

DISCOVERING VALUE

2014 ANNUAL REPORT



AGNICO EAGLE

Targets and Achievements

2014 Targets	What we delivered	2015 Targets
1,175,000 to 1,205,000 ounces of gold production	Achieved. Record annual gold production of 1,429,288 ounces, largely due to the strong operating results from all mines and the acquisition of a 50% interest in the Canadian Malartic mine	1,600,000 ounces of gold production
Meet or exceed production guidance	Achieved. Gold production of 7.3 ounces per 1,000 shares	Meet or exceed 2015 production guidance
Maintain gold reserves at approximately 15 times annual gold production rate	Increased gold reserves by 18% to 20.0 million ounces, grading 2.40 g/t gold	Maintain gold reserves at approximately 10 to 15 times annual gold production rate
Total cash costs of \$670 to \$690 per ounce	Achieved. Total cash costs of \$637 per ounce, primarily due to strong cost control initiatives at all mines	Total cash costs of \$610 to \$630 per ounce
All-in sustaining costs of approximately \$990 per ounce	Achieved. All-in sustaining costs of \$954 per ounce	All-in sustaining costs of approximately \$880 to \$900 per ounce
Increase operating cash flow per share	Achieved. Annual cash flow from operations of \$668.3 million or \$3.42 per share as compared to \$481.0 million¹ or \$2.78 per share in 2013	Increase operating cash flow per share
Search out acquisition opportunities in low-risk regions that are well matched to our skills and abilities	Achieved. Acquired a 50% interest in the Canadian Malartic mine located in the Abitibi region of northwestern Quebec (Osisko Mining Corporation) and El Barqueno project located in Jalisco State, Mexico (Cayden Resources)	Search out acquisition opportunities in low-risk regions that are well matched to our skills and abilities
Combined accident frequency (lost time and restricted work) below a rate of 2.07 for Agnico Eagle workforce; shifting to aspirational Zero Harm safety targets and developing "leading" performance indicators	Achieved. 1.48 combined accident frequency (lost time and restricted work), a 13% reduction from the previous year's performance	Combined accident frequency (lost time and restricted work) below a rate of 1.70 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	One category 3 incident was reported²	Zero category 3, 4 or 5 environmental incidents

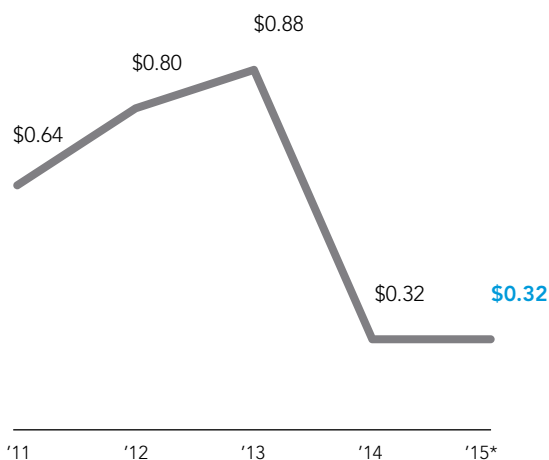
¹ The Company adopted International Financial Reporting Standards (IFRS) as of July 1, 2014 to enhance the comparability of its financial statements to the Company's peers within the mining industry. Prior to this conversion, financial reporting was under US GAAP. Financial results for the 2013 period and after have been prepared in accordance with IFRS.

² A category 3 event occurred in December 2014 at the LaRonde mine when a tailings pipeline puncture caused a spill of tailings water into a nearby ditch. The tailings were immediately removed. A notice of infraction was received from the Quebec Ministry of Sustainable Development, Environmental Protection, Biodiversity Preservation and the Fight against Climate Change; however, no further action was necessary. A category 3 event causes moderate, reversible environmental impact with short-term effect and requires moderate remediation.

Financial Summary

Annualized dividend

(per share)



Agnico Eagle has now declared a cash dividend every year since 1983. The quarterly dividend was reduced in 2014 as a result of the Company's decision to maintain financial flexibility during a weak gold price environment.

* Assuming the Board of Directors continues to declare dividends of \$0.08 per quarter.

All dollar amounts in this report are in US\$ unless otherwise indicated

	2014	2013	2012
OPERATING			
Payable gold production (ounces)	1,429,288	1,099,335	1,043,811
Total cash costs per ounce of gold produced ¹	\$ 637	\$ 648	\$ 640
Average realized gold price per ounce	1,261	1,366	1,667
FINANCIAL			
(millions, except per share amounts)			
Revenue from mining operations	\$ 1,896.8	\$ 1,638.4	\$ 1,917.7 ³
Net income (loss) for the year attributed to common shareholders	83.0	(686.7) ²	310.9 ³
Net income (loss) per share – basic	0.43	(3.97) ²	1.82 ³
Annualized dividend paid per share	0.32	0.88	0.80

¹ Total cash costs per ounce of gold produced is a non-GAAP financial performance measure. For a reconciliation of total cash costs per ounce of gold produced to the figures presented in the annual audited consolidated financial statements prepared in accordance with IFRS, see Results of Operations – Production Costs in the Management's Discussion and Analysis.

² The Company's 2013 results were affected by impairment losses recorded at the Meliadine project, Meadowbank mine and Lapa mine of \$639.9 million, \$307.5 million and \$67.9 million, respectively.

³ The Company adopted IFRS as of July 1, 2014. Financial reporting for 2012 was under US GAAP.

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 (the SEC) does not recognize them. See "Mineral Reserves and Resources" in the Company's Annual Information Form filed on SEDAR at www.sedar.com for additional information.

Fellow Shareholders,

Discovering value doesn't happen by chance in the mining business. There is some luck involved but what is really required are the skills, perseverance and willingness to assess both the risk *and* the opportunity in new business ventures. In 2014, our team put Agnico Eagle in a position to make informed decisions that have the potential to improve the fortunes of our Company, and create value for our shareholders, for many years to come.

In 2014, we achieved one of the most exciting and successful operating years in Agnico Eagle's 58-year history. We achieved our best safety performance and recorded our highest gold production ever. We completed the largest transaction in our Company's history, we made a major exploration discovery, and we strengthened our project pipeline in Mexico.

Performance and operating highlights

In the face of challenging gold markets, we remained focused on improving our business, reducing our costs and optimizing production from our current mines.

We also took significant steps to improve the quality of our production and reserve base, and our project pipeline:

We acquired 50% of the Canadian Malartic mine. This high-quality asset is located right in our backyard – the Abitibi region of Quebec. With three mines already operating along a 50-kilometre stretch of Highway 117, Canadian Malartic is well matched to our skill set with direct access to our logistical support base in Val-d'Or. In acquiring this mine jointly with Yamana Gold Inc., we were able to take a measured approach and limit our financial and operating risks, while adding value to our assets in the region.

We upgraded our project pipeline and our exploration potential with the discovery of Amaruq and acquisition of Cayden Resources Inc. The Amaruq and El Barqueno projects present us with meaningful exploration potential that could have a dramatic positive impact on the production profile and the value of our asset base in the medium to long term.

The exciting discovery of our 100%-owned Amaruq deposit – which is located approximately 50 kilometres northwest of our Meadowbank mine in Nunavut – has the potential to transform our northern business.

In less than 18 months, our exploration team went from conducting initial exploration drilling on the site to declaring its maiden resource. That resource, if proven economic, could ultimately allow us to develop Amaruq as a satellite operation to

Meadowbank. It could also improve the economics of developing our nearby Meliadine project, with opportunities to lower our overhead costs by leveraging equipment, skills and resources.

We are currently formalizing this *Nunavut Strategy* and reviewing options to fast-track Amaruq and potentially integrate Meliadine into Meadowbank and Amaruq. We have also received the Project Certificate for the Meliadine project, which sets out the terms on which the project can proceed, and we are in the process of finalizing the Impact and Benefits Agreement for both the Meliadine and Amaruq projects with the Kivalliq Inuit Association (KIA).

The El Barqueno project in Mexico also provides us with significant growth potential for our southern business. We anticipate this exploration project could grow into a sizeable development opportunity similar to our current flagship operation in Mexico – Pinos Altos. The timeline to production at El Barqueno is expected to be three to four years. In 2015, we plan to focus on advancing our exploration, permitting, land acquisition and community relations programs.

We have accelerated work on the Deep zone at Goldex. Our goal is to outline a mineable reserve and complete a technical study by late 2015.



“The exciting discovery of our 100%-owned Amaruq deposit has the potential to transform our northern business.”

Business and market outlook

We anticipate another year of record production and safety performance in 2015. We also anticipate operating in a more favourable economic climate for our business – with lower oil prices, a strengthening gold price, and the ability to take advantage of weaker local currencies in Canada, Mexico and Finland – which should lead to reduced cash costs and more net free cash flow during the year.

Our production in 2015 is forecast to rise by about 12% to approximately 1.6 million ounces of gold, and to remain relatively stable near that level through 2017. We have a number of project studies underway, however, which could further enhance our production profile in 2017 and beyond. We are currently evaluating the potential to expand the Vault deposit at the Meadowbank mine. With lower fuel costs and a more favourable exchange rate, there is potential to add a portion of the Vault gold resource back into Meadowbank's mine plan starting in 2017. We expect to make a decision on expanding the Vault deposit by the second half of 2015.

We will continue to advance our Nunavut Strategy, as we look at options to accelerate the development of Amaruq. Our goal is to build an operating platform in Nunavut that would allow us to generate attractive returns over several decades.

The market outlook for gold remains volatile, but supply growth is expected to be limited while demand outside of North America is expected to remain healthy. A growing and increasingly wealthy segment of the global population has a strong affinity for gold. They want to own it in its physical form and we believe this will provide a solid backstop for the gold markets for many years.

One of our longstanding Board members – Cliff Davis – passed away in 2014. A mining industry veteran, Cliff joined our Board in 2008 and was highly regarded for both his strategic guidance and engineering expertise. We will miss his contributions to our organization.

Finally, I want to close by thanking all Agnico Eagle employees for their dedication and hard work in helping us achieve our safest and highest-producing year on record. We hope they take pride in the fact that it is their commitment and continuous support that have made our Company a respected leader in the gold mining industry.



