Company believes that this generally accepted industry measure is a realistic indication of operating performance and is a useful comparison point between periods. Total cash costs per ounce of gold produced is intended to provide investors with information about the cash generating capabilities of the Company's mining operations. Management also uses this measure to monitor the performance of the Company's mining operations. As 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 these inherent limitations by using this measure 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.

The World Gold Council and its members are working to develop a new production cost measure, potentially termed "all-in sustaining cash costs". The Company will work with the World Gold Council and its members to define and endorse this new measure, expected to be finalized in 2013.

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 (loss) and comprehensive income (loss) for unsold concentrate inventory production costs, non-cash reclamation provisions, deferred stripping costs and other

adjustments, and then dividing by tonnes of ore processed. As the total cash costs per ounce of gold produced measure can be impacted by fluctuations in byproduct metal prices and exchange rates, management believes that the minesite costs per tonne measure provides additional information regarding the performance of mining operations. Management is aware that this per tonne measure of performance can be impacted by fluctuations in production levels and compensates for this inherent limitation by using this measure in conjunction with production costs prepared in accordance with US GAAP.

The Company reports total cash costs per ounce of gold produced and minesite costs per tonne using a common industry practice of deferring certain stripping costs that can be attributed to future production. The purpose of adjusting for these stripping costs is to enhance the comparability of total cash costs per ounce of gold produced and minesite costs per tonne to the Company's peers within the mining industry.

The following tables provide a reconciliation of total cash costs per ounce of gold produced and minesite costs per tonne to production costs as presented in the consolidated statements of income (loss) and comprehensive income (loss) in accordance with US GAAP.

Total Production Costs by Mine

	2012	2011	2010
	(thousands of United States dollars)		
Production costs per consolidated statements of income (loss) and comprehensive income (loss)	$897,712	$876,078	$677,472
LaRonde mine	225,647	209,947	189,146
Goldex mine	—	56,939	61,561
Lapa mine	73,376	68,599	66,199
Kittila mine	98,037	110,477	87,740
Pinos Altos mine[(i)]	146,503	145,614	90,293
Meadowbank mine	347,710	284,502	182,533
Total	$891,273	$876,078	$677,472

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

LaRonde Mine — Total Cash Costs per Ounce of Gold Produced	2012	2011	2010
	(thousands of United States dollars, except as noted)		
Production costs	$ 225,647	$ 209,947	$ 189,146
Adjustments:			
Byproduct metal revenues, net of smelting, refining and marketing charges	(131,750)	(194,000)	(192,155)
Inventory and other adjustments[(ii)]	107	(2,309)	3,287
Non-cash reclamation provision	(2,422)	(4,062)	(1,344)
Cash operating costs	$ 91,582	$ 9,576	$ (1,066)
Gold production (ounces)	160,875	124,173	162,806
Total cash costs per ounce of gold produced ($ per ounce)[(iii)]	$ 569	$ 77	$ (7)

Goldex Mine — Total Cash Costs per Ounce of Gold Produced	2012	2011	2010
	(thousands of United States dollars, except as noted)		
Production costs	$ —	$ 56,939	$ 61,561
Adjustments:			
Byproduct metal revenues, net of smelting, refining and marketing charges	—	395	727
Inventory and other adjustments[(ii)]	—	(2,778)	(253)
Non-cash reclamation provision	—	(173)	(216)
Cash operating costs	$ —	$ 54,383	$ 61,819
Gold production (ounces)	—	135,478	184,386
Total cash costs per ounce of gold produced ($ per ounce)[(iii)]	$ —	$ 401	$ 335

Lapa Mine — Total Cash Costs per Ounce of Gold Produced	**2012**	**2011**	**2010**
	(thousands of United States dollars, except as noted)		
Production costs	$ 73,376	$ 68,599	$ 66,199
Adjustments:			
Byproduct metal revenues, net of smelting, refining and marketing charges	513	663	644
Inventory and other adjustments(ii)	(71)	631	(4,683)
Non-cash reclamation provision	191	(348)	(57)
Cash operating costs	$ 74,009	$ 69,545	$ 62,103
Gold production (ounces)	106,191	107,068	117,456
Total cash costs per ounce of gold produced ($ per ounce)(iii)	$ 697	$ 650	$ 529

Kittila Mine — Total Cash Costs per Ounce of Gold Produced	**2012**	**2011**	**2010**
	(thousands of United States dollars, except as noted)		
Production costs	$ 98,037	$110,477	$ 87,740
Adjustments:			
Byproduct metal revenues, net of smelting, refining and marketing charges	391	152	252
Inventory and other adjustments(ii)	1,564	(1,267)	(4,774)
Non-cash reclamation provision	(551)	(206)	(334)
Stripping costs(iv)	—	(3,018)	—
Cash operating costs	$ 99,441	$106,138	$ 82,884
Gold production (ounces)	175,878	143,560	126,205
Total cash costs per ounce of gold produced ($ per ounce)(iii)	$ 565	$ 739	$ 657

Pinos Altos Mine — Total Cash Costs per Ounce of Gold Produced(i)	**2012**	**2011**	**2010**
	(thousands of United States dollars, except as noted)		
Production costs	$146,503	$145,614	$ 90,293
Adjustments:			
Byproduct metal revenues, net of smelting, refining and marketing charges	(69,478)	(60,653)	(25,052)
Inventory and other adjustments(ii)	2,658	1,871	2,925
Non-cash reclamation provision	(764)	(1,372)	(858)
Stripping costs(iv)	(12,762)	(24,260)	(11,857)
Cash operating costs	$ 66,157	$ 61,200	$ 55,451
Gold production (ounces)	231,277	204,380	130,431
Total cash costs per ounce of gold produced ($ per ounce)(iii)	$ 286	$ 299	$ 425

Meadowbank Mine — Total Cash Costs per Ounce of Gold Produced	**2012**	**2011**	**2010**
	(thousands of United States dollars, except as noted)		
Production costs	$347,710	$284,502	$182,533
Adjustments:			
Byproduct metal revenues, net of smelting, refining and marketing charges	(1,651)	(546)	(584)
Inventory and other adjustments(ii)	4,582	(1,670)	6,911
Non-cash reclamation provision	(1,611)	(1,679)	(1,315)
Stripping costs(iv)	(14,806)	(9,746)	(4,321)
Cash operating costs	$334,224	$270,861	$183,224
Gold production (ounces)	366,030	270,801	264,576
Total cash costs per ounce of gold produced ($ per ounce)(iii)	$ 913	$ 1,000	$ 693

Reconciliation of Production Costs to Minesite Costs per Tonne by Mine

LaRonde Mine — Minesite Costs per Tonne

	2012	2011	2010
	(thousands of United States dollars, except as noted)		
Production costs	$225,647	$209,947	$189,146
Adjustments:			
Inventory adjustment(v)	984	(22)	3,287
Non-cash reclamation provision	(2,421)	(4,062)	(1,344)
Minesite operating costs	$224,210	$205,863	$191,089
Minesite operating costs (thousands of C$)	$225,159	$202,957	$194,993
Tonnes of ore milled (thousands of tonnes)	2,359	2,406	2,592
Minesite costs per tonne (C$)(vi)	$ 95	$ 84	$ 75

Goldex Mine — Minesite Costs per Tonne

	2012	2011	2010
	(thousands of United States dollars, except as noted)		
Production costs	$ —	$ 56,939	$ 61,561
Adjustments:			
Inventory adjustment(v)	—	(2,407)	(253)
Non-cash reclamation provision	—	(173)	(216)
Minesite operating costs	$ —	$ 54,359	$ 61,092
Minesite operating costs (thousands of C$)	$ —	$ 53,208	$ 62,545
Tonnes of ore milled (thousands of tonnes)	—	2,477	2,782
Minesite costs per tonne (C$)(vi)	$ —	$ 21	$ 22

Lapa Mine — Minesite Costs per Tonne

	2012	2011	2010
	(thousands of United States dollars, except as noted)		
Production costs	$ 73,376	$ 68,599	$ 66,199
Adjustments:			
Inventory adjustment(v)	54	1,071	(4,683)
Non-cash reclamation provision	191	(348)	(57)
Minesite operating costs	$ 73,621	$ 69,322	$ 61,459
Minesite operating costs (thousands of C$)	$ 73,813	$ 68,403	$ 62,771
Tonnes of ore milled (thousands of tonnes)	641	621	552
Minesite costs per tonne (C$)(vi)	$ 115	$ 110	$ 114

Kittila Mine — Minesite Costs per Tonne

	2012	2011	2010
	(thousands of United States dollars, except as noted)		
Production costs	$ 98,037	$110,477	$ 87,740
Adjustments:			
Inventory adjustment(v)	1,569	(1,324)	(4,774)
Non-cash reclamation provision	(551)	(206)	(334)
Stripping costs(iv)	—	(3,018)	—
Minesite operating costs	$ 99,055	$105,929	$ 82,632
Minesite operating costs (thousands of €)	€ 75,305	€ 76,817	€ 63,464
Tonnes of ore milled (thousands of tonnes)	1,090	1,031	960
Minesite costs per tonne (€)(vi)	€ 69	€ 75	€ 66

Pinos Altos Mine — Minesite Costs per Tonne[(i)]	**2012**	**2011**	**2010**
	(thousands of United States dollars, except as noted)		
Production costs	$146,503	$145,614	$ 90,293
Adjustments:			
Inventory adjustment[(v)]	2,755	(169)	2,925
Non-cash reclamation provision	(764)	(1,372)	(858)
Stripping costs[(iv)]	(12,762)	(24,260)	(11,857)
Minesite operating costs	$135,732	$119,813	$ 80,503
Tonnes of ore milled (thousands of tonnes)	4,316	4,509	2,318
Minesite costs per tonne (US$)[(vi)]	$ 31	$ 27	$ 35

Meadowbank Mine — Minesite Costs per Tonne	**2012**	**2011**	**2010**
	(thousands of United States dollars, except as noted)		
Production costs	$347,710	$284,502	$182,533
Adjustments:			
Inventory adjustment[(v)]	4,407	253	6,911
Non-cash reclamation provision	(1,610)	(1,679)	(1,315)
Stripping costs[(iv)]	(14,806)	(9,746)	(4,321)
Minesite operating costs	$335,701	$273,330	$183,808
Minesite operating costs (thousands of C$)	$336,431	$272,157	$190,980
Tonnes of ore milled (thousands of tonnes)	3,821	2,978	2,001
Minesite costs per tonne (C$)[(vi)]	$ 88	$ 91	$ 95

(i) Includes the Creston Mascota deposit at Pinos Altos, except for fourth quarter 2012 total cash costs per ounce of gold produced and minesite costs per tonne, as heap leach operations at the Creston Mascota deposit at Pinos Altos were suspended effective October 1, 2012.

(ii) Under the Company's revenue recognition policy, revenue is recognized on concentrates when legal title passes. As total cash costs per ounce of gold produced are calculated on a production basis, this inventory adjustment reflects the sales margin on the portion of concentrate production not yet recognized as revenue.

(iii) Total cash costs per ounce of gold produced 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 recorded in the consolidated statements of income (loss) and comprehensive income (loss) for byproduct revenues, unsold concentrate inventory production costs, non-cash reclamation provisions, deferred stripping costs and other adjustments, and then dividing by the number of ounces of gold produced. The Company believes that this generally accepted industry measure is a realistic indication of operating performance and is a useful comparison point between periods. Total cash costs per ounce of gold produced is intended to provide investors with information about the cash generating capabilities of the Company's mining operations. Management also uses this measure to monitor the performance of the Company's mining operations. As 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 these inherent limitations by using this measure 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.

(iv) The Company reports total cash costs per ounce of gold produced and minesite costs per tonne using a common industry practice of deferring certain stripping costs that can be attributed to future production. The purpose of adjusting for these stripping costs is to enhance the comparability of total cash costs per ounce of gold produced and minesite costs per tonne to the Company's peers within the mining industry.

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

(vi) 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 (loss) and comprehensive income (loss) for unsold concentrate inventory production costs, non-cash reclamation provisions, deferred stripping costs and other adjustments, and then dividing by tonnes of ore milled. As the total cash costs per ounce of gold produced measure can be impacted by fluctuations in byproduct metal prices and exchange rates, management believes that the minesite costs per tonne measure provides additional information regarding the performance of mining operations, eliminating the impact of 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 of performance can be impacted by fluctuations in processing levels and compensates for this inherent limitation by using this measure in conjunction with production costs prepared in accordance with US GAAP.

Exploration and Corporate Development Expense

Proven and probable gold reserves totalled 18.7 million ounces at December 31, 2012 compared with 18.8 million ounces at December 31, 2011. The decrease in proven and probable gold reserves was due primarily to 2012 gold production at the Company's operating mines and was almost entirely offset by newly declared proven and probable reserves at the La India and Meliadine projects and at the Goldex mine's M and E Zones.

A summary of the Company's significant 2012 exploration and corporate development activities is detailed below:

- Canadian regional exploration expenditures, excluding the Goldex mine, amounted to $22.7 million in 2012 compared with $29.9 million in 2011. This decrease was due primarily to a $6.5 million reduction in exploration expenditures at the Meliadine project between periods.
- On October 19, 2011, mining operations at the Goldex mine were suspended as a result of geotechnical concerns with the rock above the mining horizon. In 2011, investigation expenditures of $19.7 million were incurred which included rock mechanic and mining studies, drilling and development exploration of the deeper D zone and care and maintenance of general infrastructure. In 2012, exploration expenditures increased to $37.6 million with focus on the new M and E Zones at the Goldex mine which were approved for development during the year.
- Latin American regional exploration expenses increased to $28.4 million in 2012 compared with $8.3 million in 2011, due primarily to drilling at the La India project in Mexico which is expected to be developed as an open pit heap leach operation.
- Exploration expenditures in the United States and Europe of $14.9 million in 2012 were comparable with expenditures of $13.9 million in 2011.
- The Company's corporate development team remained active in 2012, evaluating new properties and potential acquisition opportunities.

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

	2012	2011	2010
	(thousands of United States dollars)		
Canada	$ 22,733	$29,885	$28,346
Latin America	28,419	8,263	8,268
United States	7,397	7,520	7,042
Europe	7,458	6,332	4,569
Goldex mine	37,627	19,656	—
Corporate development expense	5,866	4,065	6,733
	$109,500	$75,721	$54,958

Amortization of Property, Plant and Mine Development

Amortization of property, plant and mine development expense increased to $271.9 million in 2012 compared with $261.8 million in 2011 due primarily to the achievement of commercial production at the LaRonde mine extension on December 1, 2011. Amortization expense commences once a mine or project achieves commercial production.

General and Administrative Expense

General and administrative expense increased to $119.1 million in 2012 from $107.9 million in 2011 due primarily to increases in salaries, benefits, retirement costs and legal expenses associated with securities class action lawsuits. Partially offsetting these increases, stock option expense decreased to $33.8 million in 2012, representing a 20% decrease compared with 2011, due to a decrease in the Black-Scholes calculated value of the employee stock options granted between periods.

Provincial Capital Tax

Prior to 2011, provincial capital tax was assessed on the Company's capitalization (paid-up capital and debt) less certain allowances and tax credits for exploration expenses incurred. Ontario capital tax was eliminated on July 1, 2010, while Quebec capital tax was eliminated at the end of 2010. Provincial capital tax expenses of

$4.0 million and $9.2 million were recorded in 2012 and 2011, respectively, due to government audit assessments relating to prior years. In 2010, the Company recorded a provincial capital tax recovery of $6.1 million due to non-recurring items relating to prior years. Provincial capital tax is expected to be nil going forward.

Interest Expense

In 2012, interest expense increased to $57.9 million from $55.0 million in 2011 and $49.5 million in 2010. The table below details the components of interest expense:

	2012	2011	2010
	(thousands of United States dollars)		
Stand-by fees on credit facilities	$ 3,734	$ 7,345	$ 8,159
Amortization of credit facilities, financing and note issuance costs	3,432	4,810	3,507
Government interest, penalties and other	4,869	3,078	2,165
Interest on credit facilities	3,460	1,764	10,795
Interest on Notes	43,886	39,067	29,423
Interest capitalized to construction in progress	(1,494)	(1,025)	(4,556)
	$57,887	$55,039	$49,493

Foreign Currency Translation Gain (Loss)

The Company's operating results and cash flow are significantly impacted by changes in the US dollar/Canadian dollar exchange rate, 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 incurred in Canadian dollars. The US dollar/Canadian dollar exchange rate has varied significantly over the past three years. During the period from January 1, 2010 through December 31, 2012, the daily noon exchange rate as reported by the Bank of Canada has fluctuated between C$0.94 per US$1.00 and C$1.08 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. The Euro and Mexican peso have also varied significantly against the US dollar over the past three years.

A foreign currency translation loss of $16.3 million was recorded in 2012 compared with a foreign currency translation gain of $1.1 million in 2011. On average, the US dollar strengthened against the Canadian dollar, the Euro and the Mexican peso in 2012 compared with 2011. The US dollar weakened against the Canadian dollar, the Euro and the Mexican peso between December 31, 2011 and December 31, 2012. The foreign currency translation loss in 2012 is due primarily to the impact of translation on liabilities denominated in Euros, Canadian dollars and Mexican pesos, offset partially by the impact of translation on non-US dollar cash balances.

Income and Mining Taxes

In 2012, the Company had an effective tax rate of 28.5% compared with 26.9% in 2011 and 23.7% in 2010. In 2012, the effective tax rate of 28.5% was higher than the statutory tax rate of 26.3% due to permanent differences, principally stock-based compensation that is not deductible for tax purposes in Canada. In 2011, an income and mining taxes recovery was recorded due to impairment losses on the Meadowbank and Goldex mines.

Supplies Inventories

Supplies inventories increased by 22% to $222.6 million at December 31, 2012 compared with $182.4 million at December 31, 2011. This increase is mainly attributable to the build-up of supplies inventories at the Meadowbank mine to support increased gold production and related maintenance requirements. In addition, supplies inventories increased at the Kittila, Pinos Altos and LaRonde mines to facilitate increased gold production levels and underground mining operations.

Liquidity and Capital Resources

At December 31, 2012, the Company's cash and cash equivalents, short-term investments and restricted cash totalled $332.0 million, compared with $221.5 million at December 31, 2011. Cash provided by operating activities increased by $28.8 million to $696.0 million in 2012 compared with 2011 due primarily to a 6% increase in both gold prices realized and gold production. The increase in cash provided by operating activities was partially offset by a $15.2 million increase in production costs and a $33.8 million increase in exploration and corporate development expenses between 2011 and 2012. Cash used in investing activities decreased significantly to $376.2 million in 2012 from $760.5 million in 2011 due primarily to the acquisition of Grayd in November 2011, a decrease in available-for-sale securities investments, an increase in proceeds on available-for-sale securities and a decrease in capital expenditures between these periods. Cash used in financing activities was $202.6 million in 2012 compared with cash provided by financing activities of $178.8 million in 2011 due primarily to a change from net proceeds from long-term debt of $270.0 million in 2011 to net repayments of long-term debt of $290.0 million in 2012.

In 2012, the Company invested cash of $445.6 million in projects and sustaining capital expenditures. Significant capital expenditures in 2012 included $105.1 million at the Meadowbank mine, $83.3 million at the Meliadine project, $39.2 million at the La India project, $26.8 million at the Goldex mine and $183.7 million at the LaRonde, Kittila, Pinos Altos and Lapa mines. Capital expenditures to complete the Company's growth initiatives 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.

In 2012, the Company received net proceeds on available-for-sale securities of $73.4 million compared with $9.4 million in 2011. Purchases of available-for-sale securities decreased to $2.7 million in 2012 compared with purchases of $91.1 million in 2011.

On November 26, 2012, the Company disposed of 7,795,574 shares of Queenston Mining Inc. for total proceeds of $42.6 million, recording a $16.5 million gain on sale of available-for-sale securities.

On July 27, 2011, the Company acquired 21,671,827 common shares of Rubicon Minerals Corporation ("Rubicon") for cash consideration of approximately $73.8 million. On June 1, 2012, the Company disposed of 11,000,000 common shares of Rubicon for total proceeds of $30.7 million, recording a $6.7 million loss on sale of available-for-sale securities. After closing the transaction, the Company holds 10,671,827 common shares of Rubicon.

On November 29, 2012, the Company purchased the 5% net smelter returns royalty on the Probe block of the Goldex mine property from Probe Mines Limited ("Probe") for cash consideration of C$14.0 million. This amount was capitalized to the property, plant and mine development line item of the consolidated balance sheets. Up to an additional C$4.0 million (in cash or common shares of the Company, at the election of Probe) may become payable by the Company to Probe if certain production thresholds are achieved on the Probe block of the Goldex mine property.