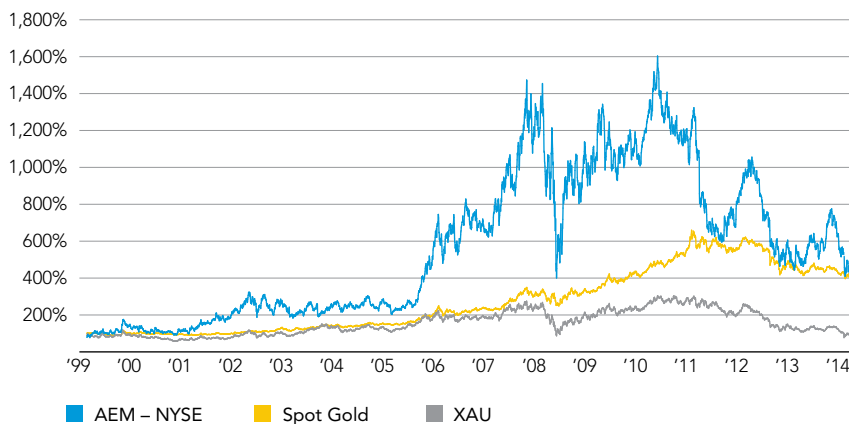
SEAN BOYD
President and Chief Executive Officer
March 12, 2015

ORGANIC GROWTH THROUGH AMARUQ DISCOVERY

With lots of visible clues and a large “backyard,” the hunt to find more gold around the Meadowbank mine began as early as 2007.

That’s when Agnico Eagle’s exploration team began searching old assessment records and identified general “areas of interest” in the Nunavut region. By 2013, the team had identified potential targets, negotiated exploration agreements with Nunavut Tunngavik Incorporated (NTI), and begun mapping and conducting geological survey work around a new target called Amaruq, located about 50 km northwest of the mine. During the spring of 2014, the team drilled over 5,000 metres, with many samples showing visible gold. According to Guy Gosselin, Vice-President Exploration, the drill results were significant. “We saw what looked like a mine – with potential for both a surface and an underground operation. It’s exciting to know we discovered this ourselves, in our own backyard, which allows us to create a lot of value for the Company. We believe very much in the potential of this region. But we also have a realistic understanding of what it will take to grow a business in this remote Arctic environment. Fortunately, with our Meadowbank and Meliadine properties nearby, we have access to the right people and resources, as well as the benefit of economies of scale, which is a tremendous advantage.”

15-year share price performance





1

Northern Business

Our northern business operations include our wholly-owned LaRonde, Goldex, Meadowbank and Lapa mines in Canada and our Kittila mine in Finland. In 2014, we added a 50% interest in the Canadian Malartic mine to our portfolio, which we expect to be a key production growth driver for us over the next three years. We also expect to unlock additional value from our Nunavut platform, with the exciting Amaruq discovery and the growth in reserves at our Meliadine property.

LaRonde's production rises steadily as mining grades increase

LaRonde significantly increased its production in 2014 to 204,652 ounces of gold at a total cash cost per ounce of \$668, as compared to 181,781 ounces at \$767 per ounce in 2013. The higher production and lower costs are primarily due to higher gold grades and improved recoveries, as well as a number of ongoing and successful cost-saving initiatives. LaRonde's production levels are expected to steadily increase through 2017 and beyond, as it mines in deeper portions of the mine and grades gradually increase towards the reserve grade of 5.2 grams per tonne of gold.

LaRonde's new cooling and ventilation infrastructure, which was commissioned in 2014, has helped to enhance productivity in the deeper portions of the mine. A new coarse ore conveyor system, which is scheduled for commissioning in late 2015, should further enhance mining flexibility and reduce congestion in deeper portions of the mine. Approximately 81% of LaRonde's production is expected to come from the lower mine area in 2015.

Lapa enters last two years of operation with potential to extend mine life

Production at Lapa continues to wind down, with 2014 and 2015 being the last two years of full production based on the current life-of-mine plan. The mine is currently

expected to operate for only a portion of 2016. Still, additional exploration drilling results from the Zulapa Z7 and Z8 zones – and on the adjoining Pandora property (owned by the Canadian Malartic General Partnership which is owned 50% each by Agnico Eagle and Yamana Gold Inc.) – could potentially extend Lapa's mine life beyond 2016.

In 2014, the mine produced 92,622 ounces of gold at a total cash cost per ounce of \$667, as compared to 100,730 ounces at \$677 per ounce in 2013. The lower production is due to reduced ore grades, while the cost decline is largely due to lower labour costs and the implementation of several cost-saving measures.

Goldex production exceeds expectations while cash costs fall

Following the successful start-up of operations at the M and E zones in September 2013, production from the Goldex mine has exceeded our initial expectations. The mine produced 100,433 ounces of gold in 2014 at total cash cost per ounce of \$638, compared to 20,810 ounces at \$894 per ounce during only three months of production in 2013.

Goldex's existing reserves – and gaining access to the M3 and M4 satellite zones – are expected to stabilize production and costs through to 2017, while opportunities to develop the Deep zone have the potential to extend the mine's life further.

Development of the exploration ramp into the DX zone (the top of the Deep zone) has been accelerated. This ramp is designed to provide access for additional exploration drilling, with a goal of outlining a mineable reserve and the completion of a technical study by late 2015.

The central portion of the Deep zone is believed to contain a higher-grade core. A recent exploration drill hole demonstrated good continuity of mineralization in this area, yielding 4.18 grams per tonne of gold over 157.5 metres.

Meadowbank achieves record gold production and studies options to extend mine life

Meadowbank achieved record gold production in 2014, largely due to mining higher than expected grades in the Goose pit during the first half of the year. The mine produced a record 452,877 ounces of gold at total cash cost per ounce of \$599, as compared to 430,613 ounces at \$723 per ounce in 2013. The improved production and cash cost results also reflect consistently high crusher throughput levels, slightly better recoveries, and strong cost containment programs.

Production levels are expected to gradually decrease from 2015 to 2017 due to a decline in grade as the current reserve base is depleted. However, we are currently evaluating a potential expansion of the Vault pit, which could result in approximately 150,000 to 200,000 ounces being added to the mine plan starting in 2017. We expect to make an expansion decision on the Vault pit in the second half of 2015. In addition, we are planning a major drilling program at Amaruq in 2015 to expand its initial 1.5 million ounce inferred resource base. The goal would be to potentially develop the deposit as a satellite operation to Meadowbank.

Kittila completes mill expansion ahead of schedule

The expansion of the Kittila mill was completed in 2014, six months ahead of schedule and below budget. Production is expected to increase significantly in 2015, as the mill continues to ramp up to its design capacity of 4,000 tonnes per day.



- 1 Production exceeded guidance at our Meadowbank mine in 2014 largely due to the mining of higher than expected grades in the Goose pit in the first half of the year.
- 2 At the Goldex mine, exploration and development activities have been accelerated on the Deep zone with the goal of completing a technical study by late 2015.
- 3 With the completion of the Kittila mill expansion in 2014, production is expected to increase significantly and the Company expects unit costs to improve.



In 2015, Kittila will focus on developing the Rimpi zone through a ramp system to provide additional feed to the mill and enhance the mine's production profile. We are also evaluating the nearby Kuotko deposit as a potential open pit satellite feed for the Kittila mill.

Canadian Malartic focuses on maximizing productivity and reducing costs

Canadian Malartic – in which Agnico Eagle has 50% ownership – has a large reserve base and strong free cash flow potential. Since acquiring the mine in June 2014, we have been seeking opportunities to improve throughput, reduce costs and optimize the life-of-mine plan.

Following strong operational performance in the second half of the year, Canadian Malartic produced (on a 100% basis) 535,470 ounces of gold for the full year 2014. Agnico Eagle's share of that production was 143,008 ounces of gold at a total cash cost per ounce of \$701. Our 50% share of production in 2015 is forecast to rise to approximately 280,000 ounces of gold, which is partly contingent upon obtaining approval to expand the mine's existing operating permits.

In addition to joint, indirect ownership of the Canadian Malartic mine, Agnico Eagle and Yamana are also jointly exploring a portfolio of properties in the Kirkland Lake area of northeastern Ontario and in the Abitibi region of northwestern Quebec through Canadian Malartic Corporation (CMC).

From June 16 to December 31, 2014, CMC spent C\$8.15 million (on a 100% basis) on these properties, with a focus on the Upper Beaver project in Kirkland Lake, and the Pandora property, which adjoins Agnico Eagle's Lapa mine.

We anticipate that unit costs will improve once Kittila achieves a steady state of operations.

The mine produced 141,742 ounces of gold in 2014 at a total cash cost per ounce of \$845, as compared to 146,421 ounces at \$598 per ounce in 2013. The lower production was largely due to a planned mill shutdown in September to tie in the mill expansion. The higher cash costs are largely due to lower production and higher costs associated with higher energy usage and other consumables.

4 Throughput levels at the Canadian Malartic mine (50% Agnico Eagle) are forecast to increase to 55,000 tonnes per day from the current 52,000 tonnes per day in the second half of 2015. 5 The Lapa mine is entering its last years of full production based on the current life-of-mine plan. Exploration drilling could potentially extend the mine life beyond 2016.



1

Southern Business

Our southern business has a clear mandate to pursue opportunities for quality growth. Over the next five years, we will focus on the potential expansion of the La India mine, the development of the El Barqueno deposit, and the advancement of our known satellite ore deposits. We also continue to seek out acquisition and development opportunities to create additional value in our southern business.

Pinos Altos shaft commissioning remains on schedule for 2016

Production decreased slightly at the mine during the year, due mainly to lower ore grades. Pinos Altos produced 171,019 ounces of gold in 2014 at a total cash cost per ounce of \$533, as compared to 181,773 ounces at \$372 per ounce in 2013. The increased cash costs reflect lower silver production and a decline in realized silver prices.

The \$106 million Pinos Altos shaft sinking project remains on schedule for completion in 2016. When the shaft is completed, it will allow better matching of the mill capacity with the future mining capacity. The mill's throughput has steadily increased from its original design rate of 4,000 tonnes per day to the current average of approximately

5,400 tonnes per day. As a result, we are currently forecasting slightly higher production at the mine between 2015 and 2017. We continue to evaluate a number of satellite opportunities in the region. A drilling program and other studies are underway at the various satellite deposits, in order to better understand the development potential of these zones.

1 The shaft sinking project at the Pinos Altos mine remains on schedule for completion in 2016, allowing for better matching of the mill capacity with the future mining capacity once the open pit mining operation winds down. 2 Our southern business has a mandate to pursue quality growth opportunities and it continues to evaluate a number of regional satellite deposits near current operations.



2

Creston Mascota stacks record tonnage

The Creston Mascota heap leach deposit has been operating as a satellite operation to the Pinos Altos mine since late 2010. In 2014, the site produced 47,842 ounces of gold at a total cash cost per ounce of \$578, as compared to 34,027 ounces at \$509 per ounce in 2013, reflecting the impact of a temporary shutdown at the site in 2013. Additionally, the higher costs in 2014 reflect the stacking of record ore tonnage, which was not completely offset by the increase in gold production.

With the completion of the Phase 3 heap leach pad, and the expansion of the Phase 4 pad which becomes operational in 2015, we anticipate higher production levels for 2015 through 2017 at Creston Mascota. We also plan to conduct further drilling on the Bravo deposit during 2015 to evaluate it as a potential source of additional production.



La India achieves commercial production

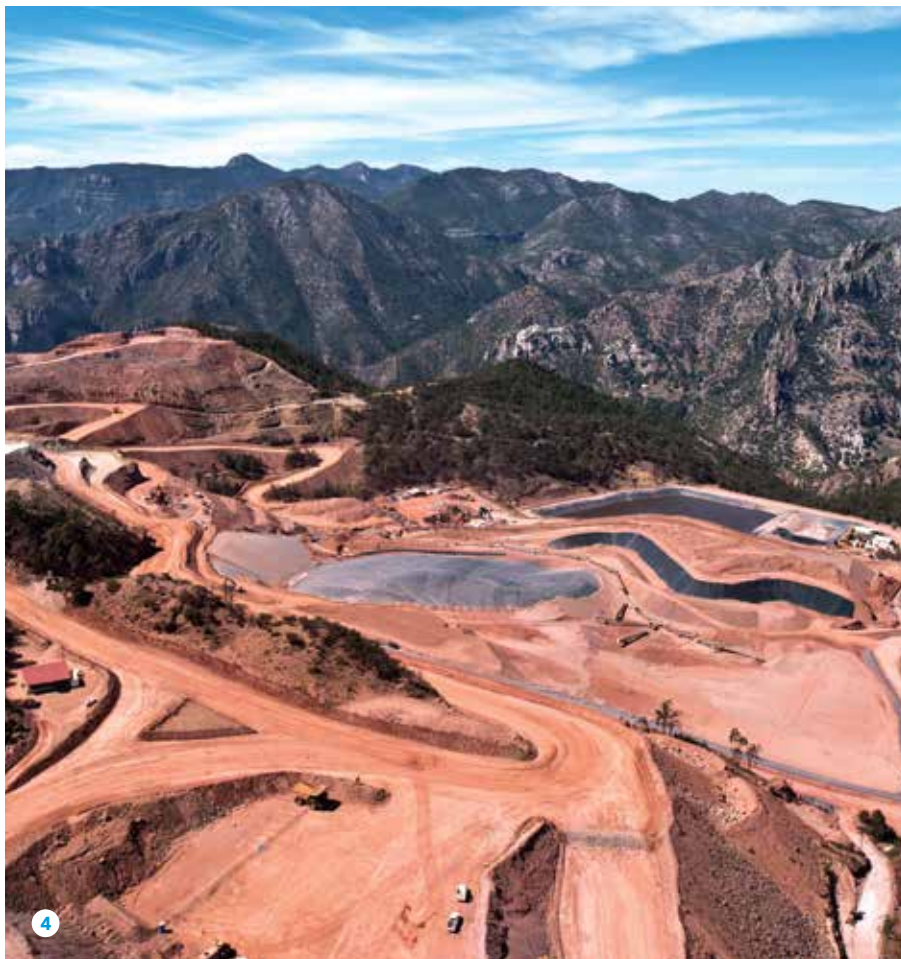
La India officially declared commercial production on February 1, 2014 and has now completed its ramp-up to full design capacity. In 2014, it produced 75,093 ounces of gold at a total cash cost per ounce of \$487. We expect La India to maintain its annual production levels at approximately 90,000 ounces over the next three years.

A number of initiatives are currently underway to potentially increase production at the site, including a fine-material bypass system in the crushing circuit, which is now in full operation and has already posted a 42% increase in tonnages being crushed, and engineering and design work on the Phase 2 heap leach pad, which began at year-end 2014.

El Barqueno targeting initial resource by year-end 2015

The El Barqueno project is located in Jalisco State, Mexico and covers a land position that is larger than the strike radius of the mineralization at both the La India and Pinos Altos properties combined. We anticipate this exploration project could grow into a sizeable development opportunity similar to Pinos Altos – our current flagship operation in Mexico.

El Barqueno also has the potential to host Pinos Altos style gold-silver mineralization that could be developed as a combination open pit/underground mine with mill and heap leach processing. We plan to conduct a \$15 million exploration program in 2015 to evaluate several of the known mineralized zones with a focus on developing an initial resource by year-end 2015.



③ The La India mine was acquired in 2011 and design, permitting, construction and start-up of the mine were completed within 22 months of the acquisition. ④ The Creston Mascota heap leach deposit is a satellite operation to the Pinos Altos mine. We anticipate higher production levels for 2015 through 2017 with the completion of a new leach pad.

Exploration

Our seasoned exploration team was extremely successful in discovering value for Agnico Eagle this past year. In addition to the Whale Tail discovery at the new Amaruq project, the team added almost half a million ounces to the reserves at the Meliadine deposit in Nunavut.

Our 2015 exploration program – budgeted at \$94 million, a 68% increase over 2014 levels – will focus primarily on the Amaruq project in Nunavut and the El Barqueno project in Jalisco State, Mexico.

Amaruq – maiden resource suggests good potential to extend Meadowbank mine life

Amaruq's inferred gold resources are now estimated to be 6.6 million tonnes, grading 7.1 grams per tonne, for a total of 1.5 million ounces of gold. Of the total inferred resource, approximately 1.4 million ounces are contained in the Whale Tail deposit. Mineralization at Whale Tail remains open in all directions.

We plan to conduct a \$20 million, 50,000-metre drill program starting in March 2015. We intend to infill and expand the known mineralized zones and test other favourable targets in the area. A resource update is expected in the second half of 2015. The drill program may be expanded based on results.

Our goal is to ultimately develop Amaruq as a satellite operation to Meadowbank. The property – which is located approximately 50 kilometres northwest of the Meadowbank mine – comprises 114,760 hectares of Inuit and federal crown land.

Meliadine – reserves and grades increase

In addition to increasing Meliadine's reserve base from 2.8 million ounces to 3.3 million ounces, the reserve grade increased from 7.38 grams per tonne to 7.44 grams per tonne as of December 31, 2014, compared with a year earlier.

The Nunavut Impact Review Board (NIRB) has now issued Agnico Eagle with a Project Certificate for the Meliadine Gold Project setting out the terms and conditions under which the project can proceed. This Certificate



now allows us to apply for the various operating permits, licences and authorizations that are required to start construction and operation of a gold mine, subject to Board approval, at Meliadine.

In 2015, we expect to spend approximately \$64 million at Meliadine, with \$21 million of that amount allocated to the continued development of an underground ramp. This will allow access to conduct exploration and conversion drilling of the deeper parts of the Tiriganiaq and Wesmeg/Normeg zones, which should provide a better understanding of the mineralization and help to optimize potential mining plans. An updated technical study was completed in March 2015 to support the reserve base.

El Barqueno – potential to host Pinos Altos style gold-silver mineralization

The El Barqueno gold project represents a significant new land position for Agnico Eagle in the Guachinango Mining District, part of the Sierra Madre Gold Belt, in the state of Jalisco, Mexico. Agnico Eagle acquired the mineral concessions and the

option to earn a 100% interest in the project with our November 2014 acquisition of Cayden Resources Inc.

The El Barqueno concessions, totalling 41,031 hectares, have a rich history of artisanal lode mining going back to the 1500s, and contain numerous mineralized zones including Azteca-Zapoteca, Peña de Oro and Angostura. The Mexican government produced approximately 250,000 ounces of gold using a heap leaching extraction method from two small pits (in the Angostura and Zapoteca zones) in the mid-1980s. The most recent meaningful exploration was completed by Industrial Minera Mexico, S.A. de C.V. (IMMSA) between the 1990s and 2008, when it drilled below the existing pits and other prospects.

1 The Amaruq project, located approximately 50 kilometres northwest of the Meadowbank mine, declared an initial resource of 1.5 million ounces suggesting good potential to extend operations at Meadowbank as a satellite deposit.

Gold Reserves

Gold reserves increase by 18%

Agnico Eagle has one of the highest reserve grades among our North American peers. In 2014, we continued to increase the reserve quality at our key operations.

Our year-end proven and probable gold reserves now stand at 20.0 million ounces, in 259 million tonnes of ore grading 2.40 grams per tonne (g/t) of gold. The increase is largely due to the acquisition of a 50% interest in Canadian Malartic, whose mineral reserves contain approximately 4.3 million ounces of gold (Agnico Eagle's 50% interest).

While our reserves have increased 18%, the decrease in our average grade to 2.40 g/t reflects the impact of Canadian Malartic's average reserve grade of 1.06 g/t. This compares to an average 2014 grade of 3.69 g/t – up from 3.51 g/t a year earlier – for the rest of our operations. Several of our key properties reported meaningful increases in their average reserve gold grade in 2014: LaRonde up from 5.00 g/t to 5.20 g/t; Kittila up from 4.64 g/t to 4.93 g/t; and Pinos Altos up from 2.84 g/t to 3.01 g/t.

Our goal is to maintain gold reserves at approximately 10 to 15 times Agnico Eagle's annual gold production rate (based on estimated 2015 production levels), and we are currently well within this range.

Gold reserves by mine: Proven and Probable Reserves

(thousands of ounces)

	Dec. 31 2014	Dec. 31 2013
NORTHERN BUSINESS		
LaRonde	3,432	3,880
Canadian Malartic (50%)	4,329	—
Lapa	170	281
Goldex	340	372
Kittila	4,524	4,714
Meadowbank	1,168	1,751
Meliadine	3,335	2,841
Northern Subtotal	17,299	13,839
SOUTHERN BUSINESS		
Pinos Altos	1,763	1,974
Creston Mascota	236	292
La India	679	758
Southern Subtotal	2,678	3,024
Total Reserves	19,976	16,865

Contained metal 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 15.0 million ounces of gold (317 million tonnes of ore grading 1.47 g/t), while inferred resources now stand at approximately 13.5 million ounces of gold (209 million tonnes of ore grading 2.01 g/t). Further details on the Company's reserves are set out under "Mineral Reserve Data" in Management's Discussion and Analysis and under "Mineral Reserves and Mineral Resources" in the Company's Annual Information Form filed on SEDAR and available at www.sedar.com.

Agnico Eagle's byproduct proven and probable reserves include approximately 67 million ounces of silver at the Pinos Altos, LaRonde, La India and Creston Mascota mines (69.5 million tonnes grading an average of 29.93 g/t silver), plus 131,231 tonnes of zinc and 51,250 tonnes of copper at the LaRonde mine (20.5 million tonnes grading 0.64% zinc and 0.25% copper). The byproduct reserves and resources for silver, zinc, copper and lead in the LaRonde orebody and for silver in the LaRonde and Pinos Altos orebodies are presented on our website. These byproduct reserves are not included in Agnico Eagle's gold reserve and resource totals.