On December 12, 2012, the Company declared a cash dividend payable on March 15, 2013, marking the 31st consecutive year that the Company has paid a cash dividend. During 2012, the Company paid dividends of $118.1 million compared with $98.4 million in 2011. 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. The Company also issued common shares for gross proceeds of $32.7 million in 2012 due primarily to stock option exercises and issuances under the Company's employee share purchase plan.

On July 24, 2012, the Company closed a private placement consisting of $200.0 million of guaranteed senior unsecured notes due in 2022 and 2024 (the "2012 Notes") with a weighted average maturity of 11.0 years and weighted average yield of 4.95%. Proceeds from the 2012 Notes were used to repay amounts outstanding under the Company's 1.2 billion unsecured revolving bank credit facility (the "Credit Facility").

On July 20, 2012, the Company amended and restated its Credit Facility. The total amount available under the Credit Facility remains unchanged at $1.2 billion; however, the maturity date was extended from June 22, 2016 to June 22, 2017. Pricing terms were amended to reflect improved current market conditions. As at December 31, 2012, the Company had drawn $30.0 million under the Credit Facility. In addition, the amount available under the Credit Facility is reduced by outstanding letters of credit under the Credit Facility, amounting to $1.1 million at December 31, 2012. Therefore, $1,168.9 million was available for future drawdown under the Credit Facility at December 31, 2012. 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, 2012.

The Company entered into a credit agreement on June 26, 2012 with a financial institution relating to a new C$150 million uncommitted letter of credit facility (the "Letter of Credit Facility"). The obligations of the Company under the Letter of Credit Facility are guaranteed by certain of its subsidiaries. The Letter of Credit Facility may be used to support the reclamation obligations or non-financial or performance obligations of the Company or its subsidiaries. As at December 31, 2012, $127.5 million had been drawn under the Letter of Credit Facility.

On April 7, 2010, the Company closed a private placement consisting of $600.0 million of guaranteed senior unsecured notes due in 2017, 2020 and 2022 (the "2010 Notes") with a weighted average maturity of 9.84 years and weighted average yield of 6.59%. Proceeds from the offering of the 2010 Notes were used to repay amounts under the Company's then outstanding credit facilities.

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, 2012, outstanding letters of credit drawn under the EDC Facility totaled nil.

Agnico-Eagle's contractual obligations as at December 31, 2012 are detailed below:

Contractual Obligations	Total	Less than 1 Year	1-3 Years	4-5 Years	Thereafter
		(millions of United States dollars)			
Letter of credit obligations	$ 2.3	$ —	$ 2.3	$ —	$ —
Reclamation obligations[(i)]	349.0	16.8	2.8	3.7	325.7
Purchase commitments	63.6	12.3	19.5	9.5	22.3
Pension obligations[(ii)]	4.2	0.1	0.3	0.2	3.6
Capital and operating leases	35.1	15.5	14.5	1.6	3.5
Long-term debt repayment obligations[(iii)]	830.0	—	—	145.0	685.0
Total[(iv)]	$1,284.2	$44.7	$39.4	$160.0	$1,040.1

(i) 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* and ASC 410-30 — *Environmental Obligations*. See Note 6(a) to the consolidated financial statements.

(ii) The Company provides a non-registered supplementary executive retirement defined benefit plan for certain senior officers (the "Executives Plan"). The Executives Plan provides pension benefits to certain senior officers equal to 2% of their 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 pension plan. Payments under the Executives Plan are secured by letter of credit from a Canadian chartered bank. The figures presented in this table have been actuarially determined.

(iii) 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 its current expiry date.

(iv) The Company's estimated future cash flows are expected to be sufficient to satisfy the obligations detailed above.

Off-Balance Sheet Arrangements

The Company's off-balance sheet arrangements include operating leases of $7.6 million (see Note 13(b) to the consolidated financial statements) and outstanding letters of credit for environmental and site restoration costs, custom credits, government grants and other general corporate purposes of $147.3 million of (see Note 12 to the 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.

2013 Liquidity and Capital Resources Analysis

The Company believes that it has sufficient capital resources to satisfy its 2013 mandatory expenditure commitments (including the contractual obligations detailed above) and discretionary expenditure commitments. The following table details expected capital requirements and resources for 2013:

	Amount (millions of United States dollars)
2013 Mandatory Commitments:	
Contractual obligations (from table above)	$ 44.7
Dividends payable (declared in December 2012)	37.9
Total 2013 mandatory expenditure commitments	$ 82.6
2013 Discretionary Commitments:	
Budgeted capital expenditures	$ 596.0
Dividends payable (undeclared)	113.7
Total 2013 discretionary expenditure commitments	$ 709.7
Total 2013 mandatory and discretionary expenditure commitments	**$ 792.3**
2013 Capital Resources:	
Cash, cash equivalents and short term investments (at December 31, 2012)	$ 306.6
Budgeted 2013 cash provided by operating activities	729.4
Working capital, excluding cash, cash equivalents and short-term investments (at December 31, 2012)	320.0
Available under the Credit Facility	1,168.9
Total 2013 Capital Resources	**$2,524.9**

While the Company believes its capital resources will be sufficient to satisfy all 2013 commitments (mandatory and discretionary), the Company may choose to decrease certain of its discretionary expenditure commitments, which includes certain capital expenditures and undeclared dividends, should unexpected 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 "Note to Investors Concerning Forward-Looking Information" for a discussion of assumptions and risks relating to such statements and information.

Gold Production Growth

LaRonde Mine

In 2013, payable gold production at the LaRonde mine is expected to be approximately 177,000 ounces. Over the 2013 to 2015 period, annual average payable gold production at the LaRonde mine is expected to be approximately 214,000 ounces. Challenges associated with heat and congestion in the LaRonde mine extension, which achieved commercial production on December 1, 2011, have delayed the ramp up of production. Despite these challenges, overall gold production and throughput are expected to remain unchanged over the life of the LaRonde mine.

Total cash costs per ounce of gold produced at the LaRonde mine are expected to be approximately $650 in 2013 compared with $569 in 2012, reflecting expectations of lower grades and lower metal prices for the mine's byproducts going forward. 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 expected to commence production from the M and E Zones in the second quarter of 2014. In 2014, payable gold production at the Goldex mine is expected to be approximately 49,000 ounces. Annual average payable gold production at the Goldex mine is expected to be approximately 80,000 ounces at total cash costs per ounce of gold produced of approximately $900 over a mine life of approximately three to four years. Exploration on several other satellite zones, including the deeper D Zone, has the potential to extend mine life at the Goldex mine.

Lapa Mine

Payable gold production in 2013 is expected to be approximately 97,000 ounces at estimated total cash costs per ounce of gold produced of approximately $840. Over the 2013 to 2015 period, annual average payable gold production of approximately 86,000 ounces is expected. 2014 is expected to be the last full year of payable gold production based on the current mine life. Additional exploration results expected in 2013 could potentially extend the Lapa mine's life.

Kittila Mine

In 2013, payable gold production at the Kittila mine is expected to be approximately 165,000 ounces, while annual average payable gold production of approximately 163,333 ounces is expected between 2013 and 2015. Total cash costs per ounce of gold produced are expected to be approximately $660 in 2013 compared with $565 in 2012 as ore will be processed exclusively from the higher cost underground mine since the open pit mine was fully depleted in the fourth quarter of 2012. Further, a gradual decline in gold grade towards the average reserve grade is expected in 2013.

The Board has approved a capital expansion at the Kittila mine that is expected to result in a 750 tonne per day throughput capacity increase commencing in the second half of 2015. Current guidance for production at the Kittila mine includes 10,000 ounces of payable gold production resulting from this capital expansion.

Pinos Altos Mine

In 2013, payable gold production at the Pinos Altos mine is expected to be approximately 191,000 ounces, including 32,000 ounces from the Creston Mascota deposit at Pinos Altos. Total cash costs per ounce of gold produced of approximately $300 are expected in 2013 at the Pinos Altos mine, including the Creston Mascota deposit at Pinos Altos. Between 2013 and 2015, payable gold production is expected to average 152,000 ounces annually at the Pinos Altos mine and 46,333 ounces annually at the Creston Mascota deposit at Pinos Altos.

An increase in payable gold production is expected at the Pinos Altos mine in 2015 due to increased mill throughput from the completion of the underground shaft project.

Commercial production at the Creston Mascota deposit at Pinos Altos heap leach operation was achieved in March 2011. On September 30, 2012, a movement of leached ore from the upper lifts of the Creston Mascota deposit at Pinos Altos phase one leach pad was observed and active leaching was suspended. During the fourth quarter of 2012, further assessment suggested that the integrity of the phase one leach pad liner had been compromised by the September 30, 2012 event and further leaching on the phase one leach pad is not expected as a result. The Company expects production to commence from the Creston Mascota deposit at Pinos Altos phase two leach pad in the second quarter of 2013. Payable gold production forecasts reflect a buildup of inventory on the phase two leach pad and a related ramp up in production in 2013, with steady state operations commencing in 2014.

Meadowbank Mine

In 2013, payable gold production at the Meadowbank mine is expected to be approximately 360,000 ounces at estimated total cash costs per ounce of gold produced of approximately $985. The Meadowbank mine is expected to average 359,000 ounces of payable gold production per year between 2013 and 2015.

The Meadowbank mine experienced a number of start-up issues during its first two years. However, forecasted annual payable gold production has increased significantly as a result of improved operating performance achieved in 2012. The Company expects mill throughput of approximately 11,000 tonnes per day to be sustainable and has extended the expected Meadowbank mine life to 2018.

La India Project

The Board approved the construction and development of the La India project in September 2012. The La India project is expected to commence operations in the second quarter of 2014. In 2014, payable gold production at the La India project is expected to be approximately 40,000 ounces. Annual average payable gold production at the La India project is expected to be approximately 90,000 ounces at total cash costs per ounce of gold produced of approximately $500 over a mine life of approximately nine years.

Growth Summary

With the achievement of commercial production of the Kittila, Lapa and Pinos Altos mines in 2009, the Meadowbank mine in March 2010, and the Creston Mascota deposit at Pinos Altos and LaRonde mine extension in 2011, Agnico-Eagle has transformed from a one mine operation to a five mine company over the last four years, resulting in record annual payable gold production of 1,043,811 ounces in 2012. As the Company continues its next growth phase from this expanded production platform, it expects to continue to deliver on its vision and strategy. Annual payable gold production is expected to increase to approximately 1,207,000 ounces in 2015, representing a 16% increase compared with 2012. The Company expects that the main contributors to targeted increases in payable gold production, gold reserves and gold resources will include:

- Continued conversion of Agnico-Eagle's current gold resources to reserves
- Increased production from the higher grade orebody in the LaRonde mine extension
- The commencement of operations at the Goldex mine's M and E Zones and the La India project in 2014
- The commencement of operations from the Creston Mascota deposit at Pinos Altos phase two leach pad in 2013

Financial Outlook

Mining Revenue and Production Costs

In 2013, the Company expects to continue to generate strong cash flow with payable gold production between 970,000 and 1,010,000 ounces, down from 1,043,811 ounces in 2012 due primarily to mine sequencing and the temporary suspension of heap leach operations at the Creston Mascota deposit at Pinos Altos effective October 1, 2012.

The table below details actual payable production in 2012 and estimated payable production in 2013.

	2013 Estimate	2012 Actual
Gold (ounces)	970,000 - 1,010,000	1,043,811
Silver (thousands of ounces)	4,300	4,646
Zinc (tonnes)	23,000	38,637
Copper (tonnes)	4,900	4,126

In 2013, the Company is expecting total cash costs per ounce at the LaRonde mine to be $650 compared with $569 in 2012. In calculating estimates of total cash costs per ounce of gold produced for the LaRonde mine, net silver, zinc and copper revenue are treated as a reduction to production costs. Therefore, production and price assumptions for byproduct metals play an important role in the LaRonde mine's total cash costs per ounce of gold produced estimate due to its large byproduct production relative to the Company's other mines. An increase in byproduct metal prices above forecast levels would result in improved total cash costs per ounce of gold produced for the LaRonde mine. In addition, the Pinos Altos mine contains a significant amount of silver byproduct.

In 2013, total cash costs per ounce of gold produced at the Lapa, Kittila, Pinos Altos (including the Creston Mascota deposit at Pinos Altos) and Meadowbank mines are expected to be $840, $660, $300 and $985, respectively. As production costs at the LaRonde, Lapa and Meadowbank mines are denominated primarily in Canadian dollars, production costs at the Kittila mine are denominated primarily in Euros and a portion of production costs at the Pinos Altos mine are denominated in Mexican pesos, the Canadian dollar/US dollar, Euro/US dollar and Mexican peso/US dollar exchange rates also impact the total cash costs per ounce of gold produced estimates.

The table below details the metal price assumptions and exchange rate assumptions used in deriving the estimated 2013 total cash costs per ounce of gold produced (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, 2013 through March 12, 2013.

	Cash Cost Assumptions	Market Average
Silver (per ounce)	$34.00	$30.43
Zinc (per tonne)	$2,000	$2,060
Copper (per tonne)	$7,500	$8,003
C$/US$ exchange rate (C$)	$ 1.00	$ 1.00
Euro/US$ exchange rate (Euros)	€ 0.77	€ 0.75
Mexican peso/US$ exchange rate (Mexican pesos)	13.00	12.70

The table below details the estimated approximate sensitivity of the Company's 2013 estimated total cash costs per ounce of gold produced to a change in metal price and exchange rate assumptions:

Change in variable(i)	Impact on Total Cash Costs per Ounce of Gold Produced
$1 per ounce of Silver	$4
$100 per tonne of Zinc	$2
$200 per tonne of Copper	$1
1% C$/US$	$7
1% Euro/US$	$1
1% Mexican peso/US$	$1

(i) The sensitivities presented are based on the payable production, metal price and exchange rate assumptions detailed above. Operating costs are not impacted 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 "Risk Profile — Metal Price and Foreign Currency" and "Risk Profile — Financial Instruments". Please see "Results of Operations — Production Costs" for disclosure regarding the use of the non-US GAAP financial measure total cash costs per ounce of gold produced.

Exploration and Corporate Development Expense

In 2013, Agnico-Eagle expects to incur expenditures of $92.0 million on minesite and advanced project exploration, greenfield exploration and corporate development. Approximately $21.0 million is expected to be spent on greenfield 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. When it is determined that a mining property can be economically developed as a result of established proven and probable reserves, the costs of drilling and development to further delineate the ore body on such a property are capitalized. In 2013, the Company expects to capitalize $38.0 million on drilling and development related to further delineating ore bodies and converting resources into reserves.

Other Expenses

Cash general and administrative expenses are not expected to increase significantly in 2013. However, non-cash variances from budget may occur as a result of variances in the Black-Scholes pricing of stock options granted by the Company in 2013. Provincial capital tax expense is expected to be nil in 2013 due to the elimination of the Ontario provincial capital tax on July 1, 2010 and the elimination of the Quebec capital tax at the end of 2010. Amortization of property, plant and mine development is expected to increase to approximately $293.1 million in 2013 compared with $271.9 million in 2012. Interest expense is expected to decrease to approximately $55.1 million in 2013 compared with $57.9 million in 2012 due primarily to decreased amounts drawn under the Credit Facility, offset partially by amounts owing on the 2012 Notes. The Company's effective tax rate is expected to be approximately 34.6% in 2013 compared with an effective rate of 28.5% in 2012. The 2012 effective tax rate resulted from the factors detailed 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 $596.0 million in 2013. In 2013, the Company expects to generate internal cash flow from the sale of its gold production and the associated byproduct metals. Significant components of the expected 2013 capital expenditures program include the following:

- $357.0 million in capitalized development expenditures relating primarily to the La India project ($92.0 million), Goldex mine ($63.0 million), Meliadine project ($59.0 million), Meadowbank mine ($39.0 million), Kittila mine ($34.0 million) and Pinos Altos mine ($33.0 million);
- $201.0 million in sustaining capital expenditures relating to the LaRonde mine ($61.0 million), Meadowbank mine ($40.0 million), Kittila mine ($39.0 million), Pinos Altos mine ($29.0 million), Lapa mine ($19.0 million) and Creston Mascota deposit at Pinos Altos ($13.0 million); and
- $38.0 million in capitalized drilling expenditures;

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

Risk Profile

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 its mining facilities. Emphasis is placed on hiring and retaining competent personnel and developing their skills through training, including safety and loss control training. 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 received safety and development awards. Nevertheless, the Company and its employees continue efforts to improve workplace safety with an emphasis on safety procedure training for both mining and supervisory employees.

The Company also mitigates some of its 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 restricts coverage to 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" in the Form 20-F.

Metal Price and Foreign Currency

Agnico-Eagle's net income is most sensitive to metal prices and the Canadian dollar/US dollar, Euro/US dollar and Mexican peso/US dollar exchange rates. For the purpose of the sensitivities detailed in the table below, Agnico-Eagle used the following metal price and exchange rate assumptions:

- Gold — $1,700 per ounce;
- Silver — $34 per ounce;
- Zinc — $2,000 per tonne;
- Copper — $7,500 per tonne;
- Canadian dollar/US dollar — C$1.00 per $1.00;
- Euro/US dollar — €0.77 per $1.00; and
- Mexican peso/US dollar — 13.00 Mexican pesos per $1.00.

Changes in the market price of gold can be attributed to numerous factors such as demand, global mine production levels, central bank purchases and sales and investor sentiment. Changes in the market prices of other metals can be attributed to factors such as demand and global mine production levels. Changes in exchange rates can be attributed to factors such as supply and demand for currencies and economic conditions in each country or currency area. In 2012, the ranges of metal prices and exchange rates were as follows:

- Gold: $1,527 — $1,796 per ounce, averaging $1,668 per ounce;
- Silver: $26 — $37 per ounce, averaging $31 per ounce;

- Zinc: $1,758 — $2,189 per tonne, averaging $1,947 per tonne;
- Copper: $7,251 — $8,737 per tonne, averaging $7,953 per tonne;
- Canadian dollar/US dollar: C$0.96 — C$1.04 per $1.00, averaging C$1.00 per $1.00;
- Euro/US dollar: €0.75 — €0.83 per $1.00, averaging €0.78 per $1.00; and
- Mexican peso/US dollar: 12.55 — 14.60 Mexican pesos per $1.00, averaging 13.16 Mexican pesos per $1.00.

The following table details the estimated impact on 2013 total cash costs per ounce of gold produced 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 the 2012 price ranges shown above, a 10% change in assumed metal prices and exchange rates is reasonably likely in 2013.

Changes in variable	Impact on Total Cash Costs per Ounce of Gold Produced
10% Silver	$14
10% Zinc	$ 5
10% Copper	$ 4
10% Canadian dollar/US dollar	$78
10% Euro/US dollar	$11
10% Mexican peso/US dollar	$14

In order to mitigate the impact of fluctuating byproduct 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 byproduct metal pricing risks. The Company occasionally buys put options, enters into price collars and enters into forward contracts to protect minimum byproduct metal prices while maintaining full exposure to the price of gold. The Risk Management Committee has approved the strategy of using short-term call options in an attempt to enhance the realized byproduct 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. The Company enters 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 it does 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, diesel fuel. 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 drawdowns on its 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, 2012, the Company had drawn down $30.0 million on the Credit Facility. In addition, the Company 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, 2012, short-term investments amounted to $8.5 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 2012, the Company entered into an interest rate derivative instrument to mitigate interest rate risk relating to the 2012 Notes.

Financial Instruments

The Company 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. Because derivative contracts are primarily used as economic hedges, changes in mark-to-market value may impact income. For a description of the accounting treatment of derivative contracts, please see "Critical Accounting Estimates — Financial Instruments".

Operational Risk

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, ground conditions, pit wall failures, flooding and gold bullion losses. The occurrence of such events and circumstances may 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 be required to incur significant costs that could have a material adverse effect on its financial performance and results of operations.

The Company's gold production and operating margin has diversified over the last four years, reflecting the transition from one mine to five mines. In 2012, the Meadowbank mine accounted for approximately 35% of the Company's payable gold production, and is expected to continue to account for a significant portion of payable gold production through 2018.

The following table details estimated 2013 payable gold production by mine:

	Estimated Payable Gold Production (Ounces)	Estimated Payable Gold Production (%)
LaRonde mine	177,000	18
Lapa mine	97,000	10
Kittila mine	165,000	17
Pinos Altos mine (includes Creston Mascota deposit at Pinos Altos)	191,000	19
Meadowbank mine	360,000	36
Total	990,000	100

Mining is a complex and unpredictable business and, therefore, actual payable gold production may differ from estimates. Adverse conditions affecting mining or milling may have a material adverse impact on the Company's financial performance and results of operations. The Company anticipates using revenue generated by its operations to finance the capital expenditures required at its mine projects.