The assumptions used for the 2014 mineral reserves and resources estimate at all mines and advanced projects reported by the Company, other than Canadian Malartic, were \$1,150 per ounce of gold, \$18 per ounce of silver, \$1.00 per pound of zinc, \$3.00 per pound of copper, \$0.91 per pound of lead and exchange rates of C\$1.08 per US\$1.00, 13 Mexican pesos per US\$1.00 and \$1.30 per €1.00. The assumptions used for the 2013 mineral reserves and resources estimate at all mines and advanced projects reported by the Company were \$1,200 per ounce of gold, \$18.00 per ounce of silver, \$0.82 per pound of zinc, \$3.00 per pound of copper, \$0.91 per pound of lead and exchange rates of C\$1.03 per US\$1.00, 12.75 Mexican pesos per US\$1.00 and \$1.32 per €1.00. The Canadian Malartic General Partnership, owned by Agnico Eagle (50%) and Yamana Gold Inc. (50%), which owns and operates the Canadian Malartic mine, has estimated the mine's current reserves using the following parameters: US\$1,300 per ounce of gold and C\$1.10 per US\$1.00. On August 13, 2014, the Partnership filed an NI 43-101 report on the Canadian Malartic mine, which provided an update on reserves and resources (for details please see the news release dated August 13, 2014).

Mineral Resources

Significant increase in mineral resources

Agnico Eagle's measured and indicated resources increased 56% to approximately 15.0 million ounces in 2014. The largest increase in indicated resources came at the LaRonde mine, where conversion drilling below the 311 level (3,110 metres below surface) led to establishing indicated resources containing approximately 444,000 ounces of gold, the first indicated resources at this depth.

Inferred resources increased 33% to approximately 13.5 million ounces of gold. An initial inferred resource of approximately 1.5 million ounces was declared at the Amaruq discovery.

December 31, 2014

	Measured and Indicated Resources			Inferred Resources		
	Tonnage (000 tonne)	Grade (g Au/t)	Contained gold (000 oz)	Tonnage (000 tonne)	Grade (g Au/t)	Contained gold (000 oz)
NORTHERN BUSINESS						
LaRonde	6,791	3.26	711	8,794	4.23	1,197
Canadian Malartic (50%)	35,552	0.85	968	22,655	0.76	556
Lapa	1,067	4.29	147	1,114	6.30	225
Goldex	33,769	1.93	2,095	29,241	1.64	1,540
Kittila	14,170	2.96	1,350	8,892	4.30	1,230
Meadowbank	7,521	3.30	798	3,321	3.96	422
Meliadine	20,246	5.06	3,293	14,083	7.65	3,464
Amaruq	–	–	–	6,603	7.07	1,501
Bousquet/Ellison	13,177	2.38	1,008	5,831	4.15	778
Hammond Reef (50%)	104,208	0.67	2,250	251	0.74	6
Upper Beaver (Kirkland Lake) (50%)	3,211	7.00	722	4,611	3.53	523
Akasaba	8,130	0.77	201	65	0.98	2
Other	504	1.93	31	3,718	3.51	420
Northern Subtotal	248,346	1.70	13,575	109,177	3.38	11,867
SOUTHERN BUSINESS						
Creston Mascota	2,229	0.68	48	4,462	1.07	153
Pinos Altos	11,938	1.84	706	12,645	1.22	496
La India	54,466	0.39	684	82,562	0.37	971
Southern Subtotal	68,633	0.65	1,438	99,669	0.51	1,621
Total Resources	316,979	1.47	15,013	208,847	2.01	13,487

Notes to Investors Regarding the Use of Resources

Cautionary Note to Investors Concerning Estimates of Measured and Indicated Resources

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

Cautionary Note to Investors Concerning Estimates of Inferred Resources

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

Responsible Mining

Agnico Eagle is committed to creating economic value for our shareholders and operating in a safe, socially and environmentally responsible manner while contributing to the prosperity of our employees and the communities in which we operate.

Responsive mining

In 2014, the Canadian mining industry took a huge step forward by adopting disclosure of payments to government as best practice. Agnico Eagle is a strong supporter of this initiative which aligns directly with increased public demand for more transparency.

We have carried this drive for responsive mining locally to our mines, by creating community response mechanisms and community liaison committees. Internally, we also wanted to respond to our employees' questions and concerns. We introduced a feature on our intranet site called "speak-up" – a site where our employees can ask questions about the business and our practices and express their views. This responsiveness is an essential ingredient to building trust, one of our Five Pillars (see back cover).

In 2014, Agnico Eagle made various payments in taxes and royalties to governments at all levels totalling \$253 million. We contributed approximately \$104 million in taxes and royalties to Quebec, Canada; approximately \$37 million in taxes and royalties to Nunavut, Canada; approximately \$17 million in taxes to Ontario, Canada; approximately \$23 million in taxes and royalties to Finland; and approximately \$72 million in taxes and royalties to Mexico. Tax contributions to governments comprised 13% of our gross revenue in 2014.

Respectful mining

In 2014, all our divisions completed a stakeholder mapping exercise. The results were then used to develop site-specific community engagement plans. The main objective of such a plan is to engage in a respectful dialogue with key stakeholders.



We want our stakeholders to understand our activities and our priorities, but we also want to know what their concerns are so that we can work together toward a common goal of social acceptability.

Social acceptability is now an objective for all our new projects. As early as the project development phase, we engage with stakeholders to assess the impacts of the project on social acceptability; and use, in order of preference, an approach of avoiding, reducing or mitigating these impacts. In 2014, our Meliadine project was subject to public hearings where the results of the environmental assessment – both the identified impacts and mitigation measures – were presented to the public and to regulators. The project received acceptance from the regulators and the communities.

Responsible mining

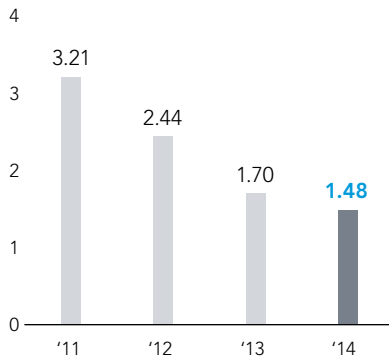
In 2014, we continued to develop our Responsible Mining Management System (RMMS). This system integrates our commitments in health and safety, the environment and community relations. The system helps Agnico Eagle operate responsibly, one of our Five Pillars.

HEALTH AND SAFETY

Agnico Eagle is responsible for providing our employees with a safe working environment and with the tools and training to carry out their duties in an efficient and safe way. In 2014, our combined lost-time accident (LTA) frequency was 1.48 – a 13% reduction from the previous year's performance and substantially below our target rate of 2.1. This is the third year in a row we have posted our lowest ever combined LTA rate. The combined LTA rate for the Canadian Malartic mine was 1.52, a 13% reduction over the 2013 performance.

Combined lost-time and light duty accident frequency

(per 200,000 person hours)

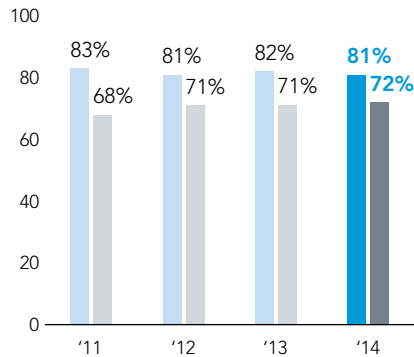


We achieved a 13% reduction in combined lost-time and light duty accident frequency in 2014.

Unfortunately, though we had operated 1,370 days without a fatality, on November 28th an employee with our shaft sinking contractor at Pinos Altos suffered a fatal accident. A joint investigation of the accident was carried out with the regulatory authorities and the mining contractor to understand what led to the accident and to avoid a similar occurrence.

This tragic accident reminds us that we need to continue to strengthen our health and safety awareness and culture, and to work diligently towards our goal of a workplace with zero accidents. To that effect, in 2014, a company-wide risk assessment exercise was carried out to identify and classify health and safety risks – as well as risks to the environment and local communities. In 2015, each operation will prepare and implement an action plan to reduce the highest risks identified during that exercise.

Local hiring



- Average percentage of workforce hired from the local community
- Average percentage of mine management hired from the local community

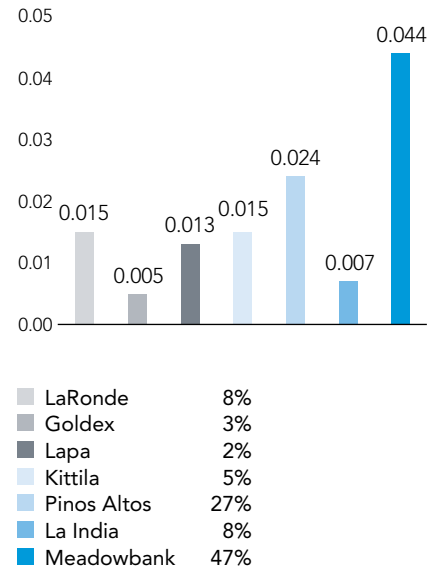
ENVIRONMENT

In 2014, three of our operations were audited under the International Cyanide Management Code – Kittila, Meadowbank and Pinos Altos. They were all found to be substantially compliant by the auditors and we are working to resolve the few remaining gaps identified to achieve full compliance. Certification is expected to follow in 2015.

In 2014, Agnico Eagle's total overall greenhouse gas (GHG) emissions increased to 385,117 tonnes CO₂ equivalent, an 8% increase from 2013 due to the reopening of the Goldex mine and opening of the La India mine. Our average overall GHG intensity decreased by 28% to 0.0204 CO₂ equivalent per tonne of ore processed partly because of increased tonnage. Our largest contributor is the Meadowbank mine which must produce its own electricity from diesel fuel. In 2014, a fuel consumption control system was put in place there to track and control the consumption of each piece of equipment. This resulted in a reduction of fuel consumption from 69.8 million litres in 2013 to 64.3 million litres in 2014.

GHG emissions intensity (2014)

(CO₂ equivalent per tonne)



CREATING VALUE

Agnico Eagle is determined to contribute positively to the future of our employees and surrounding communities. We believe the biggest contribution we can make is the creation of long-term employment opportunities and the provision of economic development opportunities in an environmentally sensitive manner.

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. In 2014, the proportion of Agnico Eagle's mine workforce hired locally was 81%, while the proportion of the mine management team hired locally was 72%.

📌 The Meliadine project in Nunavut has received its Project Certificate from the NIRB, clearing the way to apply for the various operating permits/licences/authorizations required to start construction and operation of the Meliadine mine.

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 12 directors, of which all but one director are independent.

The Board of Directors recognizes that diversity is important to ensuring that the Board as a whole possesses the qualities, attributes, experience and skills to effectively oversee the strategic direction and management of the Company. It recognizes and embraces the benefits of having a diverse Board of Directors, and has identified diversity within the Board as an essential element in attracting high calibre directors and maintaining a high functioning Board. It considers diversity to include different genders, ages, cultural backgrounds, race/ethnicity, geographic areas and other characteristics of its stakeholders and the communities in which the Company is present and conducts its business.

The Board of Directors does not set any fixed percentages for any specific selection criteria as it believes all factors should be considered when assessing and determining the merits of an individual director and the composition of a high functioning Board. The proportion of women is currently 27% of the non-executive directors and the proportion of non-resident Canadians is currently 27% of the non-executive directors. The Board believes that the diversity represented by the directors seeking election at the 2015 annual general meeting supports an efficient and effective Board of Directors.

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 (HSESD) Committee advises and makes recommendations to the Board with respect to monitoring and reviewing HSESD policies, principles, practices and processes; HSESD 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 independent directors. Committee charters are posted to the corporate website.

Ethical business conduct

Agnico Eagle has adopted a Code of Business Conduct and Ethics as well as an Anti-Corruption and Anti-Bribery Policy, which provide frameworks 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 and policy. In conjunction with the codes and policy, we have established a toll-free whistleblower hotline to allow for anonymous reporting of suspected violations. More information is posted on the corporate website agnicoeagle.com.

Board of Directors

James D. Nasso, ICD.D^{1,3,4}

Chairman of the Board
(Director since 1986)

Sean Boyd, CA

Vice-Chairman
(Director since 1998)

Dr. Leanne M. Baker^{1,2}

(Director since 2003)

Martine A. Celej²

(Director since 2011)

Robert J. Gemmell²

(Director since 2011)

Bernard Kraft, CA^{1,3}

(Director since 1992)

Mel Leiderman, FCPA, FCA, TEP, ICD.D^{1,2}

(Director since 2003)

Deborah McCombe, P.Geo.⁴

(Director since 2014)

Dr. Sean Riley

(Director since 2011)

J. Merfyn Roberts, CA^{1,3}

(Director since 2008)

Howard Stockford, P.Eng.^{2,4}

(Director since 2005)

Pertti Voutilainen, M.Sc., M.Eng.^{3,4}

(Director since 2005)

¹ Audit Committee

² Compensation Committee

³ Corporate Governance Committee

⁴ Health, Safety, Environment and Sustainable Development (HSESD) Committee

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, Operations – USA and
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, Business Strategy and
Technical Services

Yvon Sylvestre

Senior Vice-President, Operations – Canada
and Europe

Forward-Looking Statements

The information in this annual report has been prepared as at March 12, 2015. Certain statements contained in this annual report constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 and “forward-looking information” under the provisions of Canadian provincial securities laws and are referred to herein as “forward-looking statements”. When used in this report, words such as “anticipate”, “expect”, “estimate”, “forecast”, “planned”, “possible”, “will”, “likely”, “schedule” and similar expressions are intended to identify forward-looking statements.

Such statements include without limitation: the Company’s forward-looking production guidance, including estimated ore grades, project timelines, drilling results, orebody configurations, metal production, life-of-mine estimates, production estimates, total cash costs per ounce, minesite costs per tonne, all-in sustaining costs estimates per ounce, and cash flows; the estimated timing of technical and other studies; the methods by which ore will be extracted or processed, expansion projects, recovery rates, mill throughput, and projected exploration and capital expenditures, including costs and other estimates upon which such projections are based; the Company’s ability to fund its current pipeline of projects; the impact of maintenance shutdowns; the Company’s goal to build a mine at Meliadine and develop the Amaruq project and other expansion projects and the receipt of licences or permits in connection thereto; and other statements and information regarding anticipated trends with respect to the Company’s operations, exploration and the funding thereof. Such statements reflect the Company’s views as at the date of this annual report and are subject to certain risks, uncertainties and assumptions.

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 contained in this annual report, which may prove to be incorrect, include, but are not limited to, the assumptions set forth herein and in management’s discussion and analysis and the Company’s Annual Information Form (AIF) for the year ended December 31, 2014 as well as: that there are no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, damage to equipment, natural occurrences, equipment failures, accidents, political changes, title issues or otherwise; that permitting, production and expansion at each of Agnico Eagle’s mines and growth projects proceed on a basis consistent with current expectations, and that Agnico Eagle does not change its plans relating to such projects; that the exchange rate between the Canadian dollar, European Union euro, Mexican peso and the United States dollar will be approximately consistent with Agnico Eagle’s expectations; 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 Agnico Eagle’s current estimates of mineral reserves, mineral resources, mineral grades and metal recovery are accurate; that there are no material delays in the timing for completion of ongoing growth projects; that the Company’s current plans to optimize production are successful; and that there are no material variations in the current tax and regulatory environment. Many factors, known and unknown, could cause the actual results to be materially different from those expressed or implied by such forward-looking statements. Such risks include, but are not limited to: the volatility of prices of gold and other metals; uncertainty of mineral reserves, mineral resources, mineral grades and metal recovery estimates; uncertainty of future production, capital expenditures, and other costs; currency fluctuations; financing of additional capital requirements; cost of exploration and development programs; mining risks; risks associated with foreign operations; governmental and environmental regulation; the volatility of the Company’s stock price; and risks associated with the Company’s byproduct metal derivative strategies. For a more detailed discussion of such risks and other factors, see the AIF as well as the Company’s other filings with the Canadian Securities Administrators and the SEC.

The Company does not intend, and does not assume any obligation, to update these forward-looking statements and information, except as required by law. Accordingly, readers are advised not to place undue reliance on forward-looking statements. Actual results and final decisions may be materially different from those currently anticipated.

Technical information

Please refer to the Company’s AIF dated March 12, 2015 for further details on the mineral reserves and resources. The technical information has been approved by Alain Blackburn, P.Eng., Senior Vice-President, Exploration, and a “Qualified Person” for the purposes of National Instrument 43-101.



AGNICO EAGLE

**Management's Discussion and Analysis
(Prepared in Accordance with International Financial Reporting Standards)
for the year ended December 31, 2014**

AGNICO EAGLE MINES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

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This Management's Discussion and Analysis ("MD&A") dated March 25, 2015 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, 2014 that were prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company has adopted IFRS as its basis of accounting, replacing United States generally accepted accounting principles ("US GAAP") effective July 1, 2014. Certain figures in this MD&A are presented in accordance with US GAAP and have been labeled accordingly. The annual consolidated financial statements and this 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 Information Form for the year ended December 31, 2014 (the "AIF"), 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 2015 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 by-product 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 of gold produced, all-in sustaining costs per ounce of gold produced, 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 set out elsewhere in this MD&A and in the AIF 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 in the AIF; 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 risks described in this MD&A, the risk factors described in the AIF and in the Company’s other documents filed with the Canadian securities commissions and the U.S. Securities and Exchange Commission (the “SEC”). 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 of gold produced, all-in sustaining costs per ounce of gold produced and minesite costs per tonne in respect of the Company or at certain of the Company’s mines and mine development projects. The Company believes that these generally accepted industry measures are realistic indicators of operating performance and are useful in allowing year over year comparisons. Investors are cautioned that this information may not be suitable for other purposes.

NOTE TO INVESTORS CONCERNING ESTIMATES OF MINERAL RESOURCES

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 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

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NOTE TO INVESTORS CONCERNING NON-GAAP FINANCIAL PERFORMANCE MEASURES

This MD&A presents certain financial performance measures, including “total cash costs per ounce of gold produced”, “minesite costs per tonne”, “adjusted net income” and “all-in sustaining costs per ounce of gold produced”, that are not recognized measures under IFRS. This data may not be comparable to data presented by other gold producers. For a reconciliation of these financial performance measures to the figures presented in the consolidated financial statements prepared in accordance with IFRS and a discussion of management’s use of this data see *Non-GAAP Financial Performance Measures* in this MD&A. The Company believes that these generally accepted industry measures are realistic indicators of operating performance and are useful in allowing comparisons between periods. Non-GAAP financial performance measures should be considered together with other data prepared in accordance with IFRS. This MD&A also contains non-GAAP financial performance measure information for projects under development incorporating information that will vary over time as each project is developed and mined. It is therefore not practicable to reconcile these forward-looking non-GAAP financial performance measures to the most comparable IFRS measure.

Executive Summary

Agnico Eagle is a senior Canadian gold mining company that has produced precious metals since 1957. The Company's nine mines are located in Canada, Mexico and Finland, with exploration and development activities in each of these regions as well as in the United States. The Company and its shareholders have full exposure to gold prices due to its long-standing policy of no forward gold sales. Agnico Eagle has declared a cash dividend every year since 1983.

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 by-product metals, primarily silver, zinc and copper. In 2014, Agnico Eagle recorded total cash costs per ounce of gold produced of \$637 on a by-product basis and \$721 on a co-product basis on payable gold production of 1,429,288 ounces. The average realized price of gold decreased by 7.7% from \$1,366 per ounce in 2013 to \$1,261 per ounce in 2014.

Over the past six years, Agnico Eagle has evolved from operating two gold mines in Canada to being an international gold mining company with nine gold mines at the end of 2014. 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

- Record annual payable gold production of 1,429,288 ounces during 2014, an increase of 30.0% compared with 2013 payable gold production of 1,099,335 ounces.
- Total cash costs per ounce of gold produced of \$637 on a by-product basis and \$721 on a co-product basis in 2014, a 1.7% and 10.5% decrease compared with 2013, respectively.
- All-in sustaining costs per ounce of gold produced of \$954 on a by-product basis and \$1,038 on a co-product basis in 2014.
- On June 16, 2014, Agnico Eagle and Yamana Gold Inc. ("Yamana") jointly acquired 100.0% of Osisko Mining Corporation ("Osisko") by way of a plan of arrangement under the *Canada Business Corporations Act* (the "Arrangement"). As a result of the Arrangement, Agnico Eagle and Yamana each indirectly own 50.0% of Osisko and Canadian Malartic GP, which now holds the Canadian Malartic mine. Agnico Eagle and Yamana will also jointly explore, through their indirect joint ownership of Canadian Malartic Corporation (the successor to Osisko), the Kirkland Lake assets, the Hammond Reef project and the Pandora and Wood-Pandora properties.
- Proven and probable gold reserves totaled 20.0 million ounces at December 31, 2014, including 4.3 million attributable ounces resulting from the Osisko acquisition, compared with 16.9 million ounces at December 31, 2013.
- Commercial production was achieved at the La India mine on February 1, 2014.
- Cayden Resources Inc. ("Cayden") was acquired in November 2014, adding the promising El Barqueno property in Mexico to the Company's portfolio of assets.
- 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 maintains a solid 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 30 years of service with the Company.
- In February 2015, the Company declared a quarterly cash dividend of \$0.08 per common share. Agnico Eagle has now declared a cash dividend every year since 1983.

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 to approximately 1.5 million ounces in 2017.
2. Increasing operating and free cash flows
 - The Company's goal is to increase net free cash flow through higher production, controlled operating costs and disciplined capital spending.
 3. Providing meaningful dividends
 - Agnico Eagle has now declared a cash dividend every year since 1983.
 4. Minimizing share dilution
 - Historically, acquisitions have been completed with minimal share dilution.
 5. Operating in a socially responsible manner
 - The Company strives to create economic value by operating in a safe, socially and environmentally responsible manner while contributing to the prosperity of its employees and the communities in which it operates.