The Company's payable gold production may fall below estimated levels as a result of occurrences 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, an autoclave, a filter press or a grinding mill. Payable gold production may also be reduced if, during the course of mining or processing, unfavorable 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 or dilution increases, electrical power is interrupted or heap leach processing results in containment discharge. In seven of the last ten years, the Company has failed to meet payable gold production forecasts due to adverse conditions such as rock falls, production drilling challenges, lower than planned mill recoveries and grades, higher than expected dilution, mine structural issues and delays in the commencement of production and ramp up at new mines. In 2010, payable gold production was 987,609 ounces, slightly below the estimate of 1,000,000 ounces, due primarily to a slower than anticipated ramp-up at the Meadowbank mine, along with lower than expected grades at the LaRonde and Lapa mines. In 2011, payable gold production was 985,460 ounces, significantly below estimates due primarily to the unexpected suspension of mining operations and payable gold production at the Goldex mine on October 19, 2011, a temporary production disruption at the Meadowbank mine due to a fire in its kitchen facilities, and lower than expected grades and throughput at the LaRonde mine. Although actual payable gold production of 1,043,811 ounces exceeded estimates in 2012, a movement of leached ore from the upper lifts of the Creston Mascota deposit at Pinos Altos phase one leach pad suggested that the integrity of the phase one leach pad liner had been compromised and caused the suspension of active leaching in the fourth quarter. 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 LaRonde mine extension is 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 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. In 2012, challenges associated with heat and congestion in the LaRonde mine extension caused a delay in the expected ramp up in gold production. The depth of the operations could continue to 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 continued sustaining development of the LaRonde mine extension is subject to a number of risks and challenges, including unforeseen geological formations, the implementation of new mining processes, and engineering and mine design adjustments. These occurrences may result in operational delays and in additional costs being incurred by the Company beyond those budgeted.

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, among other things, assumed metal prices, foreign exchange rates and operating costs. 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 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's operations include a mine in Finland and a mine in northern Mexico. These operations are exposed to various levels of political, economic and other risks and uncertainties that are different from those encountered at the Company's 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.

The Company's Meadowbank mine is located in the Kivalliq District of Nunavut in northern Canada, approximately 70 kilometres north of Baker Lake. Though the Company built 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 are 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, any 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.

Regulatory Risk

The Company's mining and mineral processing operations, exploration activities and properties 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.

Outstanding Securities

The following table details the maximum number of common shares that would be outstanding if all dilutive instruments outstanding at March 12, 2013 were exercised:

Common shares outstanding at March 12, 2013	172,501,169
Employee stock options	11,750,991
Warrants	8,600,000
	192,852,160

Governance

In 2012, Agnico-Eagle revised its Sustainable Development Policy, formally outlining the guiding principles and commitments to be upheld by the Company. The Sustainable Development Policy is articulated around four fundamental values of sustainable development at Agnico-Eagle: respect for our employees; protection of the environment; safe operations; and respect for our communities.

Sustainable Development Management

In 2012, the Company began the process of introducing sustainability into all aspects and stages of its business, from exploration and acquisition activities to operating and site closure plans. This integration should lead to a greater role being played by the Company's employees in the achievement of responsible mining practices.

This process will be completed through the development and implementation of a formal Health, Safety and Environmental Management System, termed the Responsible Mining Management System ("RMMS"). The aim of the RMMS is to further promote a culture of accountability and leadership in managing health, safety, environmental and social matters. RMMS documentation will be supported by the software Intelex, which is

widely used in the Canadian mining industry and is consistent with the ISO 14001 Environmental Management System and the OHSAS 18001 Health and Safety Management System.

The RMMS will incorporate the Company's commitments as a signatory to the International Cyanide Management Code (the "Cyanide Code"). Agnico-Eagle became a signatory to the Cyanide Code in September 2011 and is seeking to have the Kittila, Pinos Altos and Meadowbank mines audited and certified under the Cyanide Code by an independent third party within the three-year deadline. Internal audits have been performed at each of these mines and action plans to resolve identified gaps in procedures are being implemented prior to the external audit.

The RMMS will also integrate the requirements of the Mining Association of Canada's industry-leading Towards Sustainable Mining Initiative (the "TSM Initiative"), as well as the Global Reporting Initiative's sustainability reporting guidelines for the mining industry. In December 2010, Agnico-Eagle became a member of the Mining Association of Canada and endorsed the TSM Initiative. The TSM Initiative was developed to help mining companies evaluate the quality, comprehensiveness and robustness of their management systems under six performance elements: crisis management; energy and greenhouse gas emissions management; tailings management; biodiversity conservation management; health and safety; and aboriginal relations and community outreach. In 2012, the Company conducted the TSM Initiative analysis and program implementation at all of its divisions.

The LaRonde, Goldex and Lapa mines were part of the BNQ21000 pilot program, a Quebec-based initiative to introduce sustainable development principles into business practices. The program was developed by the Quebec Standards Office (Bureau de Normalisation du Québec). The pilot program was completed in 2012 and measures were identified to improve sustainable development practices. The BNQ 21000 program requirements will be integrated in the RMMS.

Employee Health and Safety

Agnico-Eagle's overall health and safety performance improved during 2012. A combined lost-time accident frequency rate of 2.4 was achieved, substantially below the target rate of 3.3. This is the best lost-time accident frequency rate ever recorded by the Company. Extensive health and safety training was also provided to all employees during 2012.

One of the measures implemented by the Company to improve safety performance is the workplace safety card system. This system was implemented across the Company to strengthen the risk-based training program. Developed by the Quebec Mining Association, the safety card system teaches workers and supervisors to use risk-based thinking in their duties. Workers and their supervisors must meet every day to discuss on-the-job health and safety matters. The safety card system also allows the Company's workers and supervisors to document daily inspections and record observations on conditions in the workplace, as well as the nature of risks, issues and other relevant information. In addition, it allows supervisors to exchange and analyze all relevant information between shifts and various technical services to improve efficiency and safety.

In 2012, the Quebec Mining Association ("AMQ") acknowledged Agnico-Eagle's strong performance in this area, recognizing 15 Agnico-Eagle supervisors from the LaRonde, Goldex and Lapa mines for keeping their workers safe. The supervisors received AMQ security trophy awards for 50,000, 100,000 and 150,000 hours supervised without a lost-time accident. Yvon Delisle, a supervisor at the Goldex mine, was recognized for achieving more than 250,000 hours without a compensable accident.

In 2012, personnel from five of the Company's mines competed in mine rescue competitions. In May 2012, teams from the LaRonde, Goldex and Lapa mines qualified to compete in the Quebec Annual Provincial Mine Rescue competition, representing 3 of the 4 finalists. The Goldex mine won best technical and theoretical performance, the Lapa mine won best performance in first aid and the Laronde mine won best management team and placed first overall winning the mine rescue championship.

In July 2012, a team from the Meadowbank mine participated for the second time in the Northwest Territories mine rescue competition in Yellowknife. The Meadowbank mine finished second overall and won the firefighting task.

Each of the Company's mining operations has its own Emergency Response Plan and has personnel trained to respond to safety, fire and environmental emergencies. Each mine also maintains the appropriate response equipment. In Mexico, the Company's emergency response team was called by local authorities on several occasions to help in emergency situations outside the minesite.

The Pinos Altos mine won the Silver Helmet award at the 2012 Annual Safety Contest of the Mexican Chamber of Mines, for maintaining the best safety statistics for underground mines in Mexico with more than 500 workers during 2011. The Pinos Altos mine rescue team also achieved a first place finish in the North Zone Mexican Mines Rescue competition on November 28, 2012.

Community

The Company's goal, at each of its operations worldwide, is to hire 100% of its workforce, including the management team, directly from the local region in which the operation is located. The Company believes that providing employment is one of its most significant contributions it can make to the communities in which it operates.

Agnico-Eagle also works closely with neighboring communities to develop alternative employment and business opportunities to help diversify local economies. For example, at the Pinos Altos mine in Mexico, the Company helped a group of local women start up a sewing cooperative to help fill the demand for clothing manufacturing from both the local mining industry and surrounding communities. The success of the clothing cooperative in Mexico led to the development of a similar program in Arviat, Nunavut. The Meadowbank mine has teamed up with the Arviat Kiluk sewing workshop, which will provide the Meadowbank mine with a range of commercial sewing services, including sewing repairs and work-wear. The Arviat Kiluk will also design and produce new promotional products with Agnico-Eagle's logo, including sealskin vests, mitts and computer bags.

In 2012, the Company began a substantial three-year investment in an educational program known as Mining Matters' Aboriginal Education and Outreach Programs in the Kivalliq region of Nunavut. The goal of the program is to show young people that there are interesting jobs and careers for them in the north, and that the mining industry can be a key source of these opportunities.

For the fifth year in a row, the Pinos Altos mine was certified as a Socially Responsible Company by the Mexican Centre for Philanthropy (Centro Mexicano para la Filantropía) and the Alliance for Social Responsibility of Enterprises (Alianza por la Responsabilidad Social Empresarial en México). This certification recognizes the excellence of the social responsibility practices at the Pinos Altos mine.

The Company continues to support a number of community health and educational initiatives in the region surrounding the Pinos Altos mine, including the establishment of a local sewing cooperative and donating material for the construction of new classrooms or for the repair of existing classrooms.

Environment

In 2012, no notices of infraction were received by the Company. Updated closure plans were submitted to the Ministry of Natural Resources (Quebec) for the LaRonde and Goldex mines and the closure plans for the Bousquet site and Lapa mine were approved in 2012.

In 2012, surface leveling, drainage control and grouting work was completed at the Goldex mine, successfully reducing the amount of surface water infiltration and ground subsidence. Further, a certificate of authorization was received at the Goldex mine for the construction and operation of a paste backfill plant in 2012.

A new suspended solids treatment plant (Oberlin filter) was constructed and placed into service at the Lapa mine and a new high density sludge acid water treatment system was placed into service at the LaRonde mine in 2012.

The Kittila mine submitted an Environmental Impact Statement in support of a planned increase in mill throughput. Also, a new Kittila mine water sedimentation pond was constructed and placed into service in 2012 to improve suspended solids management.

The Creston Mascota deposit at Pinos Altos was audited in 2012 to obtain certification as an Industria Limpia (Clean Industry) by La Procuraduría Federal de Protección al Ambiente (the federal environmental protection agency in Mexico). This certification recognizes excellence in environmental management and has previously also been received by the Pinos Altos mine.

In 2012, permits were obtained for the construction of a road between the community of Rankin Inlet and the Meliadine project. Road construction commenced in April 2012 and is expected to be completed in 2013. A Draft Environmental Impact Statement for the Meliadine project was prepared and submitted to the Nunavut Impact Review Board in January 2013.

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, deferred tax assets and liabilities, mining properties, goodwill and asset retirement obligations. In making judgments about the carrying value of assets and liabilities, the Company uses estimates based on historical experience and various assumptions that are considered reasonable in the circumstances. Actual results may differ from these estimates.

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

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 mining of 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 amortization 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 appropriate category 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 drilling 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, that 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 described 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 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 acquired and liabilities assumed 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. 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.

At December 31, 2012, the Company concluded that it did not have any reporting units that were at risk of failing the Step 1 goodwill impairment test under ASC 350 — *Intangibles — Goodwill and Other*.

Revenue Recognition

Revenue is recognized when the following conditions are met:

(a) persuasive evidence of an arrangement to purchase exists;

(b) the price is determinable;

(c) the product has been delivered; and

(d) collection of the sales price is reasonably assured.

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

Under the terms of the Company's concentrate sales contracts with third-party smelters, final prices for the metals contained in the concentrate are determined 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.

Reclamation Costs

On an annual basis, the Company assesses cost estimates and other assumptions used in the valuation of asset retirement obligations ("AROs") 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 AROs. 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 operation of mining properties and 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 and rehabilitation; demolition of buildings and 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 income.

Environmental remediation liabilities (“ERLs”) are differentiated from AROs in that they do not arise from environmental contamination in the normal operation of a long-lived asset or from a legal obligation to treat environmental contamination resulting from the acquisition, construction or development of a long-lived asset.

The Company is required to recognize a liability for obligations associated with ERLs arising from past acts. ERL fair value is measured by discounting the expected related 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 ERL is incurred. On an annual basis, the Company assesses cost estimates and other assumptions used in the valuation of ERLs 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 ERL. Any change in the fair value of ERLs results in a corresponding charge or credit to income. Upon settlement of an ERL, 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 income.

Other environmental remediation costs that are not AROs or environmental remediation liabilities as defined by ASC 410-20 — *Asset Retirement Obligations* and 410-30 — *Environmental Obligations*, respectively, 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, deferred 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.

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 on

or after December 31, 2008. 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 byproduct metal prices, interest rates and foreign currency exchange rates and may use such means to manage exposure to certain input costs. 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 statements of income (loss) and comprehensive income (loss) or in shareholders' equity as a component of accumulated other comprehensive 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 statements of income (loss) and comprehensive income (loss) or in the consolidated balance sheets 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 (loss) 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 inventories or expensed, except for sustaining capital costs related to mining properties, plant and equipment or mine 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 (iii) and (iv) of the "Reconciliation of Production Costs to Total Cash Costs per Ounce of Gold Produced by Mine" section for a discussion of stripping costs with regards to "cash costs".

Recently Issued Accounting Pronouncements and Developments

Under SEC Staff Accounting Bulletin 74, the Company is required to disclose information related to new accounting standards that have not yet been adopted. Agnico-Eagle is currently evaluating the impact that the adoption of these statements will have on the Company's consolidated financial statements.

Disclosure about Offsetting Assets and Liabilities

In November 2011, ASC guidance was issued relating to disclosure on offsetting financial instrument and derivative financial instrument assets and liabilities. Under the updated guidance, entities are required to disclose gross information and net information about both instruments and transactions eligible for offset in the consolidated balance sheets and instruments and transactions subject to an agreement similar to a master netting arrangement. The update is effective for the Company's fiscal year beginning January 1, 2013. Agnico-Eagle is evaluating the potential impact of the adoption of this guidance may have on the Company's consolidated financial statements.

Disclosure of Payments by Resource Extraction Issuers

In August 2012, the SEC adopted new rules requiring resource extraction issuers to include in an annual report information relating to any payment, whether a single payment or a series of related payments, that equals or exceeds $100,000 during the most recent fiscal year, made by the issuer, a subsidiary of the issuer or an entity under the control of the issuer, to the United States federal government or a foreign government for the purpose of the commercial development of oil, natural gas, or minerals. Resource extraction issuers will be required to provide information about the type and total amount of such payments made for each project related to the commercial development of oil, natural gas, or minerals, and the type and total amount of payments made to each government. A resource extraction issuer must comply with the new rules and form for fiscal years ending after September 30, 2013, but may provide a partial year report if the issuer's fiscal year began before September 30, 2013. The Company is evaluating the potential impact of complying with these new rules in its 2013 annual disclosure.

Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income

In February 2013, ASC guidance was issued relating to the reporting of amounts reclassified out of accumulated other comprehensive income. Under the updated guidance, entities are required to provide information about the amounts reclassified out of accumulated other comprehensive income by component and by consolidated statement of income (loss) line item, as required under US GAAP. The update is effective for the Company's fiscal year beginning on January 1, 2013. Agnico-Eagle is evaluating the potential impact of the adoption of this guidance on the Company's consolidated financial statements.

International Financial Reporting Standards

Based on recent guidance from the Canadian Securities Administrators and the SEC, as a Canadian issuer and existing US GAAP filer, the Company will continue to be permitted to use US GAAP as its principal basis of accounting. The SEC has not yet committed to a timeline which would require the Company to adopt International Financial Reporting Standards ("IFRS"). A decision to voluntarily adopt IFRS has not been made by the Company.

Mineral Reserve Data

The preparation of the following information with respect to the mineral reserves at the LaRonde, Goldex, Lapa, Kittila, Pinos Altos and Meadowbank mines and the Meliadine and La India projects has been supervised by the Company's Senior Vice-President, Exploration, Alain Blackburn, P.Eng, a "qualified person" under the CSA's National Instrument 43-101 *Standards of Disclosure for Mineral Properties*. The Company's mineral reserve estimate was derived from internally generated data or audited reports.

The assumptions used for the mineral reserves and resources estimates at the Lapa, Goldex and Meadowbank mines, the Creston Mascota deposit at Pinos Altos and the Meliadine project reported by the Company in this MD&A are based on three-year average prices for the period ending December 31, 2012 of $1,490 per ounce gold, $29.00 per ounce silver, $0.95 per pound zinc, $3.67 per pound copper, $1.00 per pound lead and exchange rates of C$1.00 per US$1.00, €0.75 per US$1.00 and 12.75 Mexican pesos per $1.00. The assumptions used for the mineral reserves and resources estimates in this MD&A at the LaRonde, Pinos Altos and Kittila mines, the La India project and the Tarachi project reported by the Company on February 13, 2013 were based on three-year average prices for the period ending June 30, 2012 of $1,345 per ounce gold, $25.00 per ounce silver, $0.95 per pound zinc, $3.49 per pound copper, $0.99 per pound lead and exchange rates of C$1.00 per US$1.00, €0.77 per US$1.00 and 13.00 Mexican pesos per $1.00.

Proven and Probable Reserves by Property[(i)]	Tonnes	Grade (Grams per Tonne)	Contained Gold (Ounces)[(ii)]
Proven Reserves			
LaRonde mine	6,323,000	2.96	602,000
Goldex mine	59,000	1.70	3,000
Lapa mine	1,129,000	6.25	227,000
Kittila mine	1,461,000	4.59	216,000
Pinos Altos mine	3,067,000	2.54	250,000
Meadowbank mine	1,764,000	1.56	88,000
Meliadine project	34,000	7.31	8,000
Total Proven Reserves	13,836,000	3.13	1,394,000
Probable Reserves			
LaRonde mine	22,462,000	4.99	3,604,000
Goldex mine	6,936,000	1.55	346,000
Lapa mine	939,000	5.58	168,000
Kittila mine	31,662,000	4.49	4,567,000
Pinos Altos mine	35,074,000	2.18	2,464,000
Meadowbank mine	23,560,000	2.91	2,206,000
Meliadine project	13,266,000	6.98	2,979,000
La India project	33,457,000	0.72	776,000
Bousquet	2,943,000	1.88	178,000
Total Probable Reserves	170,300,000	3.16	17,286,000
Total Proven and Probable Reserves	184,136,000	3.16	18,681,000

(i) Complete information on the verification procedures, the quality assurance program, quality control procedures, operating and capital cost assumptions, parameters and methods and other factors that may materially affect scientific and technical information presented in this MD&A and definition of certain terms used herein may be found in: the Form 20-F under the caption "Item 4 Information on the Company — Property, Plant and Equipment — Mineral Reserves and Mineral Resources"; the 2005 LaRonde Mineral Resource & Mineral Reserve Estimate filed with Canadian securities regulatory authorities on SEDAR on March 23, 2005; the Technical Report on the Lapa Gold Project filed with Canadian securities regulatory authorities on SEDAR on June 8, 2006; the Technical Report on the December 31, 2009 Mineral Reserve and Mineral Resource Estimate and the Suuri Extension Project, Kittila Mine, Finland filed with the Canadian securities regulatory authorities on SEDAR on March 4, 2010; the Technical Report on the Mineral Resources and Mineral Reserves at Meadowbank Gold Mine, Nunavut, Canada as at December 31, 2011 filed with Canadian securities regulatory authorities on SEDAR on March 23, 2012; the Pinos Altos Gold-Silver Mining Project, Chihuahua State, Mexico, Technical Report on Mineral Resources and Reserves as of December 31, 2008 filed with Canadian securities regulatory authorities on March 25, 2009; the Technical Report on the December 31, 2010 Mineral Resource and Mineral Reserve Estimate, Meliadine Gold Project, Nunavut, Canada filed with Canadian securities regulatory authorities on SEDAR on March 8, 2011; the Technical Report on the June 30, 2012 Update of the Mineral Resources and Mineral Reserves, La India Gold Project, Municipality of Sahuaripa, Sonora, Mexico dated August 31, 2012 filed with Canadian securities regulatory authorities on SEDAR on October 12, 2012; and the Technical Report on Restatement of the Mineral Resources at Goldex Mine, Quebec, Canada as at October 19, 2011 filed with Canadian securities regulatory authorities on SEDAR on November 1, 2012.

(ii) Total contained gold ounces does not include equivalent gold ounces for the byproduct metals contained in the mineral reserve.