Portfolio Overview

Northern Business

Canada – LaRonde Mine

The 100% owned LaRonde mine in northwestern Quebec, the Company's first mine, achieved commercial production in 1988. The LaRonde mine extension achieved commercial production in December 2011 and is expected to extend the life of the mine through 2024. The LaRonde mine's proven and probable mineral reserves were approximately 3.4 million ounces at December 31, 2014.

The commissioning of new cooling and ventilation infrastructure at the LaRonde mine in 2014 improved operating flexibility and increased production from the deeper portions of the mine. The newly operational deeper mining horizons provide access to higher grade reserves and a higher ratio of gold to by-product metals and are expected to result in steadily increased production levels through 2017.

In 2014, work continued on the installation of a coarse ore conveyor system that will extend from the deeper mining horizons to an existing crusher. This new conveyor system is expected to be commissioned in the second half of 2015 and is expected to further improve operating flexibility and reduce congestion in the deeper portions of the mine.

Canada – Lapa Mine

Commercial production was achieved at the 100% owned Lapa mine in northwestern Quebec in May 2009. The Lapa mine's proven and probable mineral reserves were approximately 0.2 million ounces at December 31, 2014. Based on the current life of mine plan, 2016 is expected to be the last year of full production at the Lapa mine.

Canada – Goldex Mine

On October 19, 2011, the Company suspended mining operations and gold production at the 100% owned Goldex mine in northwestern Quebec due to geotechnical concerns with the rock above the mining horizon. As of September 30, 2011, Agnico Eagle recorded an impairment loss on its investment in the Goldex mine (net of expected residual value) and its underground ore stockpile. All of the remaining 1.6 million ounces of proven and probable mineral 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 Goldex Extension Zone ("GEZ") surface stockpile in October of 2011. Operations in the GEZ remain suspended indefinitely.

Exploration drilling continued on several mineralized zones on the Goldex mine property near the GEZ after mining operations were suspended in October of 2011. 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 using existing Goldex mine infrastructure such as the shaft and mill. Commercial production was achieved at the Goldex mine's M and E Zones in October 2013.

As a result of the Company's restatement of comparative information under IFRS, a \$109.7 million impairment loss reversal was recorded as at the January 1, 2013 IFRS transition date. Specific long-lived assets associated with the GEZ that were impaired as at September 30, 2011 due to the suspension of mining operations, including the Goldex mine's shaft and mill, were subsequently incorporated into the development plan for the Goldex mine's M and E Zones, which was approved by the Board in July 2012.

Rehabilitation work continues on the Goldex mine's ramp to provide access to the M3 and M4 satellite zones for planned conversion drilling in 2015. Development of an exploration ramp into the DX Zone (a portion of the Deep Zone) has been accelerated with a goal of outlining a mineable reserve and the completion of a technical study by early 2016. The Goldex mine's proven and probable mineral reserves were approximately 0.3 million ounces at December 31, 2014.

Canada – Canadian Malartic Mine

Agnico Eagle and Yamana jointly acquired 100.0% of Osisko on June 16, 2014 by way of the Arrangement. As a result of the Arrangement, Agnico Eagle and Yamana each indirectly own 50.0% of Osisko and Canadian Malartic GP, which now holds the Canadian Malartic mine in northwestern Quebec. Agnico Eagle and Yamana will also jointly explore, through their indirect ownership of Canadian Malartic Corporation (the successor to Osisko), the Kirkland Lake assets, the Hammond Reef project and the Pandora and Wood-Pandora properties.

On August 13, 2014, the Company filed a technical report related to the Canadian Malartic mine providing an update on reserves and resources. Agnico Eagle's attributable proven and probable mineral reserves at the Canadian Malartic mine were approximately 4.3 million ounces at December 31, 2014.

Canada – Meadowbank Mine

In 2007, the Company acquired Cumberland Resources Ltd., which held a 100% interest in the Meadowbank gold project in Nunavut, Canada. Commercial production was achieved by Agnico Eagle at the Meadowbank mine in March 2011. The Meadowbank mine's proven and probable mineral reserves were approximately 1.2 million ounces at December 31, 2014.

The 100% owned Amaruq project is located approximately 50 kilometers northwest of the Meadowbank mine in Nunavut, Canada. A significant drill program is planned at the Amaruq project in 2015 to expand the initial 1.5 million mineral resource base with the goal of potentially developing the deposit as a satellite operation to the Meadowbank mine.

Canada – Meliadine Project

On July 6, 2010, Agnico Eagle acquired its 100% interest in the Meliadine project in Nunavut, Canada through its acquisition of Comaplex Minerals Corp. Activities at the Meliadine project during 2014 included infill and step-out diamond drilling, ramp development, permitting, camp operation and work on an updated technical study. Budgeted 2015 Meliadine project capital expenditures of \$64.0 million are focused on further underground development, camp operation, construction activities, permitting and technical services. The Meliadine project had proven and probable mineral reserves of 3.3 million ounces at December 31, 2014.

Finland – Kittila Mine

The 100% owned 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. Construction at the Kittila mine was completed in 2008 and commercial production was achieved in May 2009. Proven and probable mineral reserves at the Kittila mine amounted to 4.5 million ounces at December 31, 2014.

As a result of the completion of the Kittila mine's mill expansion project ahead of schedule in 2014, production is expected to increase and unit costs are expected to decrease as throughput ramps up to design capacity of 4,000 tonnes per day.

The development of the Rimpi Zone is expected to provide additional feed to the Kittila mine's mill. Drilling on the Rimpi Zone has outlined a significant zone of mineralization with potentially improved widths and grades compared with zones currently being mined. The main underground ramp at the Kittila mine is being extended to reach the Rimpi Zone, providing further drill access to test extensions of the known mineralized zones at depth. Additionally, a new surface ramp is being developed to access shallower portions of the Rimpi Zone.

Agnico Eagle is also evaluating the potential of the Kuotko deposit, located approximately 15 kilometres north of the Kittila mine, as an open pit feeding the Kittila mine mill. A drilling program is expected to commence in the first quarter of 2015 to infill and expand the existing inferred resource.

Southern Business

Mexico – Pinos Altos Mine

In 2006, the Company completed the acquisition of the Pinos Altos property, then an advanced stage exploration property in northern Mexico. Commercial production was achieved at the Pinos Altos mine in November 2009. The Pinos Altos mine's proven and probable mineral reserves were approximately 1.8 million ounces at December 31, 2014.

A \$106.0 million shaft sinking project remains on schedule for completion in 2016 at the Pinos Altos mine. Upon completion, it is expected that this new shaft will facilitate improved matching of mining and mill capacity as the open pit mining operation winds down.

Mexico – Creston Mascota Deposit at Pinos Altos

The 100% owned Creston Mascota deposit at Pinos Altos is located approximately seven kilometers northwest of the main deposit at the Pinos Altos mine in northern Mexico. Commercial production was achieved at the Creston Mascota deposit at Pinos Altos in March 2011. Proven and probable mineral reserves were approximately 0.2 million ounces at the Creston Mascota deposit at Pinos Altos at December 31, 2014.

The completion of the Phase Three heap leach pad and agglomeration projects, combined with the future expansion of the Phase Four heap leach pad are expected to result in increased production in 2015.

Mexico – La India Mine

Agnico Eagle completed its acquisition of Grayd Resource Corporation (“Grayd”) on January 23, 2012. Grayd owned the La India project, which is located approximately 70 kilometers northwest of the Pinos Altos mine in northern Mexico. In September 2012, development and construction of the La India mine was approved by the Board and commercial production was achieved in February 2014. The La India mine's proven and probable mineral reserves were approximately 0.7 million ounces at December 31, 2014.

Installation of a fine material bypass system in the crushing circuit was in full operation in the fourth quarter of 2014, resulting in a 42.0% increase in tonnes crushed in the fourth quarter of 2014 compared with the third quarter of 2014. Engineering and design of the Phase Two heap leach pad commenced in 2014 with detailed engineering and construction evaluation expected to take place in early 2015.

Mexico – El Barqueno Project

On November 28, 2014, the Company acquired Cayden Resources Inc. (“Cayden”) pursuant to a court-approved plan of arrangement. Cayden holds a 100.0% interest in the Morelos Sur property as well as an option to acquire a 100% interest in the El Barqueno property, both located in Mexico.

The Company believes that the El Barqueno property may have the potential to be developed as a combination open pit/underground mine with mill and heap leach processing and mineralization similar to the Pinos Altos mine. Agnico Eagle plans to complete a \$15.0 million exploration program at the El Barqueno project in 2015 with a goal of developing an initial mineral resource by the end of the year.

Key Performance Drivers

The key drivers of financial performance for Agnico Eagle include:

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

Spot Price of Gold, Silver, Zinc and Copper

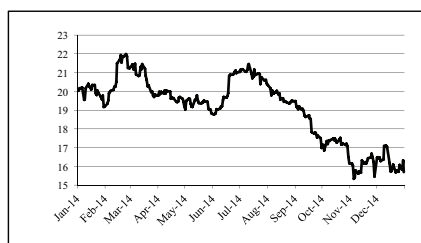
Gold Prices (\$ per ounce)



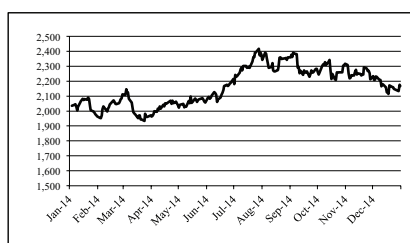
	2014	2013	% Change
High price	\$1,392	\$1,696	(17.9%)
Low price	\$1,131	\$1,181	(4.2%)
Average price	\$1,266	\$1,411	(10.3%)
Average price realized	\$1,261	\$1,366	(7.7%)

In 2014, the average market price per ounce of gold was 10.3% lower than in 2013. The Company's average realized price per ounce of gold in 2014 was 7.7% lower than in 2013.

SILVER (\$ per ounce)



ZINC (\$ per tonne)



COPPER (\$ per tonne)



Net by-product (primarily silver, zinc and copper) revenue is treated as a reduction of production costs in calculating total cash costs per ounce of gold produced on a by-product basis. Agnico Eagle's realized sales price for silver decreased by 18.5% in 2014 compared with 2013 while realized sales prices for zinc increased by 16.6% and realized sales prices for copper decreased by 7.9% over the same period. Significant quantities of by-product metals are produced by the LaRonde mine (silver, zinc, and copper) and the Pinos Altos mine (silver).

The Company has never sold gold forward, which allows the Company to take full advantage of rising gold prices. Management believes that low-cost production is the best protection against a decrease in gold prices.

Production Volumes and Costs

Changes in production volumes have a direct impact on the Company's financial results. Total payable gold production was 1,429,288 ounces in 2014, up 30.0% from 1,099,335 ounces in 2013. This increase in production volumes was due primarily to the addition of 143,008 attributable ounces from the Company's acquired interest in the Canadian Malartic mine in 2014, a full year of production at the Goldex mine's M and E Zones in 2014 after having achieved commercial production in October 2013, the achievement of commercial production at the La India mine in February 2014, and increases in gold grade at the LaRonde and Meadowbank mines in 2014 compared with 2013.

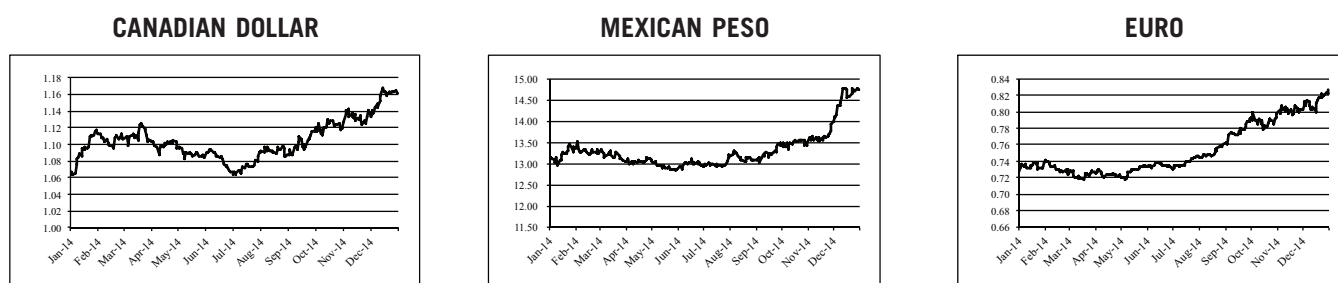
Production costs are discussed in detail in the Results of Operations section below.

Foreign Exchange Rates (Ratio to US\$)

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

- All revenues are earned in US dollars;
- A significant portion of operating costs at the LaRonde, Lapa, Goldex, Meadowbank and Canadian Malartic mines are incurred in Canadian dollars;
- A significant portion of operating costs at the Pinos Altos mine, the Creston Mascota deposit at Pinos Altos and the La India mine are incurred in Mexican pesos; and
- A significant portion of operating costs at the Kittila mine are incurred in Euros.

The Company mitigates part of its foreign currency exposure by using currency hedging strategies.



On average, the Canadian dollar, Mexican Peso and Euro all weakened relative to the US dollar in 2014 compared with 2013, decreasing costs denominated in local currencies when translated into US dollars for reporting purposes.

Balance Sheet Review

Total assets at December 31, 2014 of \$6,840.5 million increased by 49.4% compared with December 31, 2013 total assets of \$4,580.1 million. Of the total \$2,260.4 million increase in total assets between December 31, 2013 and December 31, 2014, \$2,141.9 million related to the Company's June 16, 2014 joint acquisition of Osisko and \$125.3 million related to the November 28, 2014 acquisition of Cayden.

Cash and cash equivalents were \$177.5 million at December 31, 2014, an increase of \$38.4 million compared with December 31, 2013, due primarily to increased gold production and average realized gold prices resulting in increased revenues from mining operations between 2013 and 2014, a net drawdown on long-term debt and decreased capital expenditures between periods, partially offset by net cash paid for the joint acquisition of Osisko.

Available-for-sale securities decreased from \$74.6 million at December 31, 2013 to \$56.5 million at December 31, 2014 due primarily to \$35.8 million in sales and \$15.8 million in impairments, partially offset by \$23.8 million in new investments and unrealized fair value gains recorded during 2014.

Restricted cash increased by \$25.3 million between December 31, 2013 and December 31, 2014 due primarily to cash restricted in relation to the reclamation of properties acquired from Osisko and \$11.6 million held by a depository as at December 31, 2014 to satisfy obligations in connection with the senior unsecured convertible debentures previously issued by Osisko and assumed by Canadian Malartic GP.

Inventories increased to \$446.7 million at December 31, 2014 compared with \$345.1 million at December 31, 2013 due primarily to \$42.6 million of attributable inventories as at December 31, 2014 associated with the Osisko acquisition and the buildup of ore on leach pads and concentrate inventories at the La India mine, which achieved commercial production in February 2014. Non-current ore in stockpiles decreased by 45.6% to \$25.1 million at December 31, 2014 compared with December 31, 2013 due primarily to an updated Kittila mine plan that required the reclassification of ore stockpiles from long-term to short-term.

Goodwill increased by \$543.4 million between December 31, 2013 and December 31, 2014 due to goodwill recorded on the June 16, 2014 joint acquisition of Osisko.

Property, plant and mine development increased by \$1,607.0 million to \$5,301.5 million at December 31, 2014 compared with December 31, 2013 due primarily to the addition of \$787.2 million in mining properties and \$661.0 million in plant and equipment relating to the joint acquisition of Osisko and the addition of \$120.3 million in mining properties relating to the acquisition of Cayden as at December 31, 2014. A further \$475.4 million increase in property, plant and mine development related to capital expenditures during 2014 was partially offset by amortization expense of \$433.6 million.

Total liabilities increased to \$2,772.0 million at December 31, 2014 from \$1,862.7 million at December 31, 2013. Of the total \$909.4 million increase in total liabilities between December 31, 2013 and December 31, 2014, \$551.3 million related to the Company's joint acquisition of Osisko and the consolidation of the Company's indirect interest in the Canadian Malartic mine.

Accounts payable and accrued liabilities increased by \$32.8 million between December 31, 2013 and December 31, 2014 due primarily to the addition of \$30.1 million of Osisko-related accounts payable and accrued liabilities as at December 31, 2014.

Long-term debt increased by \$387.3 million between December 31, 2013 and December 31, 2014 due primarily to a net \$300.0 million drawdown under the Company's \$1.2 billion unsecured revolving credit facility (the "Credit Facility") during 2014 and \$86.7 million in attributable debt assumed upon the joint acquisition of Osisko.

Agnico Eagle's reclamation provision increased by \$69.2 million between December 31, 2013 and December 31, 2014 due primarily to the addition of a \$21.5 million Osisko-related reclamation provision as at December 31, 2014 and to the re-measurement of the Company's reclamation provisions applying updated expected cash flows and assumptions as at December 31, 2014.

Deferred income and mining tax liabilities increased by \$378.8 million between December 31, 2013 and December 31, 2014 due primarily to the addition of \$344.6 million of Osisko-related deferred income and mining tax liabilities as at December 31, 2014.

Fair Value of Derivative Financial Instruments

The Company occasionally enters into contracts to limit the risk associated with decreased by-product 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 fair value of the Company's derivative financial instruments is outlined in the derivative financial instruments note to the annual consolidated financial statements.

Results of Operations

Agnico Eagle reported net income of \$83.0 million, or \$0.43 per share, in 2014 compared with a net loss of \$686.7 million, or \$3.97 per share, in 2013. In 2012, the Company reported net income of \$310.9 million, or \$1.82 per share (US GAAP basis). In 2014, the operating margin (revenues from mining operations less production costs) increased to \$892.2 million from \$772.3 million in 2013. In 2012, operating margin was \$1,020.0 million (US GAAP basis).

Revenues from Mining Operations

Revenues from mining operations increased by 15.8% to \$1,896.8 million in 2014 from \$1,638.4 million in 2013 due primarily to increased gold production, partially offset by lower sales prices realized on gold and silver and lower silver production in 2014 compared with 2013. Revenues from mining operations were \$1,917.7 million in 2012 (US GAAP basis).

Sales of precious metals (gold and silver) accounted for 98.6% of revenues from mining operations in 2014, up from 97.7% in 2013 and 96.6% in 2012. The increase in the percentage of revenues from precious metals compared with 2013 is due primarily to increased gold production, partially offset by lower sales prices realized on gold and silver and decreased silver

and zinc production. Revenues from mining operations are accounted for net of related smelting, refining, transportation and other charges.

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

	2014	2013	2012
	<i>(IFRS)</i>	<i>(IFRS)</i>	<i>(US GAAP)⁽ⁱ⁾</i>
	<i>(thousands of United States dollars)</i>		
Revenues from mining operations:			
Gold	\$1,807,927	\$1,500,354	\$1,712,665
Silver	62,466	100,895	140,221
Zinc	9,901	16,685	45,797
Copper	16,479	20,653	19,019
Lead ⁽ⁱⁱ⁾	(7)	(181)	12
Total revenues from mining operations	\$1,896,766	\$1,638,406	\$1,917,714
Payable production⁽ⁱⁱⁱ⁾:			
Gold (ounces)	1,429,288	1,099,335	1,043,811
Silver (thousands of ounces)	3,564	4,623	4,646
Zinc (tonnes)	10,515	19,814	38,637
Copper (tonnes)	4,997	4,835	4,126
Payable metal sold:			
Gold (ounces)	1,425,338	1,098,382	1,028,062
Silver (thousands of ounces)	3,633	4,694	4,556
Zinc (tonnes)	10,535	20,432	42,604
Copper (tonnes)	5,003	4,838	4,115

Notes:

- (i) As the year ended December 31, 2012 occurred prior to the Company's January 1, 2013 US GAAP to IFRS transition date, data has been presented in accordance with US GAAP for this period.
- (ii) Lead concentrate revenues of \$0.1 million in 2014 (2013 – \$0.9 million; 2012 – \$2.7 million) are netted against direct fees of \$0.1 million (2013 – \$1.1 million; 2012 – \$2.7 million). Other metal revenues derived from lead concentrate in 2014 included gold revenue of nil (2013 – \$7.9 million; 2012 – \$25.1 million) and silver revenue of nil (2013 – \$2.8 million; 2012 – \$7.4 million). Other metal revenues derived from lead concentrate are included in their respective metal categories in the above table.
- (iii) 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.

Revenues from gold sales increased by \$307.6 million or 20.5% in 2014 compared with 2013. Gold production increased by 30.0% to 1,429,288 ounces in 2014 from 1,099,335 ounces in 2013 due primarily to the addition of 143,008 attributable ounces from the acquired interest in the Canadian Malartic mine, 79,623 ounces of additional production from the Goldex mine's M and E Zones reflecting a full year of production in 2014 after having achieved commercial production in October 2013, 71,913 ounces of additional production from the La India mine, which achieved commercial production in February 2014, increased gold grade and mill recovery rates at the LaRonde and Meadowbank mines and a 40.6% increase in heap leach ore stacked at the Creston Mascota deposit at Pinos Altos. Partially offsetting the overall increase in gold production were decreased gold grade at the Pinos Altos and Lapa mines in 2014 compared with 2013. Agnico Eagle's average realized gold price decreased by 7.7% to \$1,261 per ounce in 2014 from \$1,366 per ounce in 2013.