SUMMARIZED QUARTERLY DATA

CONSOLIDATED FINANCIAL DATA
(thousands of United States dollars, except where noted)

	Three Months Ended				
	March 31, 2012	June 30, 2012	September 30, 2012	December 31, 2012	Total 2012
Operating margin					
Revenues from mining operations	$ 472,934	$459,561	$ 535,836	$449,383	$1,917,714
Production costs	215,035	219,906	220,408	242,363	897,712
Operating margin	257,899	239,655	315,428	207,020	1,020,002
Operating margin by mine					
LaRonde mine	63,266	29,342	45,625	35,363	173,596
Lapa mine	27,677	26,222	25,723	20,755	100,377
Kittila mine	49,049	31,489	52,655	53,199	186,392
Pinos Altos mine(i)	69,135	79,887	87,167	61,533	297,722
Meadowbank mine	48,772	72,715	104,258	36,170	261,915
Operating margin	257,899	239,655	315,428	207,020	1,020,002
Amortization of property, plant and mine development	64,553	66,310	68,318	72,680	271,861
Corporate and other	85,836	96,169	94,763	36,232	313,000
Income before income and mining taxes	107,510	77,176	152,347	98,108	435,141
Income and mining taxes	28,962	33,904	46,021	15,338	124,225
Net income for the period	$ 78,548	$ 43,272	$ 106,326	$ 82,770	$ 310,916
Net income per share — basic	$ 0.46	$ 0.25	$ 0.62	$ 0.48	$ 1.82
Net income per share — diluted	$ 0.46	$ 0.25	$ 0.62	$ 0.48	$ 1.81
Cash flows					
Cash provided by operating activities	$ 196,497	$194,082	$ 199,464	$105,964	$ 696,007
Cash used in investing activities	$ (88,908)	$(68,619)	$(121,837)	$(96,792)	$ (376,156)
Cash (used in) provided by financing activities	$(132,078)	$(29,258)	$ (55,406)	$ 14,136	$ (202,606)
Realized prices					
Gold (per ounce)	$ 1,684	$ 1,602	$ 1,695	$ 1,684	$ 1,667
Silver (per ounce)	$ 34	$ 26	$ 34	$ 31	$ 32
Zinc (per tonne)	$ 2,125	$ 1,901	$ 1,836	$ 1,906	$ 1,955
Copper (per tonne)	$ 9,006	$ 6,455	$ 9,046	$ 7,668	$ 8,083
Payable production:(ii)					
Gold (ounces)					
LaRonde mine	43,281	40,206	40,477	36,911	160,875
Lapa mine	28,499	28,157	24,914	24,621	106,191
Kittila mine	46,758	35,228	48,619	45,273	175,878
Pinos Altos mine(i)	57,016	63,356	61,973	52,492	234,837
Meadowbank mine	79,401	98,403	110,988	77,238	366,030
	254,955	265,350	286,971	236,535	1,043,811
Silver (thousands of ounces)					
LaRonde mine	690	532	475	547	2,244
Pinos Altos mine(i)	507	537	639	628	2,311
Meadowbank mine	18	26	26	21	91
	1,215	1,095	1,140	1,196	4,646
Zinc (LaRonde mine) (tonnes)	12,978	9,558	7,379	8,722	38,637
Copper (LaRonde mine) (tonnes)	1,326	1,004	982	814	4,126
Payable metal sold:					
Gold (ounces)					
LaRonde mine	43,745	39,886	37,466	37,726	158,823
Lapa mine	27,897	27,793	24,772	24,309	104,771
Kittila mine	44,227	34,476	45,155	46,620	170,478
Pinos Altos mine(i)	52,145	66,373	61,265	50,201	229,984
Meadowbank mine	74,614	93,299	116,341	79,752	364,006
	242,628	261,827	284,999	238,608	1,028,062
Silver (thousands of ounces)					
LaRonde mine	718	482	467	566	2,233
Pinos Altos mine(i)	493	525	635	583	2,236
Meadowbank mine	18	24	26	19	87
	1,229	1,031	1,128	1,168	4,556
Zinc (LaRonde mine) (tonnes)	13,032	10,379	10,120	9,073	42,604
Copper (LaRonde mine) (tonnes)	1,293	1,085	937	800	4,115

(i) Includes Creston Mascota deposit at Pinos Altos.

(ii) Payable production is 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

(thousands of United States dollars, except where noted)

	Three Months Ended				
	March 31, 2011	June 30, 2011	September 30, 2011	December 31, 2011	Total 2011
Operating margin					
Revenues from mining operations	$412,068	$ 433,691	$ 520,537	$ 455,503	$1,821,799
Production costs	198,567	212,754	237,190	227,567	876,078
Operating margin	213,501	220,937	283,347	227,936	945,721
Operating margin by mine					
LaRonde mine	48,983	46,017	59,081	34,581	188,662
Goldex mine	40,333	46,739	48,974	24,677	160,723
Lapa mine	19,178	27,737	28,286	23,736	98,937
Kittila mine	27,831	18,934	34,751	33,619	115,135
Pinos Altos mine(i)	47,259	52,568	65,777	67,111	232,715
Meadowbank mine	29,917	28,942	46,478	44,212	149,549
Operating margin	213,501	220,937	283,347	227,936	945,721
Amortization of property, plant and mine development	61,929	59,235	67,104	73,513	261,781
Impairment Loss on Meadowbank mine	—	—	—	907,681	907,681
Loss on Goldex mine	—	—	298,183	4,710	302,893
Corporate and other	74,210	56,936	28,644	92,204	251,994
Income (loss) before income and mining taxes	77,362	104,766	(110,584)	(850,172)	(778,628)
Income and mining taxes	32,098	35,941	(28,970)	(248,742)	(209,673)
Net income (loss) for the period	$ 45,264	$ 68,825	$ (81,614)	$ (601,430)	$ (568,955)
Attributed to non-controlling interest	$ —	$ —	$ —	$ (60)	$ (60)
Attributed to common shareholders	$ 45,264	$ 68,825	$ (81,614)	$ (601,370)	$ (568,895)
Net income (loss) per share — basic	$ 0.27	$ 0.41	$ (0.48)	$ (3.53)	$ (3.36)
Net income (loss) per share — diluted	$ 0.26	$ 0.40	$ (0.48)	$ (3.53)	$ (3.36)
Cash flows					
Cash provided by operating activities	$174,766	$ 162,821	$ 197,570	$ 132,028	$ 667,185
Cash used in investing activities	$(89,956)	$(116,173)	$ (247,772)	$ (306,583)	$ (760,484)
Cash (used in) provided by financing activities	$(72,565)	$ (22,180)	$ 29,106	$ 244,461	$ 178,822
Realized prices					
Gold (per ounce)	$ 1,400	$ 1,530	$ 1,717	$ 1,640	$ 1,573
Silver (per ounce)	$ 36	$ 39	$ 37	$ 27	$ 34
Zinc (per tonne)	$ 2,509	$ 2,257	$ 2,166	$ 2,188	$ 1,892
Copper (per tonne)	$ 10,027	$ 8,565	$ 8,561	$ 8,510	$ 7,162
Payable production:(ii)					
Gold (ounces)					
LaRonde mine	36,893	27,525	29,069	30,686	124,173
Goldex mine	38,500	41,998	40,224	14,756	135,478
Lapa mine	26,914	28,552	27,881	23,721	107,068
Kittila mine	40,317	30,811	37,924	34,508	143,560
Pinos Altos mine(i)	48,001	51,066	52,739	52,574	204,380
Meadowbank mine	61,737	59,376	78,141	71,547	270,801
	252,362	239,328	265,978	227,792	985,460
Silver (thousands of ounces)					
LaRonde mine	680	736	968	785	3,169
Pinos Altos mine(i)	406	452	485	508	1,851
Meadowbank mine	13	13	16	18	60
	1,099	1,201	1,469	1,311	5,080
Zinc (LaRonde mine) (tonnes)	11,941	14,678	15,684	12,591	54,894
Copper (LaRonde mine) (tonnes)	817	666	731	1,002	3,216
Payable metal sold:					
Gold (ounces)					
LaRonde mine	37,459	28,589	26,729	31,342	124,119
Goldex mine	41,895	41,564	37,380	20,863	141,702
Lapa mine	25,776	29,749	27,955	23,854	107,334
Kittila mine	40,698	29,794	36,745	37,769	145,006
Pinos Altos mine(i)	45,484	48,847	54,297	55,611	204,239
Meadowbank mine	61,928	58,767	74,416	78,579	273,690
	253,240	237,310	257,522	248,018	996,090
Silver (thousands of ounces)					
LaRonde mine	679	726	901	865	3,171
Pinos Altos mine(i)	409	428	475	546	1,858
Meadowbank mine	21	14	7	18	60
	1,109	1,168	1,383	1,429	5,089
Zinc (LaRonde mine) (tonnes)	8,302	16,649	18,032	11,516	54,499
Copper (LaRonde mine) (tonnes)	820	658	738	978	3,194

(i) Includes Creston Mascota deposit at Pinos Altos.

(ii) Payable production is 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

(thousands of United States dollars, except where noted)

	Years Ended December 31,				
	2012	2011	2010	2009	2008
Revenues from mining operations	$1,917,714	$1,821,799	$1,422,521	$ 613,762	$ 368,938
Interest and sundry (expense) income and other	(6,207)	(5,167)	94,879	26,314	(37,465)
	1,911,507	1,816,632	1,517,400	640,076	331,473
Other costs and expenses	1,476,366	2,595,260	1,082,197	532,038	235,482
Income (loss) before income and mining taxes	435,141	(778,628)	435,203	108,038	95,991
Income and mining taxes	124,225	(209,673)	103,087	21,500	22,824
Net income (loss) for the year	$ 310,916	$ (568,955)	$ 332,116	$ 86,538	$ 73,167
Attributed to non-controlling interest	$ —	$ (60)	$ —	$ —	$ —
Attributed to common shareholders	$ 310,916	$ (568,895)	$ 332,116	$ 86,538	$ 73,167
Net income (loss) per share — basic	$ 1.82	$ (3.36)	$ 2.05	$ 0.55	$ 0.51
Net income (loss) per share — diluted	$ 1.81	$ (3.36)	$ 2.00	$ 0.55	$ 0.50
Cash provided by operating activities	$ 696,007	$ 667,185	$ 487,507	$ 118,139	$ 121,175
Cash used in investing activities	$ 376,156	$ (760,484)	$ (523,306)	$ (587,611)	$ (917,549)
Cash (used in) provided by financing activities	$ (202,606)	$ 178,822	$ (25,982)	$ 556,785	$ 558,072
Cash dividends declared per common share	$ 1.02	$ —	$ 0.64	$ 0.18	$ 0.18
Capital expenditures	$ 445,550	$ 482,831	$ 511,641	$ 657,175	$ 908,853
Average gold price realized ($ per ounce)	$ 1,667	$ 1,573	$ 1,250	$ 1,024	$ 879
Average exchange rate (C$ per $)	C$ 0.9994	C$ 0.9893	C$ 1.0301	C$ 1.1415	C$ 1.0669
Weighted average number of common shares outstanding – basic (thousands)	171,250	169,353	162,343	155,942	144,741
Working capital and Credit Facility drawdown availability	$1,795,495	$1,472,300	$1,491,471	$ 598,581	$ 508,335
Total assets	$5,255,842	$5,034,262	$5,500,351	$4,247,357	$3,378,824
Long-term debt	$ 830,000	$ 920,095	$ 650,000	$ 715,000	$ 200,000
Shareholders' equity	$3,410,212	$3,215,163	$3,665,450	$2,751,761	$2,517,756
Operating Summary					
LaRonde mine					
Revenues from mining operations	$ 399,243	$ 398,609	$ 392,386	$ 352,221	$ 330,652
Production costs	225,647	209,947	189,146	164,221	166,496
Operating margin	173,596	188,662	203,240	188,000	164,156
Amortization of property, plant and mine development	47,912	31,089	30,404	28,392	28,285
Gross profit	$ 125,684	$ 157,573	$ 172,836	$ 159,608	$ 135,871
Tonnes of ore milled	2,358,499	2,406,342	2,592,252	2,545,831	2,638,691
Gold (grams per tonne)	2.36	1.79	2.17	2.75	2.84
Gold production (ounces)	160,875	124,173	162,806	203,494	216,208
Silver production (thousands of ounces)	2,244	3,169	3,581	3,919	4,079
Zinc production (tonnes)	38,637	54,894	62,544	56,186	65,755
Copper production (tonnes)	4,126	3,216	4,224	6,671	6,922
Total cash costs per ounce of gold produced ($ per ounce basis):					
Production costs	$ 1,403	$ 1,691	$ 1,162	$ 807	$ 770
Adjustments:					
Byproduct metal revenues, net of smelting, refining and marketing charges	(819)	(1,562)	(1,180)	(699)	(658)
Inventory and other adjustments(i)	1	(19)	19	1	—
Non-cash reclamation provision	(16)	(33)	(8)	(6)	(6)
Total cash costs per ounce of gold produced(ii)	$ 569	$ 77	$ (7)	$ 103	$ 106
Minesite costs per tonne(ii)	C$ 95	C$ 84	C$ 75	C$ 72	C$ 67

FINANCIAL DATA (Continued)
(thousands of United States dollars, except where noted)

	Years Ended December 31,				
	2012	2011	2010	2009	2008
Goldex mine					
Revenues from mining operations	$ —	$ 217,662	$ 225,090	$ 142,493	$ 38,286
Production costs	—	56,939	61,561	54,342	20,366
Operating margin	—	160,723	163,529	88,151	17,920
Amortization of property, plant and mine development	—	16,910	21,428	21,716	7,250
Gross profit	$ —	$ 143,813	$ 142,101	$ 66,435	$ 10,670
Tonnes of ore milled	—	2,476,515	2,781,564	2,614,645	1,118,543
Gold (grams per tonne)	—	1.79	2.21	1.98	1.86
Gold production (ounces)	—	135,478	184,386	148,849	57,436
Total cash costs per ounce of gold produced ($ per ounce basis):					
Production costs	$ —	$ 420	$ 333	$ 365	$ 430
Adjustments:					
Byproduct metal revenues, net of smelting, refining and marketing charges	—	3	4		
Inventory and other adjustments(i)	—	(21)	(1)	3	(9)
Non-cash reclamation provision	—	(1)	(1)	(1)	(2)
Total cash costs per ounce of gold produced(ii)	$ —	$ 401	$ 335	$ 367	$ 419
Minesite costs per tonne(ii)	C$ —	C$ 21	C$ 22	C$ 23	C$ 27
Lapa mine					
Revenues from mining operations	$ 173,753	$ 167,536	$ 150,917	$ 43,409	$ —
Production costs	73,376	68,599	66,199	33,472	—
Operating margin	100,377	98,937	84,718	9,937	—
Amortization of property, plant and mine development	42,216	37,954	31,986	9,906	—
Gross profit	$ 58,161	$ 60,983	$ 52,732	$ 31	$ —
Tonnes of ore milled	640,306	620,712	551,739	299,430	—
Gold (grams per tonne)	6.48	6.62	8.26	7.29	—
Gold production (ounces)	106,191	107,068	117,456	52,602	—
Total cash costs per ounce of gold produced ($ per ounce basis):					
Production costs	$ 691	$ 641	$ 564	$ 636	$ —
Adjustments:					
Byproduct metal revenues, net of smelting, refining and marketing charges	5	6	5	—	—
Inventory and other adjustments(i)	(1)	6	(40)	115	—
Non-cash reclamation provision	2	(3)	—	—	—
Total cash costs per ounce of gold produced(ii)	$ 697	$ 650	$ 529	$ 751	$ —
Minesite costs per tonne(ii)	C$ 115	C$ 110	C$ 114	C$ 140	C$ —
Kittila mine					
Revenues from mining operations	$ 284,429	$ 225,612	$ 160,140	$ 61,457	$ —
Production costs	98,037	110,477	87,740	42,464	—
Operating margin	186,392	115,135	72,400	18,993	—
Amortization of property, plant and mine development	30,091	26,574	31,488	10,909	—
Gross profit	$ 156,301	$ 88,561	$ 40,912	$ 8,084	$ —
Tonnes of ore milled	1,090,365	1,030,764	960,365	563,238	—
Gold (grams per tonne)	5.68	5.11	5.41	5.02	—
Gold production (ounces)	175,878	143,560	126,205	71,838	—
Total cash costs per ounce of gold produced ($ per ounce basis):					
Production costs	$ 557	$ 770	$ 695	$ 648	$ —
Adjustments:					
Byproduct metal revenues, net of smelting, refining and marketing charges	2	1	2	—	—
Inventory and other adjustments(i)	9	(10)	(38)	24	—
Non-cash reclamation provision	(3)	(1)	(2)	(4)	—
Stripping costs(iii)	—	(21)	—	—	—
Total cash costs per ounce of gold produced(ii)	$ 565	$ 739	$ 657	$ 668	$ —
Minesite costs per tonne(ii)	€ 69	€ 75	€ 66	€ 54	€ —

FINANCIAL DATA (Continued)
(thousands of United States dollars, except where noted)

	Years Ended December 31,				
	2012	2011	2010	2009	2008
Pinos Altos mine [iv]					
Revenues from mining operations	$ 450,664	$ 378,329	$ 175,637	$ 14,182	$ —
Production costs	152,942	145,614	90,293	11,819	—
Operating margin	297,722	232,715	85,344	2,363	—
Amortization of property, plant and mine development	36,830	36,989	21,577	1,524	—
Gross profit	$ 260,892	$ 195,726	$ 63,767	$ 839	$ —
Tonnes of ore processed	4,394,673	4,509,407	2,318,266	227,394	—
Gold (grams per tonne)	2.02	1.80	1.95	1.08	—
Gold production (ounces)	234,837	204,380	130,431	16,189	—
Total cash costs per ounce of gold produced ($ per ounce basis):					
Production costs	$ 633	$ 712	$ 692	$ 1,227	$ —
Adjustments:					
Byproduct metal revenues, net of smelting, refining and marketing charges	(300)	(297)	(192)	(65)	—
Inventory and other adjustments[i]	11	9	22	(556)	—
Non-cash reclamation provision	(3)	(6)	(6)	(10)	—
Stripping Costs[iii]	(55)	(119)	(91)	—	—
Total cash costs per ounce of gold produced[ii]	$ 286	$ 299	$ 425	$ 596	$ —
Minesite costs per tonne[ii]	$ 31	$ 27	$ 35	$ 28	$ —
Meadowbank mine					
Revenues from mining operations	$ 609,625	$ 434,051	$ 318,351	$ —	$ —
Production costs	347,710	284,502	182,533	—	—
Operating margin	261,915	149,549	135,818	—	—
Amortization of property, plant and mine development	114,114	112,624	55,604	—	—
Gross profit	$ 147,801	$ 36,925	$ 80,214	$ —	$ —
Tonnes of ore milled	3,820,911	2,977,722	2,000,792	—	—
Gold (grams per tonne)	3.17	3.02	4.34	—	—
Gold production (ounces)	366,030	270,801	265,659	—	—
Total cash costs per ounce of gold produced ($ per ounce basis):					
Production costs	$ 950	$ 1,051	$ 690	$ —	$ —
Adjustments:					
Byproduct metal revenues, net of smelting, refining and marketing charges	(5)	(2)	(2)	—	—
Inventory and other adjustments[i]	13	(6)	26	—	—
Non-cash reclamation provision	(4)	(7)	(5)	—	—
Stripping Costs[iii]	(41)	(36)	(16)	—	—
Total cash costs per ounce of gold produced[ii]	$ 913	$ 1,000	$ 693	$ —	$ —
Minesite costs per tonne[ii]	C$ 88	C$ 91	C$ 95	C$ —	C$ —

(i) Under the Company's revenue recognition policy, revenue is recognized on concentrates when legal title passes. As total cash costs per ounce of gold produced are calculated on a production basis, this inventory adjustment reflects the sales margin on the portion of concentrate production not yet recognized as revenue.

(ii) Total cash costs per ounce of gold produced and minesite costs per tonne are non-US GAAP measures that the Company uses to monitor the performance of its operations. See "Results of Operations — Production Costs" for further detail.

(iii) The Company reports total cash costs per ounce of gold produced and minesite costs per tonne using a common industry practice of deferring certain stripping costs that can be attributed to future production. The purpose of adjusting for these stripping costs is to enhance the comparability of total cash costs per ounce of gold produced and minesite costs per tonne to the Company's peers within the mining industry.

(iv) Includes the Creston Mascota deposit at Pinos Altos except for fourth quarter 2012 total cash costs per ounce of gold produced and minesite costs per tonne, as heap leach operations at the Creston Mascota deposit at Pinos Altos were suspended effective October 1, 2012.

AGNICO EAGLE

Annual Audited Consolidated Financial Statements

(Prepared in accordance with United States GAAP)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

We have audited Agnico-Eagle Mines Limited's internal control over financial reporting as of December 31, 2012, 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 certification report on internal control over financial reporting. Our responsibility is to express an opinion on Agnico-Eagle Mines Limited'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 revenues 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, 2012 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, 2012 and December 31, 2011, and the consolidated statements of income (loss) and comprehensive income (loss), shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2012, and our report dated March 26, 2013 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Chartered Accountants
Licensed Public Accountants

Toronto, Canada
March 26, 2013

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, 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 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.

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, 2012. In making this assessment, the Company's management used the criteria outlined by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control — Integrated Framework*. Based on its assessment, management concluded that, as of December 31, 2012, 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, 2012 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report that appears herein.

Toronto, Canada
March 26, 2013

By /s/ SEAN BOYD

Sean Boyd
Vice Chairman, President and
Chief Executive Officer

By /s/ DAVID SMITH

David Smith
Senior Vice-President, Finance and
Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of Agnico-Eagle Mines Limited as of December 31, 2012 and December 31, 2011, and the related consolidated statements of income (loss) and comprehensive income (loss), shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2012. 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Agnico-Eagle Mines Limited at December 31, 2012 and December 31, 2011 and the consolidated results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2012 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), Agnico-Eagle Mines Limited's internal control over financial reporting as of December 31, 2012, 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 26, 2013 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP
Chartered Accountants
Licensed Public Accountants

Toronto, Canada
March 26, 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements of Agnico-Eagle Mines Limited ("Agnico-Eagle" or the "Company") are expressed in thousands of United States dollars ("US dollars", "US$" or "$"), except where noted, and have been prepared in accordance with United States generally accepted accounting principles ("US GAAP"). Certain information in the consolidated financial statements is presented in Canadian dollars ("C$"). As 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, dore bars and supplies. Inventory amounts are reduced based on average cost or in the case of supplies, the lower of average cost and replacement 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 or used within the next 12 months are classified as long term.

Ore 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 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 calculated by subtracting the sum of the carrying value plus future processing and selling costs from the expected revenue from the ore, which is based on the estimated tonnage 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 generally processed within twelve months of extraction, with the exception of certain portions of the Pinos Altos, Kittila and Meadowbank mines' ore stockpiles. Due to the structure of these ore bodies, a significant amount of drilling and blasting is undertaken in the early years of their 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 dore bars

Concentrates and dore bar inventories consist of concentrates and dore bars for which legal title has not yet passed to third-party smelters. Concentrates and dore 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 mining of 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 amortization 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 commercial production, the capitalized construction costs are transferred to the appropriate category 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 drilling 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, that 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 described 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 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 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 acquired and liabilities assumed 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. 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

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 and may use such means to manage exposure to certain input costs. 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 statements of income (loss) and comprehensive income (loss) or in shareholders' equity as a component of accumulated other comprehensive 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 dore 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 dore 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 determined 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 each of 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 period 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 period, 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 ("AROs") 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 AROs. For closed mines, any change in the fair value of AROs results in a corresponding charge or credit to income, 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 operation of mining properties and 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 and rehabilitation; demolition of buildings and 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 income.

Environmental remediation liabilities ("ERLs") are differentiated from AROs in that they do not arise from environmental contamination in the normal operation of a long-lived asset or from a legal obligation to treat environmental contamination resulting from the acquisition, construction or development of a long-lived asset. The Company is required to recognize a liability for obligations associated with ERLs arising from past acts. ERL fair value is measured by discounting the expected related 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 ERL is incurred. On an annual basis, the Company assesses cost estimates and other assumptions used in the valuation of ERLs 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 ERL. Any change in the fair value of ERLs results in a corresponding charge or credit to income. Upon settlement of an ERL, 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 income.

Other environmental remediation costs that are not AROs or ERLs as defined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 410-20 — *Asset Retirement Obligations* and 410-30 — *Environmental Obligations*, respectively, are expensed as incurred.

Income and mining taxes

Agnico-Eagle follows the liability method of tax allocation in accounting for income taxes. Under this method of tax allocation, deferred 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 require 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 expenses would result. If the estimate of tax liabilities proves to be greater than the ultimate assessment, a tax benefit would result.

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 the market price on the day prior to the date of grant. The fair value of these options is recognized in the consolidated statements of income (loss) and comprehensive income (loss) or in the consolidated balance sheets 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 (loss) per share.

Net income (loss) per share

Basic net income (loss) per share is calculated on net income (loss) 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 (loss) 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 occur 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 is (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 (loss) per share calculation.

Pension costs and obligations and post-retirement benefits

In Canada, Agnico-Eagle maintains a defined contribution plan covering all of its employees (the "Basic Plan"). The Basic Plan is funded by Company contributions based on a percentage of income for services rendered by employees. In addition, the Company has a supplemental plan for designated executives at the level

of Vice-President or above (the "Supplemental Plan"). Under the Supplemental Plan, an additional 10% of the designated executives' income is contributed by the Company. The Company does not offer any other post-retirement benefits to its employees.

Agnico-Eagle also provides a non-registered supplementary executive retirement defined benefit plan for certain senior officers (the "Executives Plan"). The Executives Plan benefits are generally based on the employee's 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.

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 inventories or expensed, except for sustaining capital costs related to mining properties, plant and equipment or mine development.

Other accounting developments

Recently adopted accounting pronouncements

Fair Value Accounting

In May 2011, ASC guidance was issued related to disclosure around fair value accounting. The updated guidance clarifies different components of fair value accounting, including the application of the highest and best use and valuation premise concepts, measuring the fair value of an instrument classified under shareholders' equity and disclosing quantitative information about the unobservable inputs used in fair value measurements that are categorized in Level 3 of the fair value hierarchy. Adoption of this updated guidance, effective for Agnico-Eagle's fiscal year beginning January 1, 2012, had no impact on the Company's consolidated financial statements.

Comprehensive Income

In June 2011, ASC guidance was issued related to comprehensive income. Under the updated guidance, entities have the option to present total comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In addition, the update requires certain disclosure when reporting other comprehensive income. The update does not change the items reported in other comprehensive income or when an item of other comprehensive income must be reclassified to income. In December 2011, updated guidance was issued to defer the effective date pertaining to reclassification adjustments out of accumulated other comprehensive income until the FASB is able to reconsider those paragraphs. The portion of the updated guidance effective for Agnico-Eagle's fiscal year beginning January 1, 2012 had no impact on the Company's consolidated financial statements.

Goodwill Impairment

In September 2011, ASC guidance was issued related to testing goodwill for impairment. Under the updated guidance, entities are permitted to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test per ASC 350 — *Intangibles — Goodwill and Other*. Previous guidance required an entity to test goodwill for impairment, on at least an annual basis, by comparing the fair value of a reporting unit with its carrying amount, including goodwill. If the fair value of a reporting unit was less than its carrying amount, then the second step of the test would be performed to measure the amount of the impairment loss, if any. An entity is no longer required to calculate the fair value of a reporting unit unless the entity determines that it is more likely than not that its fair value is less than its carrying

amount. Adoption of this updated guidance, effective for Agnico-Eagle's fiscal year beginning January 1, 2012, had no impact on the Company's consolidated financial statements.

Recently issued accounting pronouncements and developments

Under Securities and Exchange Commission ("SEC") Staff Accounting Bulletin 74, the Company is required to disclose information related to new accounting standards that have not yet been adopted. Agnico-Eagle is currently evaluating the impact that the adoption of these standards will have on the Company's consolidated financial statements.

Disclosure about Offsetting Assets and Liabilities

In November 2011, ASC guidance was issued relating to disclosure on offsetting financial instrument and derivative financial instrument assets and liabilities. Under the updated guidance, entities are required to disclose gross information and net information about both instruments and transactions eligible for offset in the consolidated balance sheets and instruments and transactions subject to an agreement similar to a master netting arrangement. The update is effective for the Company's fiscal year beginning on January 1, 2013. Agnico-Eagle is evaluating the potential impact of the adoption of this guidance on the Company's consolidated financial statements.

Disclosure of Payments by Resource Extraction Issuers

In August 2012, the SEC adopted new rules requiring resource extraction issuers to include in an annual report information relating to any payment, whether a single payment or a series of related payments, that equals or exceeds $100,000 during the most recent fiscal year, made by the issuer, a subsidiary of the issuer or an entity under the control of the issuer, to the United States federal government or a foreign government for the purpose of the commercial development of oil, natural gas, or minerals. Resource extraction issuers will be required to provide information about the type and total amount of such payments made for each project related to the commercial development of oil, natural gas, or minerals, and the type and total amount of payments made to each government. A resource extraction issuer must comply with the new rules and form for fiscal years ending after September 30, 2013, but may provide a partial year report if the issuer's fiscal year began before September 30, 2013. The Company is evaluating the potential impact of complying with these new rules in its 2013 annual disclosure.

Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income

In February 2013, ASC guidance was issued relating to the reporting of amounts reclassified out of accumulated other comprehensive income. Under the updated guidance, entities are required to provide information about the amounts reclassified out of accumulated other comprehensive income by component and by consolidated statement of income (loss) line item, as required under US GAAP. The update is effective for the Company's fiscal year beginning on January 1, 2013. Agnico-Eagle is evaluating the potential impact of the adoption of this guidance on the Company's consolidated financial statements.

International Financial Reporting Standards

Based on recent guidance from the Canadian Securities Administrators and the SEC, as a Canadian issuer and existing US GAAP filer, the Company will continue to be permitted to use US GAAP as its principal basis of accounting. The SEC has not yet committed to a timeline which would require the Company to adopt International Financial Reporting Standards ("IFRS"). A decision to voluntarily adopt IFRS has not been made by the Company.

Comparative figures

Certain figures in the comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2012 consolidated financial statements.

AGNICO-EAGLE MINES LIMITED

CONSOLIDATED BALANCE SHEETS

(thousands of United States dollars, US GAAP basis)

	As at December 31,	
	2012	**2011**
ASSETS		
Current		
Cash and cash equivalents	$ 298,068	$ 179,447
Short-term investments	8,490	6,570
Restricted cash (note 14)	25,450	35,441
Trade receivables (note 1)	67,750	75,899
Inventories:		
Ore stockpiles	52,342	28,155
Concentrates and dore bars	69,695	57,528
Supplies	222,630	182,389
Income taxes recoverable (note 9)	19,313	371
Available-for-sale securities (note 2(b))	44,719	145,411
Fair value of derivative financial instruments (note 15)	1,835	—
Other current assets (note 2(a))	92,977	110,369
Total current assets	903,269	821,580
Other assets (note 2(c))	55,838	88,048
Goodwill (note 10)	229,279	229,279
Property, plant and mine development (note 3)	4,067,456	3,895,355
	$5,255,842	$5,034,262
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (note 11)	$ 185,329	$ 203,547
Reclamation provision (note 6(a))	16,816	26,069
Dividends payable	37,905	—
Interest payable (note 5)	13,602	9,356
Income taxes payable (note 9)	10,061	—
Capital lease obligations (note 13(a))	12,955	11,068
Fair value of derivative financial instruments (note 15)	—	4,404
Total current liabilities	276,668	254,444
Long-term debt (note 5)	830,000	920,095
Reclamation provision and other liabilities (note 6)	127,735	145,988
Deferred income and mining tax liabilities (note 9)	611,227	498,572
SHAREHOLDERS' EQUITY		
Common shares (notes 7(a), 7(b) and 7(c)):		
Outstanding — 172,296,610 common shares issued, less 193,740 shares held in trust	3,241,922	3,181,381
Stock options (note 8(a))	148,032	117,694
Warrants (note 7(b))	24,858	24,858
Contributed surplus	15,665	15,166
Retained earnings (deficit)	7,046	(129,021)
Accumulated other comprehensive loss (note 7(d))	(27,311)	(7,106)
	3,410,212	3,202,972
Non-controlling interest	—	12,191
Total shareholders' equity	3,410,212	3,215,163
	$5,255,842	$5,034,262

Contingencies and commitments (notes 6, 9, 12, 13(b) and 21)

On behalf of the Board:

Sean Boyd CPA, CA, Director

Mel Leiderman CPA, CA, Director

See accompanying notes

AGNICO-EAGLE MINES LIMITED

CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

(thousands of United States dollars, except per share amounts, US GAAP basis)

	Years Ended December 31,		
	2012	2011	2010
REVENUES			
Revenues from mining operations (note 1)	$1,917,714	$1,821,799	$1,422,521
COSTS, EXPENSES AND OTHER INCOME			
Production (exclusive of amortization shown seperately below)	897,712	876,078	677,472
Exploration and corporate development	109,500	75,721	54,958
Amortization of property, plant and mine development (note 3)	271,861	261,781	192,486
General and administrative (note 16)	119,085	107,926	94,327
Impairment loss on available-for-sale securities (note 2(b))	12,732	8,569	—
Provincial capital tax	4,001	9,223	(6,075)
Interest expense (note 5)	57,887	55,039	49,493
Interest and sundry expense (income)	2,389	5,188	(10,254)
Loss (gain) on derivative financial instruments (note 15)	819	(3,683)	(7,612)
Gain on sale of available-for-sale securities (note 2(b))	(9,733)	(4,907)	(19,487)
Impairment loss on Meadowbank mine (note 18)	—	907,681	—
Loss on Goldex mine (note 17)	—	302,893	—
Gain on acquisition of Comaplex Minerals Corp., net of transaction costs (note 10)	—	—	(57,526)
Foreign currency translation loss (gain)	16,320	(1,082)	19,536
Income (loss) before income and mining taxes	435,141	(778,628)	435,203
Income and mining taxes (note 9)	124,225	(209,673)	103,087
Net income (loss) for the year	$ 310,916	$ (568,955)	$ 332,116
Attributed to non-controlling interest	$ —	$ (60)	$ —
Attributed to common shareholders	$ 310,916	$ (568,895)	$ 332,116
Net income (loss) per share — basic (note 7(e))	$ 1.82	$ (3.36)	$ 2.05
Net income (loss) per share — diluted (note 7(e))	$ 1.81	$ (3.36)	$ 2.00
Cash dividends declared per common share (note 7(a))	$ 1.02	$ —	$ 0.64
COMPREHENSIVE INCOME (LOSS)			
Net income (loss) for the year	$ 310,916	$ (568,955)	$ 332,116
Other comprehensive income (loss):			
Unrealized gain (loss) on derivative financial instrument activities (note 15)	6,902	(5,863)	—
Adjustments for derivative financial instruments settled during the year (note 15)	(2,758)	1,459	—
Unrealized (loss) gain on available-for-sale securities (note 2(b))	(27,004)	(26,874)	64,649
Adjustments for realized loss (gain) on available-for-sale securities due to dispositions and impairments during the year (note 2(b))	2,999	(4,907)	(19,487)
Net amount reclassified to net income on acquisition of business (note 10)	—	—	(64,508)
Change in unrealized gain (loss) on pension benefits liability (note 6(b))	1,148	(1,055)	(4,093)
Tax effect of other comprehensive (loss) income items	(1,492)	1,744	780
Other comprehensive loss for the year	(20,205)	(35,496)	(22,659)
Comprehensive income (loss) for the year	$ 290,711	$ (604,451)	$ 309,457
Attributed to non-controlling interest	$ —	$ (60)	$ —
Attributed to common shareholders	$ 290,711	$ (604,391)	$ 309,457

See accompanying notes

AGNICO-EAGLE MINES LIMITED

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(thousands of United States dollars, US GAAP basis)

	Common Shares Outstanding						Accumulated	
	Shares	Amount	Stock Options	Warrants	Contributed Surplus	Retained Earnings (Deficit)	Other Comprehensive Income (Loss)	Non-Controlling Interest
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 8(a))	1,627,766	104,111	(29,447)	—	—	—	—	—
Stock options	—	—	42,230	—	—	—	—	—
Shares issued under the incentive share purchase plan (note 8(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 (notes 7(b) and 7(c))	10,225,848	579,800	—	—	—	—	—	—
Net income for the year	—	—	—	—	—	332,116	—	—
Dividends declared ($0.64 per share) (note 7(a))	—	—	—	—	—	(108,009)	—	—
Other comprehensive loss for the year	—	—	—	—	—	—	(22,659)	—
Restricted share unit plan (note 8(c))	(13,259)	(820)	—	—	—	—	—	—
Balance December 31, 2010	168,720,355	$3,078,217	$ 78,554	$24,858	$15,166	$ 440,265	$ 28,390	$ —
Shares issued under employee stock option plan (note 8(a))	308,688	$ 18,094	$ (4,396)	$ —	$ —	$ —	$ —	$ —
Stock options	—	—	43,536	—	—	—	—	—
Shares issued under the incentive share purchase plan (note 8(b))	360,833	19,229	—	—	—	—	—	—
Shares issued under the Company's dividend reinvestment plan	176,110	10,130	—	—	—	—	—	—
Shares issued for purchase of mining property (note 7(c))	1,250,477	56,146	—	—	—	—	—	—
Non-controlling interest addition upon acquisition	—	—	—	—	—	—	—	12,251
Net loss for the year attributed to common shareholders	—	—	—	—	—	(568,895)	—	—
Net loss for the year attributed to non-controlling interest	—	—	—	—	—	—	—	(60)
Dividends declared (nil per share) (note 7(a))	—	—	—	—	—	(391)	—	—
Other comprehensive loss for the year	—	—	—	—	—	—	(35,496)	—
Restricted share unit plan (note 8(c))	(2,727)	(435)	—	—	—	—	—	—
Balance December 31, 2011	170,813,736	$3,181,381	$117,694	$24,858	$15,166	$(129,021)	$ (7,106)	$ 12,191
Shares issued under employee stock option plan (note 8(a))	416,275	$ 22,968	$ (4,759)	$ —	$ —	$ —	$ —	$ —
Stock options	—	—	35,097	—	—	—	—	—
Shares issued under the incentive share purchase plan (note 8(b))	507,235	21,671	—	—	—	—	—	—
Shares issued under the Company's dividend reinvestment plan	444,555	18,907	—	—	—	—	—	—
Shares issued for purchase of mining property (note 7(c))	68,941	2,447	—	—	499	—	—	—
Non-controlling interest eliminated upon acquisition	—	—	—	—	—	—	—	(12,191)
Net income for the year	—	—	—	—	—	310,916	—	—
Dividends declared ($1.02 per share) (note 7(a))	—	—	—	—	—	(174,849)	—	—
Other comprehensive loss for the year	—	—	—	—	—	—	(20,205)	—
Restricted share unit plan (note 8(c))	(147,872)	(5,452)	—	—	—	—	—	—
Balance December 31, 2012	172,102,870	$3,241,922	$148,032	$24,858	$15,665	$ 7,046	$(27,311)	$ —

See accompanying notes

AGNICO-EAGLE MINES LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

(thousands of United States dollars, US GAAP basis)

	Years Ended December 31,		
	2012	**2011**	**2010**
Operating activities			
Net income (loss) for the year	$ 310,916	$(568,955)	$ 332,116
Add (deduct) items not affecting cash:			
Amortization of property, plant and mine development (note 3)	271,861	261,781	192,486
Deferred income and mining taxes (note 9)	72,145	(275,773)	66,928
Gain on sale of available-for-sale securities (note 2(b))	(9,733)	(4,907)	(19,487)
Stock-based compensation (note 8)	47,632	51,873	45,672
Impairment loss on Meadowbank mine (note 18)	—	907,681	—
Loss on Goldex mine (note 17)	—	302,893	—
Gain on acquisition of Comaplex Minerals Corp. (note 10)	—	—	(64,508)
Foreign currency translation loss (gain)	16,320	(1,082)	19,536
Other	28,780	31,561	13,015
Adjustment for settlement of environmental remediation	(21,449)	(7,616)	—
Changes in non-cash working capital balances:			
Trade receivables	8,149	37,050	(19,378)
Income taxes	13,304	(29,867)	9,949
Inventories	(44,145)	(43,066)	(91,306)
Other current assets	18,909	(25,838)	(28,729)
Accounts payable and accrued liabilities	(20,928)	31,837	23,136
Interest payable	4,246	(387)	8,077
Cash provided by operating activities	696,007	667,185	487,507
Investing activities			
Additions to property, plant and mine development (note 3)	(445,550)	(482,831)	(511,641)
Acquisition of Grayd Resource Corporation (note 10)	(9,322)	(163,047)	—
(Increase) decrease in short-term investments	(1,920)	5	(3,262)
Net proceeds from available-for-sale securities (note 2(b))	73,358	9,435	36,586
Purchase of available-for-sale securities (note 2(b))	(2,713)	(91,115)	(42,479)
Decrease (increase) in restricted cash (note 14)	9,991	(32,931)	(2,510)
Cash used in investing activities	(376,156)	(760,484)	(523,306)
Financing activities			
Dividends paid	(118,121)	(98,354)	(26,830)
Repayment of capital lease obligations (note 13(a))	(12,063)	(13,092)	(16,019)
Sale-leaseback financing (note 13(a))	—	—	14,017
Proceeds from long-term debt (note 5)	315,000	475,000	711,000
Repayment of long-term debt (note 5)	(605,000)	(205,000)	(1,376,000)
Notes issuance (note 5)	200,000	—	600,000
Long-term debt financing costs (note 5)	(3,133)	(2,545)	(12,772)
Repurchase of common shares for restricted share unit plan (note 8(c))	(12,031)	(3,723)	(4,037)
Common shares issued	32,742	26,536	84,659
Cash (used in) provided by financing activities	(202,606)	178,822	(25,982)
Effect of exchange rate changes on cash and cash equivalents	1,376	(1,636)	(2,939)
Net increase (decrease) in cash and cash equivalents during the year	118,621	83,887	(64,720)
Cash and cash equivalents, beginning of year	179,447	95,560	160,280
Cash and cash equivalents, end of year	$ 298,068	$ 179,447	$ 95,560
Supplemental cash flow information			
Interest paid	$ 52,213	$ 52,833	$ 41,429
Income and mining taxes paid	$ 56,962	$ 110,889	$ 25,199

See accompanying notes

1. TRADE RECEIVABLES AND REVENUES FROM MINING OPERATIONS

Agnico-Eagle is a gold mining company with mining operations in Canada, Mexico and Finland. The Company earns a significant proportion of its revenues from the production and sale of gold in both dore 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, Mexico and Finland. 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 significantly 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 dore bars or concentrates to third parties prior to the satisfaction in full of the payment obligations of the third parties.

	Years Ended December 31,		
	2012	2011	2010
Revenues from mining operations:			
Gold	$1,712,665	$1,563,760	$1,216,249
Silver	140,221	171,725	104,544
Zinc	45,797	70,522	77,544
Copper	19,019	14,451	22,219
Lead	12	1,341	1,965
	$1,917,714	$1,821,799	$1,422,521

In 2012, precious metals (gold and silver) accounted for 97% of Agnico-Eagle's revenues from mining operations (2011 — 95%; 2010 — 93%). The remaining revenues from mining operations consisted of net byproduct metals revenues. In 2012, these net byproduct metals revenues as a percentage of total revenues from mining operations were 2% from zinc (2011 — 4%; 2010 — 5%) and 1% from copper (2011 — 1%; 2010 — 2%).

2. OTHER ASSETS

(a) Other current assets

	As at December 31,	
	2012	2011
Federal, provincial and other sales taxes receivable	$36,400	$ 51,603
Prepaid expenses	36,119	25,540
Meadowbank insurance receivable	6,553	8,765
Prepaid royalty(i)	—	7,684
Employee loans receivable	1,800	5,567
Retirement compensation arrangement plan refundable tax receivable	4,044	—
Other	8,061	11,210
	$92,977	$110,369

(i) The prepaid royalty relates to the Pinos Altos mine in Mexico.

(b) Available-for-sale securities

In 2012, the Company received proceeds of $73.4 million (2011 — $9.4 million; 2010 — $36.6 million) and recognized a gain before income taxes of $9.7 million (2011 — $4.9 million; 2010 — $19.5 million) on the sale of certain available-for-sale securities.

2. OTHER ASSETS (Continued)

Available-for-sale securities consist of equity securities whose cost basis is determined using the average cost method. Available-for-sale securities are carried at fair value and comprise the following:

	As at December 31, 2012	As at December 31, 2011
Available-for-sale securities in an unrealized gain position:		
Cost (net of impairments)	$ 4,352	$127,344
Unrealized gains in accumulated other comprehensive loss	1,902	16,408
Estimated fair value	6,254	143,752
Available-for-sale securities in an unrealized loss position:		
Cost (net of impairments)	48,047	1,717
Unrealized losses in accumulated other comprehensive loss	(9,582)	(58)
Estimated fair value	38,465	1,659
Total estimated fair value of available-for-sale securities	$44,719	$145,411

The Company's investments in available-for-sale securities consist primarily of investments in common shares of entities in the mining industry. During the course of the year, certain available-for-sale securities fell into an unrealized loss position. In each case, the Company evaluated the near-term prospects of the issuers in relation to the severity and duration of the impairment. During the year ended December 31, 2012, the Company recorded a $12.7 million (2011 — $8.6 million) impairment loss on certain available-for-sale securities that were determined to be other-than-temporarily impaired.

At December 31, 2012, the fair value of available-for-sale securities in an unrealized loss position was $38.5 million (2011 — $1.7 million) with total unrealized losses in accumulated other comprehensive loss of $9.6 million (2011 — $0.1 million). Based on an evaluation of the severity and duration of the impairment of these available-for-sale securities (less than three months) and on the Company's intent to hold them for a period of time sufficient for a recovery of fair value, the Company does not consider these available-for-sale securities to be other-than-temporarily impaired as at December 31, 2012.

(c) Other assets

	As at December 31, 2012	As at December 31, 2011
Deferred financing costs, less accumulated amortization of $8,888 (2011 — $5,809)	$15,836	$15,777
Long-term ore in stockpile(i)	32,711	64,392
Other	7,291	7,879
	$55,838	$88,048

(i) Due to the ore body structures at the Pinos Altos, Kittila and Meadowbank mines, a significant amount of drilling and blasting was undertaken early in their mine lives, resulting in long-term ore stockpiles. At December 31, 2012, long-term ore stockpiles were valued at $14.8 million (2011 — $7.1 million) at the Pinos Altos mine (including the Creston Mascota deposit at Pinos Altos), $7.7 million (2011 — $8.0 million) at the Kittila mine and $10.2 million (2011 — $49.3 million) at the Meadowbank mine.

3. PROPERTY, PLANT AND MINE DEVELOPMENT

	As at December 31, 2012			As at December 31, 2011		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Mining properties	$1,356,227	$ 86,839	$1,269,388	$1,228,523	$111,567	$1,116,956
Plant and equipment	2,538,328	617,826	1,920,502	2,467,300	437,706	2,029,594
Mine development costs	918,482	237,967	680,515	869,746	190,399	679,347
Construction in progress:						
Meliadine project	133,840	—	133,840	69,458	—	69,458
La India project	32,553	—	32,553	—	—	—
Goldex mine M and E Zones	30,658	—	30,658	—	—	—
	$5,010,088	$942,632	$4,067,456	$4,635,027	$739,672	$3,895,355

Geographic Information:

	As at December 31,	
	2012	2011
Canada	$2,543,171	$2,433,527
Latin America	809,556	776,892
Europe	704,031	674,258
United States	10,698	10,678
Total	$4,067,456	$3,895,355

In 2012, Agnico-Eagle capitalized $1.3 million of costs (2011 — $1.4 million) and recognized $1.2 million of amortization expense (2011 — $0.9 million) related to computer software. The unamortized capitalized cost for computer software at December 31, 2012 was $5.7 million (2011 — $5.6 million).

The unamortized capitalized cost for leasehold improvements at December 31, 2012 was $3.4 million (2011 — $3.2 million), which is being amortized on a straight-line basis over the life term 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 line item of the consolidated statements of income (loss) and comprehensive income (loss).

4. FAIR VALUE MEASUREMENT

ASC 820 — *Fair Value Measurement and Disclosure* defines fair value, establishes a framework for measuring fair value under US GAAP, and requires expanded disclosures about fair value measurements including the following three fair value hierarchy levels:

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).

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.

4. FAIR VALUE MEASUREMENT (Continued)

The following table details the Company's financial assets and liabilities measured at fair value as at December 31, 2012 within the fair value hierarchy:

	Total	Level 1	Level 2	Level 3
Financial assets:				
Available-for-sale securities[(i)]	$ 44,719	$44,719	$ —	$ —
Trade receivables[(ii)]	67,750	—	67,750	—
Fair value of derivative financial instruments[(iii)]	2,112	—	2,112	—
	$114,581	$44,719	$69,862	$ —
Financial liabilities:				
Fair value of derivative financial instruments[(iii)]	$ 277	$ —	$ 277	$ —

(i) Available-for-sale securities are recorded at fair value using quoted market prices (classified within Level 1 of the fair value hierarchy).

(ii) Trade receivables from provisional invoices for concentrate sales are valued using quoted forward rates derived from observable market data based on the month of expected settlement (classified within Level 2 of the fair value hierarchy).

(iii) Derivative financial instruments are recorded at fair value using external broker-dealer quotations (classified within Level 2 of the fair value hierarchy).

In the event that a decline in the fair value of an investment in available-for-sale securities occurs and the decline in value is considered to be other-than-temporary, an impairment charge is recorded in the consolidated statements of income (loss) and comprehensive income (loss) 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 in available-for-sale securities for which the cost basis exceeds its fair value.

5. LONG-TERM DEBT

Credit Facility

On June 22, 2010, the Company amended and restated its Credit Facility, increasing the amount available from $900.0 million to $1,200.0 million.

On July 20, 2012, the Company further amended the Credit Facility, extending the maturity date from June 22, 2016 to June 22, 2017 and updating pricing terms to reflect improved market conditions.

At December 31, 2012, the Credit Facility was drawn down by $30.0 million (2011 — $320.0 million). Amounts drawn down, together with related outstanding letters of credit, resulted in Credit Facility availability of $1,168.9 million at December 31, 2012.

2012 Notes

On July 24, 2012, the Company closed a private placement consisting of $200.0 million of guaranteed senior unsecured notes due in 2022 and 2024 (the "2012 Notes") with a weighted average maturity of 11.0 years and weighted average yield of 4.95%.

The following are the individual series' of the 2012 Notes:

	Principal	Interest Rate	Maturity Date
Series A	$100,000	4.87%	7/23/2022
Series B	100,000	5.02%	7/23/2024
	$200,000		

2010 Notes

On April 7, 2010, the Company closed a private placement consisting of $600.0 million of guaranteed senior unsecured notes due in 2017, 2020 and 2022 (the "2010 Notes") with a weighted average maturity of 9.84 years and weighted average yield of 6.59%.

5. LONG-TERM DEBT (Continued)

The following are the individual series' of the 2010 Notes:

	Principal	Interest Rate	Maturity Date
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		

Covenants

Payment and performance of Agnico-Eagle's obligations under the Credit Facility, 2012 Notes and 2010 Notes is guaranteed by each of its significant subsidiaries and certain of its other subsidiaries (the "Guarantors").

The Credit Facility contains covenants that limit, 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 2012 Notes and 2010 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 mining and the ability of the Guarantors to incur indebtedness.

The Credit Facility, 2012 Notes and 2010 Notes also require the Company to maintain a total net debt to EBITDA ratio below a specified maximum value as well as a minimum tangible net worth.

The Company was in compliance with all covenants contained within the Credit Facility, 2012 Notes and 2010 Notes as at December 31, 2012.

Interest on long-term debt

For the year ended December 31, 2012, total interest expense was $57.9 million (2011 — $55.0 million; 2010 — $49.5 million) and total cash interest payments were $52.2 million (2011 — $52.8 million; 2010 — $41.4 million). In 2012, cash interest on the Credit Facility was $3.6 million (2011 — $1.7 million; 2010 — $12.3 million), cash standby fees on the Credit Facility were $4.2 million (2011 — $8.6 million; 2010 — $6.7 million), and cash interest on the 2010 Notes and 2012 Notes was $39.5 million (2011 — $39.5 million; 2010 — $19.8 million). In 2012, $1.5 million (2011 — $1.0 million; 2010 — $4.6 million) of the total 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, 2012 was 6.02% (2011 — 5.02%; 2010 — 5.43%).

6. RECLAMATION PROVISION AND OTHER LIABILITIES

Reclamation provision and other liabilities consist of the following:

	As at December 31,	
	2012	2011
Reclamation provision (note 6(a))	$101,753	$105,443
Long-term portion of capital lease obligations (note 13(a))	12,108	26,184
Pension benefits (note 6(b))	13,734	13,991
Other	140	370
Total	$127,735	$145,988

(a) Reclamation provision

Agnico-Eagle's reclamation provision includes both asset retirement obligations and environmental remediation liabilities. Reclamation provision estimates are based on current legislation, third party estimates, management's estimates and feasibility study calculations.

6. RECLAMATION PROVISION AND OTHER LIABILITIES (Continued)

The following table reconciles the beginning and ending carrying amounts of the Company's asset retirement obligations:

	2012	2011
Asset retirement obligations, beginning of year	$86,386	$91,641
Current year additions and changes in estimate, net	1,495	(8,398)
Current year accretion	5,068	4,953
Liabilities settled	(254)	—
Foreign exchange revaluation	1,655	(1,810)
Reclassification from long-term to current	(4,630)	—
Asset retirement obligations — long-term, end of year	$89,720	$86,386

Due to the suspension of mining operations at the Goldex mine on October 19, 2011 (see note 17), Agnico-Eagle recognized an environmental remediation liability. The following table reconciles the beginning and ending carrying amounts of the Goldex mine's environmental remediation liability:

	2012	2011
Environmental remediation liability — long-term, beginning of year	$ 19,057	$ —
Environmental remediation liability — current, beginning of year	26,069	—
Current year change in estimate	(36)	51,736
Liabilities settled	(21,450)	(7,616)
Foreign exchange revaluation	579	1,006
Reclassification from long-term to current	(12,186)	(26,069)
Environmental remediation liability — long-term, end of year	$ 12,033	$ 19,057

(b) Pension benefits

Agnico-Eagle provides the Executives Plan for certain senior officers. The funded status of the Executives Plan is based on actuarial valuations performed as of July 1, 2012, projected to December 30, 2012 and covering the period through June 30, 2013.

The components of Agnico-Eagle's net pension benefits expense are as follows:

	Years Ended December 31,		
	2012	2011	2010
Service cost — benefits earned during the year	$ 650	$ 996	$ 981
Interest cost on projected benefit obligation	489	663	613
Amortization of net transition asset	169	171	164
Prior service cost	26	26	25
Loss due to settlement	2,921	—	—
Recognized net actuarial loss	340	245	—
Net pension benefits expense	$4,595	$2,101	$1,783

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 the Executives Plan at December 31, 2012 was $9.7 million (2011 — $13.2 million).

6. RECLAMATION PROVISION AND OTHER LIABILITIES (Continued)

The funded status of the Executives Plan for 2012 and 2011 is as follows:

	2012	2011
Reconciliation of the market value of plan assets:		
Fair value of plan assets, beginning of year	$ 2,952	$ 2,443
Agnico-Eagle's contribution	839	1,156
Benefit payments	(520)	(578)
Settlements	(961)	—
Effect of exchange rate changes	63	(69)
Fair value of plan assets, end of year	2,373	2,952
Reconciliation of projected benefit obligation:		
Projected benefit obligation, beginning of year	14,370	12,041
Service cost	650	996
Interest cost	489	663
Net actuarial loss	675	1,704
Benefit payments	(520)	(696)
Settlements	(5,148)	—
Effect of exchange rate changes	302	(338)
Projected benefit obligation, end of year	10,818	14,370
Deficiency of plan assets compared with projected benefit obligation	$ (8,445)	$(11,418)

Comprised of the following net amounts recognized in the consolidated balance sheets:

	As at December 31,	
	2012	2011
Accrued employee benefit liability	$ 5,008	$ 7,292
Accumulated other comprehensive loss:		
Transition obligation	341	500
Prior service cost	52	76
Net actuarial loss	3,044	3,550
Net liability	$ 8,445	$ 11,418
Assumptions:		
Weighted average discount rate — net periodic pension cost	4.45%	5.20%
Weighted average discount rate — projected benefit obligation	4.00%	4.45%
Weighted average rate of compensation increase	3.00%	3.00%
Estimated average remaining service life for the plan (in years)[(i)]	6.0	3.0

(i) Estimated average remaining service life for the Executives Plan was developed for individual senior officers.

Executives Plan components expected to be recognized in accumulated other comprehensive loss in 2013:

Transition obligation	$170
Prior service cost	26
Net actuarial loss	327
	$523

6. RECLAMATION PROVISION AND OTHER LIABILITIES (Continued)

Estimated benefit payments from the Executives Plan over the next ten years are presented below:

Years ended December 31,:	Estimated Executives Plan Benefit Payments
2013	$ 117
2014	$ 116
2015	$ 115
2016	$ 114
2017	$ 113
2018 – 2022	$3,591

In addition to the Executives Plan, the Company maintains the Basic Plan and the Supplemental Plan. Under the Basic Plan, Agnico-Eagle contributes 5% of certain employees' base employment compensation to a defined contribution plan. In 2012, $11.9 million (2011 — $10.7 million; 2010 — $8.8 million) was contributed to the Basic Plan. Effective January 1, 2008, the Company adopted the Supplemental Plan for designated executives at the level of Vice-President or above. Under the Supplemental Plan, an additional 10% of the designated executive's earnings for the year (including salary and short-term bonus) is contributed by the Company. In 2012, $0.8 million (2011 — $0.9 million; 2010 — $1.1 million) was contributed to the Supplemental Plan. The Supplemental Plan is accounted for as a cash balance plan.

7. SHAREHOLDERS' EQUITY

(a) Common shares

The Company's authorized share capital includes an unlimited number of common shares with issued common shares of 172,296,610 (2011 — 170,859,604), less 193,740 common shares held by a trust in connection with the Company's restricted share unit ("RSU") plan (2011 — less 45,868 common shares). The trust is treated as a variable interest entity and, as a result, its holdings of shares are offset against the Company's issued shares in its consolidated financial statements (see note 8(c) for details).

In 2012, the Company declared dividends on its common shares of $1.02 per share (2011 — nil per share; 2010 — $0.64 per share).

(b) Private placements and warrants

On December 3, 2008, the Company closed a private placement of 9.2 million units, with each unit consisting 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 $281.0 million, after deducting share issue costs of $8.8 million. If all outstanding warrants were exercised, the Company would issue an additional 8.6 million common shares. No warrants had been exercised as of December 31, 2012.

On July 26, 2010, the Company issued 15,000 common shares with a market value of $0.8 million in connection with the purchase of a mining property.

(c) Public issuance of common shares

On July 6, 2010, the Company issued 10,210,848 common shares with a market value of $579.0 million in connection with the acquisition of Comaplex Minerals Corp. ("Comaplex") (see note 10 for details).

On November 18, 2011, the Company issued 1,250,477 common shares with a market value of $56.1 million in connection with the acquisition of 94.77% of the outstanding shares of Grayd Resource Corporation ("Grayd"). On January 23, 2012, the Company issued an additional 68,941 common shares with a market value of $2.4 million in connection with the compulsory acquisition of the remaining outstanding shares of Grayd it did not already own (see note 10 for details).

7. SHAREHOLDERS' EQUITY (Continued)

(d) Accumulated other comprehensive loss

The following table details the components of accumulated other comprehensive loss, net of related tax effects:

	As at December 31,	
	2012	2011
Cumulative translation adjustment	$(16,206)	$(16,206)
Unrealized net (loss) gain on available-for-sale securities	(7,680)	16,350
Unrealized loss on derivative financial instruments	(260)	(4,404)
Unrealized loss on pension benefits liability	(4,071)	(5,219)
Tax effect of unrealized loss on derivative financial instruments	397	1,491
Tax effect of unrealized loss on pension benefits liability	509	882
Accumulated other comprehensive loss	$(27,311)	$ (7,106)

In 2012, a $9.7 million gain on sale of available-for-sale securities (2011 — $4.9 million gain; 2010 — $19.5 million gain) was reclassified from accumulated other comprehensive loss to the consolidated statements of income (loss) and comprehensive income (loss).

(e) Net income (loss) per share

The following table provides the weighted average number of common shares used in the calculation of basic and diluted net income (loss) per share:

	Years Ended December 31,		
	2012	2011	2010
Weighted average number of common shares outstanding — basic	171,250,179	169,352,896	162,342,686
Add: Dilutive impact of employee stock options	—	—	1,192,530
Dilutive impact of warrants	—	—	2,263,902
Dilutive impact of shares related to RSU plan	235,436	—	43,141
Weighted average number of common shares outstanding — diluted	171,485,615	169,352,896	165,842,259

The calculation of diluted net income (loss) per share has been calculated using the treasury stock method. In applying the treasury stock method, employee stock 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 net income (loss) per share, as the impact is anti-dilutive. In 2010, a total of 58,750 employee stock options were excluded from the calculation of diluted net income (loss) per share as their impact would have been anti-dilutive. In 2011, the impact of any additional shares issued under the employee stock option plan, as a result of the conversion of warrants, or related to the RSU plan would have been anti-dilutive as a result of the net loss recorded for the year. Consequently, diluted net loss per share was calculated in the same manner as basic net loss per share in 2011. In 2012, 7,742,151 employee stock options and all warrants were excluded from the calculation of diluted net income (loss) per share as their impact would have been anti-dilutive.

8. STOCK-BASED COMPENSATION

(a) Employee Stock Option Plan ("ESOP")

The Company's ESOP provides for the granting of stock options to directors, officers, employees and service providers to purchase common shares. Under the ESOP, stock options are granted at the fair market value of the underlying shares on the day prior to the date of grant. The number of common shares that may be reserved for issuance to any one person pursuant to stock options (under the ESOP or otherwise), warrants, share purchase plans or other arrangements may not exceed 5% of the Company's common shares issued and outstanding at the date of grant.

On April 24, 2001, the Compensation Committee of the Board of Directors adopted a policy pursuant to which stock options granted after that date have a maximum term of five years. In 2010, the shareholders approved a resolution to increase the number of common shares reserved for issuance under the ESOP by 1,300,000 to 20,300,000. In 2011 and 2012 the shareholders approved a further 3,000,000 and 2,500,000 common shares for issuance under the ESOP, respectively.

Of the 3,257,000 stock options granted under the ESOP in 2012, 814,250 stock options vested immediately and expire in 2017. The remaining stock options expire in 2017 and vest in equal installments, on each anniversary date of the grant, over a three-year period. Of the 2,630,785 stock options granted under the ESOP in 2011, 657,696 stock options vested immediately and expire in 2016. The remaining stock options expire in 2016 and vest in equal installments, on each anniversary date of the grant, over a

8. STOCK-BASED COMPENSATION (Continued)

three-year period. Of the 2,926,080 stock options granted under the ESOP in 2010, 731,520 stock options vested immediately and expire in 2015. The remaining stock options expire in 2015 and vest in equal installments, on each anniversary date of the grant, over a three-year period. Upon the exercise of stock options under the ESOP, the Company issues new common shares to settle the obligation.

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

	2012		2011		2010	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price
Outstanding, beginning of year	8,959,051	C$62.88	6,762,704	C$56.94	5,707,940	C$53.85
Granted	3,257,000	36.99	2,630,785	76.12	2,926,080	57.55
Exercised	(416,275)	43.51	(308,688)	43.62	(1,627,766)	47.02
Forfeited	(731,000)	59.72	(125,750)	67.47	(243,550)	58.03
Expired	(481,650)	47.49	—	—	—	—
Outstanding, end of year	10,587,126	C$56.60	8,959,051	C$62.88	6,762,704	C$56.94
Options exercisable at end of year	6,510,464		5,178,172		2,972,857	

The following table details 2012 activity with respect to Agnico-Eagle's nonvested stock options:

	2012	
	Number of Stock Options	Weighted Average Grant Date Fair Value
Nonvested, beginning of year	3,780,879	C$17.79
Granted	3,257,000	8.29
Vested	(2,625,467)	15.63
Forfeited (nonvested)	(335,750)	12.50
Nonvested, end of year	4,076,662	C$13.33

Cash received for stock options exercised in 2012 was $18.2 million (2011 — $13.6 million; 2010 — $74.7 million).

The total intrinsic value of stock options exercised in 2012 was C$3.6 million (2011 — C$8.0 million; 2010 — C$46.5 million).

The weighted average grant date fair value of stock options granted in 2012 was C$8.29 (2011 — C$17.05; 2010 — C$16.31). The total fair value of stock options vested during 2012 was $41.0 million (2011 — $46.7 million; 2010 — $36.7 million).

The following table summarizes information about Agnico-Eagle's stock options outstanding and exercisable at December 31, 2012:

	Stock Options Outstanding			Stock Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
C$33.26 — C$59.71	6,378,941	2.50 years	C$47.45	3,485,921	C$52.68
C$60.72 — C$83.08	4,208,185	2.14 years	70.46	3,024,543	68.18
C$33.26 — C$83.08	10,587,126	2.36 years	C$56.60	6,510,464	C$59.88

The weighted average remaining contractual term of stock options exercisable at December 31, 2012 was 1.7 years.

The Company has reserved for issuance 10,587,126 common shares in the event that these stock options are exercised.

The number of common shares available for the granting of stock options under the ESOP as at December 31, 2012, December 31, 2011 and December 31, 2010 was 3,717,785, 3,262,135 and 2,771,420, respectively.

8. STOCK-BASED COMPENSATION (Continued)

Subsequent to the year ended December 31, 2012, on January 2, 2013, 2,803,000 stock options were granted under the ESOP, of which 700,750 stock options vested immediately and expire in the year 2018. The remaining stock options expire in 2018 and vest in equal installments on each anniversary date of the grant, over a three-year period.

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

	2012	2011	2010
Risk-free interest rate	1.26%	1.95%	1.86%
Expected life of stock options (in years)	2.8	2.5	2.5
Expected volatility of Agnico-Eagle's share price	37.5%	34.70%	43.80%
Expected dividend yield	2.14%	0.89%	0.42%

The Company uses historical volatility in estimating the expected volatility of Agnico-Eagle's share price. The expected term of stock options granted is derived from historical data on employee exercise and post-vesting employment termination experience.

The aggregate intrinsic value of stock options outstanding at December 31, 2012 was C$(47.3) million. The aggregate intrinsic value of stock options exercisable at December 31, 2012 was C$(50.5) million.

The total compensation expense for the ESOP recognized in the general and administrative line item of the consolidated statements of income (loss) and comprehensive income (loss) for 2012 was $33.8 million (2011 — $42.2 million; 2010 — $37.8 million). The total compensation cost related to nonvested stock options not yet recognized is $24.5 million as at December 31, 2012 and the weighted average period over which it is expected to be recognized is 1.6 years. Of the total compensation cost for the ESOP, $1.3 million was capitalized as part of the property, plant and mine development line item of the consolidated balance sheets in 2012 (2011 — $1.4 million; 2010 — $1.3 million).

(b) Incentive Share Purchase Plan

On June 26, 1997, the Company's 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 value. In 2009, the Purchase Plan was amended to remove non-executive directors as eligible Participants.

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 common shares subscribed for under the Purchase Plan are newly issued by the Company. The total compensation cost recognized in 2012 related to the Purchase Plan was $7.2 million (2011 — $6.4 million; 2010 — $5.0 million).

In 2012, 507,235 common shares were subscribed for under the Purchase Plan (2011 — 360,833; 2010 — 229,583) for a value of $21.7 million (2011 — $19.2 million; 2010 — $15.0 million). In May 2008, the Company's shareholders approved an increase in the maximum number of common shares reserved for issuance under the Purchase Plan to 5,000,000 from 2,500,000. As at December 31, 2012, Agnico-Eagle has reserved for issuance 1,642,853 common shares (2011 — 2,150,088; 2010 — 2,510,921) under the Purchase Plan.

(c) Restricted Share Unit Plan

In 2009, the Company implemented the RSU plan for certain employees. A deferred compensation balance was recorded for the total grant date value on the date of grant. The deferred compensation balance was recorded as a reduction of shareholders' equity and was amortized as compensation expense over the applicable vesting period of two years.

Effective January 1, 2012, the RSU plan was amended to include directors and senior executives of the Company. A deferred compensation balance was recorded for the total grant date value on the date of grant. The deferred compensation balance was recorded as a reduction of shareholders' equity and is to be amortized as compensation expense over the applicable vesting period of three years.

In 2012, the Company funded the RSU plan by transferring $12.0 million (2011 — $3.7 million; 2010 — $4.0 million) to an employee benefit trust (the "Trust") that then purchased shares of the Company in the open market. The Trust is funded once per year during the first quarter of each year. Compensation cost for the RSU plan incorporates 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 employee stock option plan forfeiture rates. For the years 2009 through 2012, 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 common shares purchased and held by the Trust are treated as not outstanding for the basic earnings per share ("EPS") calculations. They are included in the basic EPS calculations once they have vested. All of the unvested common shares held by the Trust are included in the diluted EPS calculations.

8. STOCK-BASED COMPENSATION (Continued)

Compensation cost related to the RSU plan was $6.6 million in 2012 (2011 — $3.3 million; 2010 — $3.0 million). Compensation cost related to the RSU plan is included as part of the production, general and administrative and exploration and corporate development line items of the consolidated statements of income (loss) and comprehensive income (loss), consistent with the classification of other elements of compensation expense for those employees who held RSUs. Of the total compensation cost for the RSU plan, nil was capitalized as part of the property, plant and mine development line item of the consolidated balance sheets in 2012 (2011 — nil; 2010 — $0.1 million).

Subsequent to the year ended December 31, 2012, 422,553 RSUs were granted under the RSU plan. Of these, 131,846 RSUs vest in 2014, 277,944 RSUs vest in 2015 and 12,763 RSUs vest in 2016.

9. INCOME AND MINING TAXES

Income and mining taxes expense (recovery) is made up of the following geographic components:

	Years Ended December 31,		
	2012	**2011**	**2010**
Current income and mining taxes:			
Canada	$ 8,750	$ 62,382	$ 34,217
Mexico	33,531	3,496	1,942
Finland	9,799	222	—
	52,080	66,100	36,159
Deferred income and mining taxes:			
Canada	26,041	(341,038)	47,083
Mexico	25,284	54,996	18,759
Finland	20,820	10,269	1,086
	72,145	(275,773)	66,928
Income and mining taxes	$124,225	$(209,673)	$103,087

Cash income and mining taxes paid in 2012 were $57.0 million (2011 — $110.9 million; 2010 — $25.2 million).

The income and mining taxes expense (recovery) is different from the amount that would have been calculated by applying the Canadian statutory income tax rate as a result of the following:

	2012	**2011**	**2010**
Combined federal and composite provincial tax rates	26.3%	27.8%	29.6%
Increase (decrease) in tax rates resulting from:			
Provincial mining duties	3.6	5.9	6.8
Tax law changes	—	(2.7)	(5.1)
Impact of foreign tax rates	(1.5)	(0.2)	(0.5)
Permanent differences	1.0	(1.6)	(4.2)
Valuation allowances	1.2	(0.3)	(0.2)
Impact of changes in income tax rates	(2.1)	(2.0)	(2.7)
Actual rate as a percentage of pre-tax income	28.5%	26.9%	23.7%

The following table details the components of Agnico-Eagle's deferred income and mining tax liabilities:

	Liabilities (Assets) as at December 31,	
	2012	**2011**
Mining properties	$ 761,508	$ 704,379
Net operating and capital loss carryforwards	(102,005)	(104,332)
Mining duties	(36,158)	(88,670)
Reclamation provisions	(42,688)	(51,926)
Valuation allowance	30,570	39,121
Deferred income and mining tax liabilities	$ 611,227	$ 498,572

9. INCOME AND MINING TAXES (Continued)

All of Agnico-Eagle's deferred income and mining tax assets and liabilities were denominated in the local currency based on the jurisdiction in which the Company paid taxes, except for Canada, and were translated into US dollars using the exchange rate in effect at the applicable consolidated balance sheets dates. For Canadian income tax purposes, for December 31, 2008 and subsequent years, the Company elected to use the US dollar as its functional currency.

The Company operates in different jurisdictions and, accordingly, it is subject to income and other taxes under the various tax regimes in the countries in which it operates. The tax rules and regulations in many countries are highly complex and subject to interpretation. The Company may be subject in the future to a review of its historic income and other tax filings and in connection with such reviews, disputes can arise with the taxing authorities over the interpretation or application of certain tax rules and regulations to the Company's business conducted within the country involved.

A reconciliation of the beginning and ending amounts of the unrecognized tax benefits is as follows:

	2012	2011	2010
Unrecognized tax benefits, beginning of year	$ 1,200	$1,630	$ 5,608
Additions (reductions)	9,667	(430)	(3,978)
Unrecognized tax benefit, end of year	$10,867	$1,200	$ 1,630

The full amount of unrecognized tax benefits, 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 year.

The Company is subject to taxes in Canada, Mexico and Finland, each with varying statutes of limitations. The 2007 through 2012 taxation years generally remain subject to examination.

10. ACQUISITIONS

Grayd Resource Corporation

In September 2011, Agnico-Eagle entered into an acquisition agreement with Grayd, a Canadian-based natural resource company listed on the TSX Venture Exchange, pursuant to which the Company agreed to make an offer to acquire all of the issued and outstanding common shares of Grayd. On October 13, 2011, the Company made the offer by way of a take-over bid circular, as amended and supplemented on October 21, 2011.

On November 18, 2011, Agnico-Eagle acquired 94.77% of the outstanding shares of Grayd, on a fully-diluted basis, by way of a take-over bid. The November 18, 2011 purchase price of $222.1 million was comprised of $166.0 million in cash and 1,250,477 newly issued Agnico-Eagle common shares.

The related transaction costs associated with the acquisition totalling $3.8 million were expensed through the interest and sundry expense (income) line item of the consolidated statements of income (loss) and comprehensive income (loss) during the fourth quarter of 2011. The Company has accounted for the purchase of Grayd as a business combination.

The following table details the allocation of the purchase price to assets acquired and liabilities assumed, based on management's estimates of fair value.

Total purchase price:	
Cash paid for acquisition	$165,954
Agnico-Eagle common shares issued for acquisition	56,146
Total purchase price to allocate	$222,100
Fair value of assets acquired and liabilities assumed:	
Mining properties	$282,000
Goodwill	29,215
Cash and cash equivalents	2,907
Trade receivables	469
Other current assets	1,700
Equipment	56
Accounts payable and accrued liabilities	(9,767)
Deferred tax liability	(72,229)
Non-controlling interest	(12,251)
Net assets acquired	$222,100

10. ACQUISITIONS (Continued)

The Company believes that goodwill for the Grayd acquisition arose principally because of the following factors: (1) the going concern value implicit in the Company's ability to sustain and/or grow its 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 Grayd described above had occurred as of January 1, 2010 are detailed below. On a *pro forma* basis, there would have been no effect on Agnico-Eagle's consolidated revenues:

	Years Ended December 31,	
	2011	2010
	Unaudited	
Pro forma net income (loss) attributed to common shareholders	$(582,762)	$324,708
Pro forma net income (loss) per share — basic	$ (3.42)	$ 1.98

On January 23, 2012, the Company acquired the remaining outstanding shares of Grayd it did not already own, pursuant to a previously announced compulsory acquisition carried out under the provisions of the *Business Corporations Act* (British Columbia). The January 23, 2011 purchase price of $11.8 million was comprised of $9.3 million in cash and 68,941 newly issued Agnico-Eagle common shares.

Summit Gold Project

On December 20, 2011, the Company completed the acquisition of 100% of the Summit Gold project from Columbus Gold Corporation, subject to a 2% net smelter returns mineral production royalty reserved by Cordilleran Exploration Company. The Nevada-based project's purchase price of $8.5 million, including transaction costs, was comprised entirely of cash. This transaction was accounted for as an asset acquisition.

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 common 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 common 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 interest and sundry expense (income) line item of the consolidated statements of income (loss) and comprehensive income (loss) during the third quarter of 2010. The Company has accounted for the purchase of Comaplex as a business combination.

10. ACQUISITIONS (Continued)

The following table details the allocation of the purchase price to assets acquired and liabilities assumed, based on management's estimates of fair value.

Total purchase price:	
Comaplex shares previously purchased	$ 88,683
Agnico-Eagle common shares issued for acquisition	578,955
Total purchase price to allocate	$ 667,638
Fair value of assets acquired and liabilities assumed:	
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 (loss) and comprehensive income (loss) 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 the Company's ability to sustain and/or grow its 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 basis 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 detailed below. On a *pro forma* basis, there would have been no effect on Agnico-Eagle's consolidated revenues:

	Years Ended December 31,	
	2010	2009
	Unaudited	
Pro forma net income attributed to common shareholders	$331,516	$85,371
Pro forma net income per share — basic	$ 2.04	$ 0.55

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at December 31,	
	2012	2011
Trade payables	$ 89,289	$104,699
Wages payable	35,752	27,247
Accrued liabilities	27,372	47,462
Goldex mine government grant	—	1,452
Other liabilities	32,916	22,687
	$185,329	$203,547

In 2012 and 2011, the other liabilities balance mainly consisted of various employee payroll tax withholdings and other payroll taxes.

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, 2012, the total amount of these guarantees was $147.3 million.

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

The Company has a royalty agreement with the Finnish government relating to the Kittila mine. Starting 12 months after Kittila mine 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.

12. COMMITMENTS AND CONTINGENCIES (Continued)

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 royalties and net smelter return royalties, 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 mine area. The type of royalty agreements include, but are not limited to, net profits interest royalties and net smelter return royalties, with percentages ranging from 1.0% to 3.5%.

The Company regularly enters into various earn-in and shareholder agreements, often with commitments to pay net smelter return and other royalties.

The Company had the following purchase commitments as at December 31, 2012:

Years ended December 31,:	Purchase Commitments
2013	$12,258
2014	12,428
2015	7,080
2016	5,071
2017	4,466
Thereafter	22,274
Total	$63,577

13. LEASES

(a) Capital leases

In each of 2010 and 2009, the Company entered into five sale-leaseback agreements 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. As at December 31, 2012, the total gross amount of assets recorded under sale-leaseback capital leases amounted to $33.9 million (2011 — $33.6 million).

The Company has agreements with third party providers of mobile equipment that are used at 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 and Meadowbank mines are for five 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%.

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, 2012:

Years ended December 31,:	Minimum Capital Lease Payments
2013	$14,052
2014	8,970
2015	3,646
2016	—
2017	—
Thereafter	—
Total minimum lease payments	26,668
Less amount representing interest	1,605
Present value of net minimum lease payments	$25,063

13. LEASES (Continued)

The Company's capital lease obligations are comprised of the following:

	As at December 31, 2012	As at December 31, 2011
Total future lease payments	$26,668	$40,630
Less: interest	1,605	3,378
	25,063	37,252
Less: current portion	12,955	11,068
Long-term portion of capital lease obligations	$12,108	$26,184

At December 31, 2012, the gross amount of assets recorded under capital leases, including sale-leaseback capital leases was $51.0 million (2011 — $56.9 million; 2010 — $56.9 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 line item of the consolidated statements of income (loss) and comprehensive income (loss).

(b) Operating leases

The Company has a number of operating lease agreements involving office space. Some of the leases for office facilities contain escalation clauses for increases in operating costs and property taxes. Future minimum lease payments required to meet obligations that have initial or remaining non-cancellable lease terms in excess of one year as at December 31, 2012 are as follows:

Years ended December 31,:	Minimum Operating Lease Payments
2013	$1,434
2014	1,013
2015	837
2016	822
2017	813
Thereafter	3,473
Total	$8,392

The portion of operating leases relating to rental expense was $1.1 million in 2012 (2011 — $0.9 million; 2010 — $4.1 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 $4.7 million be restricted as at December 31, 2012 (2011 — $3.4 million).

As part of the Company's tax planning, $32.0 million was contributed to a qualified environmental trust ("QET") in December 2011 to fulfill the requirement of financial security for costs related to the environmental remediation of the Goldex mine. During the year ended December 31, 2012, $12.0 million was withdrawn from the QET to fund the environmental remediation expenditures. As at December 31, 2012, $20.7 million remained in the QET.

15. FINANCIAL INSTRUMENTS

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.

Currency risk management

In 2012 and 2011, financial instruments that subjected Agnico-Eagle to market risk and concentration of credit risk consisted primarily of cash and 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 project have Canadian dollar requirements for capital, operating and exploration expenditures.

15. FINANCIAL INSTRUMENTS (Continued)

The Company utilizes foreign exchange hedges to reduce the variability in expected future cash flows arising from changes in foreign currency exchange. The hedged items represent a portion of the Canadian dollar denominated cash outflows arising from Canadian dollar denominated expenditures in 2012.

The forward contracts with a cash flow hedging relationship that did qualify for hedge accounting hedged $60 million of 2011 expenditures at an average rate of US$1.00 = C$0.99 and $300 million of 2012 expenditures at an average rate of US$1.00 = C$1.01. The hedges that expired during the year resulted in a realized gain of $2.8 million (2011 — $(1.5) million). As at December 31, 2012, the Company recognized a mark-to-market gain of nil (2011 — $(4.4) million) in accumulated other comprehensive loss. Amounts deferred in accumulated other comprehensive loss are reclassified to the production costs line item on the consolidated statements of income (loss) and comprehensive income (loss), as applicable, when the hedged transaction has occurred.

Mark-to-market gains (losses) related to foreign exchange derivative financial instruments are recorded at fair value based on broker-dealer quotations that utilize period end forward pricing of the currency hedged.

In 2011, the Company entered into foreign exchange forward contracts with an ineffective cash flow hedging relationship that did not qualify for hedge accounting. The risk hedged in 2011 was the variability in expected future cash flows arising from changes in foreign currency exchange. The hedged items represented a portion of the unhedged forecasted Canadian dollar denominated cash outflows arising from Canadian dollar denominated expenditures in 2011. The forward contracts hedged $150 million of 2011 expenditures and nil of 2012 expenditures at an average rate of US$1.00 = C$0.99. The hedges that expired in 2011 resulted in a realized loss of $1.4 million that was recognized in the loss (gain) on derivative financial instruments line item of the consolidated statements of income (loss) and comprehensive income (loss). As at December 31, 2011, all ineffective cash flow hedges had expired. There were no foreign exchange forward contracts with ineffective cash flow hedging relationships purchased or outstanding in 2012.

The Company's other foreign currency derivative strategies in 2012 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 year end such that no derivatives were outstanding as at December 31, 2012. The Company's foreign currency derivative strategy generated $1.5 million in call option premiums for the year ended December 31, 2012 (2011 — $5.0 million) that were recognized in the loss (gain) on derivative financial instruments line item of the consolidated statements of income (loss) and comprehensive income (loss).

Commodity price risk management

In the first quarter of 2011, to mitigate the risks associated with fluctuating zinc prices, the Company entered into a zero-cost collar to hedge the price on a portion of zinc associated with the LaRonde mine's 2011 production. The purchase of zinc put options was financed through selling zinc call options at a higher level such that the net premium payable to the counterparty by the Company was nil. There were no zinc zero-cost collars purchased or outstanding in 2012.

A total of 20,000 metric tonnes of zinc call options were written at a strike price of $2,500 per metric tonne with 2,000 metric tonnes expiring each month beginning February 28, 2011. A total of 20,000 metric tonnes of zinc put options were purchased at a strike price of $2,200 per metric tonne with 2,000 metric tonnes expiring each month beginning February 28, 2011. While setting a minimum price, the zero-cost collar strategy also limits participation to zinc prices above $2,500 per metric tonne. These contracts did not qualify for hedge accounting under ASC 815 — *Derivatives and Hedging*. Gains or losses, along with mark-to-market adjustments, were recognized in the loss (gain) on derivative financial instruments line item of the consolidated statements of income (loss) and comprehensive income (loss). All options entered into during 2011 expired during the year resulting in a realized gain of $2.8 million.

The Company also uses intra-quarter zinc, copper and silver derivative financial instruments associated with the timing of sales of the related products during 2012 that were recognized in the loss (gain) on derivative financial instruments line item of the consolidated statements of income (loss) and comprehensive income (loss). There were no zinc, copper or silver intra-quarter derivative financial instruments outstanding at December 31, 2012 or December 31, 2011.

In the second quarter of 2012, to mitigate the risks associated with fluctuating diesel fuel prices, the Company entered into financial contracts to hedge the price on a portion of diesel fuel costs associated with the Meadowbank mine's diesel fuel exposure (as it relates to operating costs). The financial contracts that expired in 2012 totalled 9.5 million gallons of heating oil, representing approximately 55% of Meadowbank's expected 2012 diesel fuel exposure. In addition, the financial contracts expiring in 2013 total 0.5 million gallons of heating oil, representing approximately 3% of Meadowbank's expected 2013 diesel fuel exposure. The contracts that expired in 2012 did not qualify for hedge accounting and the related realized loss of $1.5 million was recognized in the loss (gain) on derivative financial instruments line item of the consolidated statements of income (loss) and comprehensive income (loss). The contracts expiring in 2013 qualify for hedge accounting and the related $0.1 million market-to-market gain as at December 31, 2012 was recognized in the accumulated other comprehensive loss ("AOCI") line item on the consolidated balance sheets. The Company was not a party to any similar heating oil derivative financial instruments in 2011. Amounts deferred in AOCI are reclassified to the production costs line item on the consolidated statements of income (loss) and comprehensive income (loss), as applicable, when the derivative financial instrument has settled. Mark-to-market gains (losses) related to heating oil derivative financial instruments are based on broker-dealer quotations that utilize period end forward pricing to calculate fair value.

The following table details the changes in the AOCI balances recorded in the consolidated financial statements pertaining to the foreign exchange and commodity hedging activities. The fair values, based on calculated mark-to-market valuations, of recorded derivative

15. FINANCIAL INSTRUMENTS (Continued)

related assets and liabilities and their corresponding entries to AOCI reflect the netting of the fair values of individual derivative financial instruments.

	2012	2011
AOCI, beginning of year	$(4,404)	$ —
(Gain) loss reclassified from AOCI into production cost	(2,758)	1,459
Loss recognized in OCI — heating oil derivative financial instruments	(117)	—
Gain (loss) recognized in OCI — foreign exchange and other derivative financial instruments	7,019	(5,863)
AOCI, end of year	$ (260)	$(4,404)

As at December 31, 2012 and 2011, there were no metal derivative positions. The Company may from time to time utilize short-term (including 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 7(d), accumulated other comprehensive loss.

The following table provides a summary of the amounts recognized in the loss (gain) on derivative financial instruments line item of the consolidated statements of income (loss) and comprehensive income (loss):

	Years Ended December 31,		
	2012	2011	2010
Premiums realized on written foreign exchange call options	1,505	$ 4,995	$ 4,845
Realized gain on foreign exchange extendible flat forward	—	—	1,797
Realized loss on foreign exchange forwards	—	(1,407)	—
Realized gain on foreign exchange collar	—	—	711
Mark-to-market gain on foreign exchange extendible flat forward[(i)]	—	—	142
Realized gain on zinc derivative financial instruments	430	3,419	3,733
Realized gain (loss) on copper derivative financial instruments	63	79	(558)
Realized loss on silver derivative financial instruments	—	(3,403)	(3,058)
Mark-to-market loss on warrants[(i)]	(1,294)	—	—
Realized loss on heating oil derivative financial instruments	(1,523)	—	—
(Loss) gain on derivative financial instruments	$ (819)	$ 3,683	$ 7,612

(i) Mark-to-market gains and losses on financial instruments that did not qualify for hedge accounting are recognized through the loss (gain) on derivative financial instruments line item of the consolidated statements of income (loss) and comprehensive income (loss) and through the other line item of the consolidated statements of cash flow.

Agnico-Eagle's exposure to interest rate risk at December 31, 2012 relates to its cash and cash equivalents, short-term investments and restricted cash totalling $332.0 million (2011 — $221.5 million) and the Credit Facility. The Company's short-term investments and cash equivalents have a fixed weighted average interest rate of 0.47% (2011 — 0.61%).

The fair values of Agnico-Eagle's current financial assets and liabilities approximate their carrying values as at December 31, 2012.

16. GENERAL AND ADMINISTRATIVE

As a result of a kitchen fire at the Meadowbank mine in March 2011, the Company recognized a loss on disposal of the kitchen of $6.9 million, incurred related costs of $7.4 million and recognized an insurance receivable of $11.2 million. The difference of $3.1 million was recognized in the general and administrative line item of the consolidated statements of income (loss) and comprehensive income (loss) in the first quarter of 2011.

During the subsequent months of 2011, the Company received $2.4 million of insurance proceeds and had a remaining insurance receivable of $8.8 million recorded in the other current assets line item of the consolidated balance sheets as at December 31, 2011. During the year ended December 31, 2012, the Company received $2.2 million of insurance proceeds and had a remaining insurance receivable of $6.6 million as at December 31, 2012.

17. LOSS ON GOLDEX MINE

On October 19, 2011, the Company announced that it was suspending mining operations and gold production at the Goldex mine in Quebec, Canada, effective immediately. This decision followed the receipt of an opinion from a second rock mechanics consulting firm which recommended that underground mining operations be halted. It appeared that a weak volcanic rock unit in the hanging wall

17. LOSS ON GOLDEX MINE (Continued)

above the Goldex Extension Zone ("GEZ") of the Goldex mine deposit had failed. This rock failure was thought to extend between the top of the deposit and surface. As a result, this structure allowed an increase in ground water to flow into the mine.

As at September 30, 2011, Agnico-Eagle had written off its investment in the Goldex mine (net of expected residual value), written off the underground ore stockpile and recorded a provision for the anticipated costs of environmental remediation. Given the amount of uncertainty in estimating the fair value of the Goldex mine property, plant, and mine development, the Company determined that the fair value was equal to the residual value. All of the remaining 1.6 million ounces of proven and probable gold reserves at the Goldex mine, other than the ore stockpiled on surface, were reclassified as mineral resources effective September 30, 2011. The Goldex mine is part of the Canada segment as detailed in note 19.

The mill processed feed from the remaining surface stockpile at the Goldex mine in October 2011.

Impairment loss on Goldex mine property, plant, and mine development	$237,110
Loss on underground ore stockpile	16,641
Supplies inventory obsolescence provision	1,915
Increase in environmental remediation liability	47,227
Loss on Goldex mine (before income and mining taxes) for the year ended December 31, 2011	$302,893

The environmental remediation liability for the anticipated costs of remediation associated with the suspension of operations at the Goldex mine has required management to make estimates and judgments that affect the reported amount. In making judgments in accordance with US GAAP, 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.

In July 2012, the Company's Board approved the development of the M and E Zones at the Goldex mine. The operations in the GEZ remain suspended indefinitely.

18. IMPAIRMENT LOSS ON MEADOWBANK MINE

For the year ended December 31, 2011, the Company performed a full review of the Meadowbank mine operations and updated the related life of mine plan. This review considered the exploration potential of the area, the mineral reserves and resources, the projected operating costs in light of the persistently high operating costs experienced since commencement of commercial operations, metallurgical performance and gold price. These served as inputs into pit optimizations to determine which reserves and resources could be economically mined and be considered as mineable mineral reserves. As a result of these factors, an updated mine plan with a shorter mine life was developed and cash flows calculated, resulting in an impairment charge to the Meadowbank mine carrying value of $907.7 million for the year ended December 31, 2011. The Meadowbank mine had a property, plant and mine development book value of approximately $1.7 billion prior to recording this impairment charge.

Net estimated future cash flows from the Meadowbank mine were calculated as at December 31, 2011, on an undiscounted basis, based on best estimates of future gold production, which were based on long-term gold prices from $1,250 to $1,553 per ounce (in real terms), foreign exchange rates from US$0.92:C$1.00 to US$0.97:C$1.00, increased cost estimates based on revised operating levels, average gold recovery of 92.9% and expected continuation of operations to 2017, including the processing of stockpiled ore. Future expected operating costs, capital expenditures, and asset retirement obligations were based on the updated life of mine plan. The fair value was calculated by discounting the estimated future net cash flows using a 5% interest rate (in real terms), commensurate with the estimated level of risk. Management's estimate of future cash flows is subject to risk and uncertainties. Therefore, it is reasonably possible that changes could occur which may affect the recoverability of the Company's long-lived assets and may have a material effect on the Company's consolidated financial statements. The Meadowbank mine is a part of the Canada segment as detailed in note 19.

19. 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 that represent more than 10% of the combined revenue, profit or loss or total assets of all operating segments. The following are the reportable 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, Meliadine project and the Regional office
Latin America:	Pinos Altos mine, Creston Mascota deposit at Pinos Altos and the La India project
Europe:	Kittila mine
Exploration:	United States Exploration office, Europe Exploration office, Canada Exploration offices and the Latin America Exploration office

19. SEGMENTED INFORMATION (Continued)

The accounting policies of the reportable segments are the same as those described in the accounting policies note. There are no transactions between the reportable segments affecting revenue. Production costs for the reportable segments are net of intercompany transactions. Of the $229.3 million of goodwill reflected on the consolidated balance sheets at December 31, 2012, $200.1 million relates to the Meliadine project which is a component of the Canada segment and $29.2 million relates to the La India project which is a component of the Latin America segment.

Corporate head office assets are included in the Canada segment and specific corporate income and expense items are noted separately below.

The Meadowbank mine achieved commercial production on March 1, 2010. The Creston Mascota deposit at Pinos Altos achieved commercial production on March 1, 2011. The LaRonde mine extension achieved commercial production on December 1, 2011.

Year ended December 31, 2012:	Revenues from Mining Operations	Production Costs	Exploration and Corporate Development	Amortization of Property, Plant and Mine Development	Foreign Currency Translation (Loss) Gain	Segment Income (Loss)
Canada	$ 1,182,621	$(646,733)	$ (37,627)	$(204,243)	$ (6,294)	$ 287,724
Latin America	450,664	(152,942)	—	(37,527)	3,305	263,500
Europe	284,429	(98,037)	—	(30,091)	(18,726)	137,575
Exploration	—	—	(71,873)	—	5,395	(66,478)
	$ 1,917,714	$(897,712)	$(109,500)	$(271,861)	$(16,320)	$ 622,321

Segment income	$ 622,321
Corporate and other:	
Interest and sundry expense	(2,389)
Gain on sale of available-for-sale securities	9,733
Loss on derivative financial instruments	(819)
General and administrative	(119,085)
Impairment loss on available-for-sale securities	(12,732)
Provincial capital tax	(4,001)
Interest expense	(57,887)
Income before income and mining taxes	$ 435,141

Year ended December 31, 2011:	Revenues from Mining Operations	Production Costs	Exploration and Corporate Development	Amortization of Property, Plant and Mine Development	Foreign Currency Translation (Loss) Gain	Loss on Goldex Mine	Impairment Loss on Meadowbank Mine	Segment (Loss) Income
Canada	$1,217,858	$(619,987)	$ —	$(198,219)	$(2,825)	$(302,893)	$(907,681)	$(813,747)
Latin America	378,329	(145,614)	—	(36,988)	4,955	—	—	200,682
Europe	225,612	(110,477)	—	(26,574)	(1,063)	—	—	87,498
Exploration	—	—	(75,721)	—	15	—	—	(75,706)
	$1,821,799	$(876,078)	$(75,721)	$(261,781)	$ 1,082	$(302,893)	$(907,681)	$(601,273)

Segment loss	$(601,273)
Corporate and other:	
Interest and sundry expense	(5,188)
Gain on sale of available-for-sale securities	4,907
Impairment loss on available-for-sale securities	(8,569)
Gain on derivative financial instruments	3,683
General and administrative	(107,926)
Provincial capital tax	(9,223)
Interest expense	(55,039)
Loss before income and mining taxes	$(778,628)

19. SEGMENTED INFORMATION (Continued)

Year ended December 31, 2010:	Revenues from Mining Operations	Production Costs	Exploration and Corporate Development	Amortization of Property, Plant and Mine Development	Foreign Currency Translation (Loss) Gain	Segment Income (Loss)
Canada	$1,086,744	$(499,621)	$ —	$(140,024)	$(22,815)	$424,284
Latin America	175,637	(90,116)	—	(21,134)	2,126	66,513
Europe	160,140	(87,735)	—	(31,231)	2,780	43,954
Exploration	—	—	(54,958)	(97)	(1,627)	(56,682)
	$1,422,521	$(677,472)	$(54,958)	$(192,486)	$(19,536)	$478,069

Segment income	$ 478,069
Corporate and other:	
Interest and sundry income	10,254
Gain on acquisition of Comaplex Minerals Corp., net of transaction costs	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 and mining taxes	$ 435,203

	Total Assets as at December 31,	
	2012	2011
Canada	$3,279,881	$3,205,158
Latin America	1,069,379	1,020,078
Europe	846,941	771,714
Exploration	59,641	37,312
	$5,255,842	$5,034,262

	Capital Expenditures Years Ended December 31,		
	2012	2011	2010
Canada	$316,234	$347,790	$335,198
Latin America	69,225	39,966	104,475
Europe	60,036	86,514	71,968
Exploration	55	8,561	—
	$445,550	$482,831	$511,641

20. SUBSEQUENT EVENTS

On March 19, 2013, the Company entered into a subscription agreement for 9,600,000 units of ATAC Resources Ltd. ("ATC") at a private placement price of C$1.35 per unit for total consideration of C$13.0 million. Each unit is comprised of one common share of ATC and one-half of one common share purchase warrant, representing 8.48% of the issued and outstanding common shares of ATC. Each whole common share purchase warrant entitles the holder to acquire one common share of ATC at a price of C$2.10 for a period of 18 months from the March 22, 2013 closing date. If the closing price of ATC's common shares exceeds C$3.00 for a period of ten consecutive trading days subsequent to the expiry of the applicable four month hold period, ATC may provide notice that the common share purchase warrants will expire 30 days from the date of such notice.

21. SECURITIES CLASS ACTION LAWSUITS

On November 7, 2011 and November 22, 2011, the Company and certain current and former officers who also are, or were, directors were named as defendants in two putative class action lawsuits, styled *Jerome Stone v. Agnico-Eagle Mines Ltd., et al.*, and *Chris Hastings v. Agnico-Eagle Mines Limited, et al.*, respectively, which were filed in the United States District Court for the Southern District of New York. On February 6, 2012, the court entered an order consolidating the actions under the caption *In re Agnico-Eagle Mines Ltd. Securities Litigation* and appointed a lead plaintiff (not one of the plaintiffs who filed the original complaints). On April 6, 2012, the lead

21. SECURITIES CLASS ACTION LAWSUITS (Continued)

plaintiff served its Consolidated Complaint (the ''Complaint''). The Complaint names the Company, its current Chief Executive Officer and its former President and Chief Operating Officer as defendants and purports to be brought on behalf of all persons and entities who purchased or otherwise acquired the Company's publicly traded securities in the United States or on a U.S. exchange during the period July 28, 2010 through October 19, 2011 (the ''Class Period''). The Complaint alleges, among other things, that defendants violated U.S. securities laws by misrepresenting the Company's gold reserves and the status, ability to operate and projected production of its Goldex mine. The Complaint seeks, among other things, (i) a determination that the action is a proper class action and (ii) an award of unspecified damages, attorneys' fees and expenses. On June 6, 2012, the Company and the other defendants filed a motion, pursuant to the Private Securities Litigation Reform Act and Rules 9(b) and 12(b)(6) of the Federal Rules of Civil Procedure, to dismiss the Consolidated Complaint, for failure to state a claim upon which relief could be granted. On January 14, 2013, Judge Oetken granted the Company's motion to dismiss the Complaint and all claims therein and denied the plaintiffs' request for leave to amend the Complaint. On February 12, 2013, the plaintiffs filed a Notice of Appeal to the United States Court of Appeals for the Second Circuit. No date has been set for the appeal.

On March 8, 2012 and April 10, 2012, a Notice of Action and Statement of Claim (collectively, the ''Ontario Claim'') were issued by William Leslie, AFA Livforsakringsaktiebolag and certain other entities against the Company and certain of its current and former officers and directors. On September 27, 2012, the plaintiffs issued a Fresh as Amended Statement of Claim. The Fresh as Amended Statement of Claim alleges that the Company's public disclosure concerning water flow issues at its Goldex mine was misleading. The Ontario Claim was issued by the plaintiffs on behalf of all persons and entities who acquired securities of the Company during the period March 26, 2010 to October 19, 2011, excluding persons resident or domiciled in the Province of Quebec at the time they purchased or acquired such securities. The plaintiffs seek, among other things, damages of C$250.0 million and to certify the Ontario Claim as a class action. The plaintiffs have brought motions for leave to commence an action under s. 138 of the *Securities Act* (Ontario) and to certify the action as a class action, which are scheduled to be argued April 16, 2013 to April 19, 2013. The Company intends to vigorously contest the motions and defend the Ontario Claim.

On April 12, 2012, two senior officers of the Company were served with a Motion for Leave to Institute a Class Action and for the Appointment of a Representative Plaintiff (the ''Quebec Motion''). The action is on behalf of all persons and entities residing or domiciled in Quebec who acquired securities of the Company between March 26, 2010 and October 19, 2011. The proposed class action is for damages of C$100.0 million arising as a result of allegedly misleading disclosure by the Company concerning its operations at the Goldex mine. On October 15, 2012, the plaintiffs served an amended Quebec Motion seeking leave to commence an action under the *Securities Act* (Quebec) in addition to seeking authorization to institute a class action. No date has been set for the hearing to argue the Quebec Motion. The Company intends to vigorously contest the Quebec Motion and defend the claim.

Officers

Sean Boyd
President and Chief Executive Officer

David Smith
Senior Vice-President, Finance, and Chief Financial Officer

Donald G. Allan
Senior Vice-President, Corporate Development

Alain Blackburn
Senior Vice-President, Exploration

Picklu Datta
Senior Vice-President, Treasury and Finance

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

Marc Legault
Senior Vice-President, Project Evaluations

Jean-Luk Pellerin
Senior Vice-President, Human Resources

Jean Robitaille
Senior Vice-President, Technical Services and Project Development

Yvon Sylvestre
Senior Vice-President, Operations

Luis Felipe Medina Aguirre
Vice-President, Mexico

Lino Cafazzo
Vice-President, Information Technology

Brian Christie
Vice-President, Investor Relations

Mathew Cook
Vice-President, Controller

Paul Cousin
Vice-President, Metallurgy

Patrice Gilbert
Vice-President, Health, Safety and Community

Guy Gosselin
Vice-President, Exploration

Ingmar E. Haga
Vice-President, Europe

Michel Leclerc
Vice-President, Project Evaluations

Christian Provencher
Vice-President, Canada

Shareholder Information

Auditors

Ernst & Young LLP

Solicitors

Davies Ward Phillips & Vineberg LLP
(Toronto and New York)

Listings

The New York Stock Exchange and
the Toronto Stock Exchange
Stock Symbol: AEM

Transfer Agent

Computershare Trust Company of Canada
1-800-564-6253

Investor Relations

(416) 947-1212

Annual Meeting of Shareholders

Friday, April 26, 2013, at 11:00 am
Sheraton Centre Toronto Hotel
(Dominion Ballroom)
123 Queen Street West
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AGNICO EAGLE'S FIVE PILLARS

At Agnico Eagle, our efforts are supported by our Five Pillars: Trust, Respect, Equality, Family and Responsibility. These pillars define who we are and guide us in everything we do. They are a vital link to our history, central to our culture and an essential element to our success.

AGNICO EAGLE

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