Revenues from silver sales decreased by \$38.4 million or 38.1% in 2014 compared with 2013 due primarily to an 18.5% decline in the realized silver price and lower silver grade at both the LaRonde and Pinos Altos mines. Revenues from zinc

sales decreased by \$6.8 million or 40.7% to \$9.9 million in 2014 compared with 2013 due primarily to lower zinc grade and mill recovery rates at the LaRonde mine, partially offset by a 16.6% increase in the realized zinc price between periods. Revenues from copper sales decreased by \$4.2 million or 20.2% in 2014 compared with 2013 due primarily to a 7.9% decline in the realized copper price and lower tonnes of ore milled at the LaRonde mine.

Production Costs

Production costs increased to \$1,004.6 million in 2014 compared with \$866.1 million in 2013 due primarily to the addition of \$113.9 million in attributable production costs from the acquired interest in the Canadian Malartic mine, \$49.5 million in additional production costs from the Goldex mine's M and E Zones and \$36.9 million in production costs from the newly operational La India mine. Partially offsetting the overall increase in production costs between 2013 and 2014 was the impact of a weaker Canadian dollar, Mexican Peso and Euro relative to the US dollar and decreased throughput at the LaRonde mine. Production costs were \$897.7 million in 2012 (US GAAP basis).

The table below sets out production costs by mine:

	2014	2013	2012
	<i>(IFRS)</i>	<i>(IFRS)</i>	<i>(US GAAP)⁽ⁱ⁾</i>
	<i>(thousands of United States dollars)</i>		
LaRonde mine	\$188,736	\$228,640	\$225,647
Lapa mine	61,056	69,371	73,376
Goldex mine	64,836	15,339	–
Meadowbank mine	270,823	318,414	347,710
Canadian Malartic mine	113,917	–	–
Kittila mine	116,893	97,934	98,037
Pinos Altos mine	123,342	116,959	128,618
Creston Mascota deposit at Pinos Altos	28,007	19,425	24,324
La India mine	36,949	–	–
Total production costs	\$1,004,559	\$866,082	\$897,712

Note:

(i) As the year ended December 31, 2012 occurred prior to the Company's January 1, 2013 US GAAP to IFRS transition date, data has been presented in accordance with US GAAP for this period.

The discussion of production costs below refers to “total cash costs per ounce of gold produced” and “minesite costs per tonne”, neither of which are recognized measures under IFRS. For a reconciliation of these measures to production costs and a discussion of their use by the Company, see *Non-GAAP Financial Performance Measures* in this MD&A.

Production costs at the LaRonde mine were \$188.7 million in 2014, a 17.5% decrease compared with 2013 production costs of \$228.6 million due primarily to lower throughput and a weaker Canadian dollar relative to the US dollar between periods. During 2014, the LaRonde mine processed an average of 5,713 tonnes of ore per day compared with 6,354 tonnes of ore per day during 2013. The decrease in throughput between periods was due primarily to a planned 2014 shutdown for the installation of replacement hoist drives at the Penna shaft. Minesite costs per tonne decreased to C\$99 in 2014 compared with C\$101 in 2013 due primarily to general cost decreases.

Production costs at the Lapa mine were \$61.1 million in 2014, a 12.0% decrease compared with 2013 production costs of \$69.4 million due primarily to a weaker Canadian dollar relative to the US dollar and costs reductions between periods. During 2014, the Lapa mine processed an average of 1,750 tonnes of ore per day, comparable to the 1,755 tonnes of ore per day processed during 2013. Minesite costs per tonne decreased to C\$107 in 2014 compared with C\$110 in 2013 due primarily to lower labour costs and improved cost controls related to consumables between periods.

Production costs at the Goldex mine were \$64.8 million in 2014 compared with \$15.3 million in 2013 reflecting a full year of production at the Goldex mine's M and E Zones in 2014 after having achieved commercial production in October 2013. During 2014, the Goldex mine processed an average of 5,799 tonnes of ore per day and minesite costs per tonne were C\$33.

Production costs at the Meadowbank mine were \$270.8 million in 2014, a 14.9% decrease compared with 2013 production costs of \$318.4 million due primarily to a weaker Canadian dollar relative to the US dollar and cost reductions between periods. During 2014, the Meadowbank mine processed an average of 11,313 tonnes of ore per day compared with 11,350 tonnes of ore per day processed during 2013. Minesite costs per tonne decreased to C\$73 in 2014 compared with C\$78 in 2013, due primarily to overall productivity gains and improved cost controls.

On June 16, 2014, Agnico Eagle acquired an indirect 50.0% interest in the Canadian Malartic mine as a result of the joint acquisition of Osisko. Subsequent to its acquisition in 2014, the Canadian Malartic mine incurred attributable production costs of \$113.9 million, processed an average of 26,448 attributable tonnes of ore per day and recorded attributable minesite costs per tonne of C\$22.

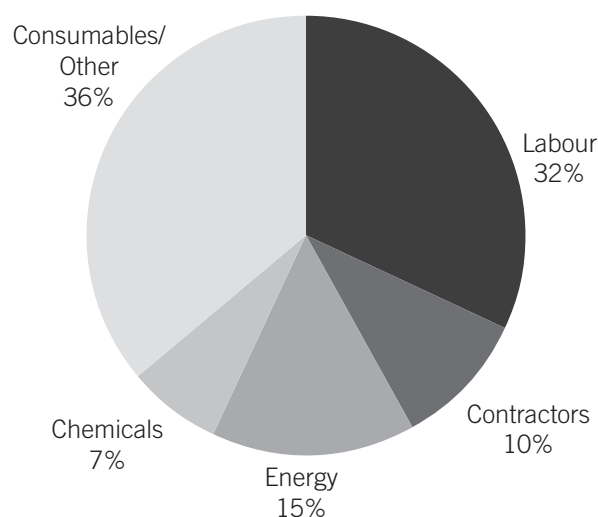
Production costs at the Kittila mine were \$116.9 million in 2014, an increase of 19.4% compared with 2013 production costs of \$97.9 million due primarily to increased throughput and costs associated with the 2014 mill expansion. During 2014, the Kittila mine processed an average of 3,168 tonnes of ore per day, an increase of 23.8% compared with the 2,559 tonnes of ore per day processed during 2013 due primarily to the completion of the mill expansion in September 2014 and to an extended maintenance shutdown in the second quarter of 2013. Minesite costs per tonne increased to €78 in 2014 compared with €73 in 2013 due primarily to increased consumables usage in 2014 related to the mill expansion.

Production costs at the Pinos Altos mine were \$123.3 million in 2014, an increase of 5.5% compared with 2013 production costs of \$117.0 million due primarily to increased costs related to planned processing methodology and mine sequencing. During 2014, the Pinos Altos mine mill processed an average of 5,350 tonnes of ore per day, an increase of 1.7% compared with the 5,262 tonnes of ore per day processed during 2013. In 2014, approximately 567,800 tonnes of ore were stacked on the Pinos Altos mine leach pad, a decrease of 29.5% compared with the approximate 805,200 tonnes of ore stacked in 2013 due primarily to mine sequencing. Minesite costs per tonne increased to \$48 in 2014 compared with \$43 in 2013 due primarily to an increase in the proportion of milled ore relative to ore stacked on the leach pad and in the proportion of underground ore relative to open pit ore mined in 2014.

Production costs at the Creston Mascota deposit at Pinos Altos were \$28.0 million in 2014, an increase of 44.2% compared with 2013 production costs of \$19.4 million, due primarily to the temporary suspension of active leaching between October 1, 2012 and March 13, 2013. During 2014, approximately 1,793,800 tonnes of ore were stacked on the leach pad at the Creston Mascota deposit at Pinos Altos, an increase of 40.6% compared with the approximate 1,276,200 tonnes of ore stacked in 2013. Minesite costs per tonne remained unchanged at \$16 between 2013 and 2014.

The La India mine achieved commercial production in February 2014. During 2014, the La India mine incurred production costs of \$36.9 million, stacked approximately 4,773,200 tonnes of ore on the leach pad and recorded minesite costs per tonne of \$8.

Total Production Costs by Category



Total cash costs per ounce of gold produced is presented on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (before by-product metal revenues). Total cash costs per ounce of gold produced on a by-product basis is calculated by adjusting production costs as recorded in the consolidated statements of income (loss) and comprehensive income (loss) for by-product 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. Total cash costs per ounce of gold produced on a co-product basis is calculated in the same manner as total cash costs per ounce of gold produced on a by-product basis except that no adjustment for by-product metal revenues is made. Accordingly, the calculation of total cash costs per ounce of gold produced on a co-product basis does not reflect a reduction in production costs or smelting, refining and marketing charges associated with the production and sale of by-product metals.

Total cash costs per ounce of gold produced on a by-product basis, representing the weighted average of all of the Company's producing mines, decreased to \$637 in 2014 compared with \$648 in 2013 and \$640 in 2012 (US GAAP basis). Total cash costs per ounce of gold produced on a co-product basis decreased to \$721 in 2014 compared with \$806 in 2013 and \$889 in 2012 (US GAAP basis).

- At the LaRonde mine, total cash costs per ounce of gold produced on a by-product basis decreased to \$668 in 2014 compared with \$767 in 2013 due primarily to a 12.6% increase in gold production and decreased labour, electricity and chemical costs. Partially offsetting the overall decrease in total cash costs per ounce of gold produced on a by-product basis, by-product revenue was significantly lower in 2014 as the LaRonde mine transitioned to ore sourced from lower levels, which has lower by-product metal content, and lower silver and copper sales prices were realized in 2014 compared with 2013. Total cash costs per ounce of gold produced on a co-product basis decreased to \$1,055 in 2014 compared with \$1,433 in 2013, reflecting the increase in gold production and costs noted above.
- At the Lapa mine, total cash costs per ounce of gold produced on a by-product basis decreased to \$667 in 2014 compared with \$677 in 2013 due primarily to the successful implementation of cost cutting measures, partially offset by an 8.0% decrease in gold production. Total cash costs per ounce of gold produced on a co-product basis decreased to \$667 in 2014 compared with \$678 in 2013 as a result of the same factors as noted above.
- Total cash costs per ounce of gold produced on a by-product basis at the Goldex mine decreased to \$638 in 2014 compared with \$894 in 2013 due primarily to an increase in gold production from 20,810 ounces in 2013 to 100,433 ounces in 2014 in addition to successfully implemented cost containment measures. Total cash costs per ounce of gold produced on a co-product basis decreased to \$638 in 2014 compared with \$894 in 2013 as a result of the same factors as noted above. Commercial production was achieved at the Goldex mine's M and E Zones in October 2013.
- At the Meadowbank mine, total cash costs per ounce of gold produced on a by-product basis decreased to \$599 in 2014 compared with \$723 in 2013 due primarily to mining cost reductions and a 5.2% increase in gold production.

Total cash costs per ounce of gold produced on a co-product basis decreased to \$604 in 2014 compared with \$729 in 2013 as a result of the same factors as noted above.

- Since the Company's joint acquisition of the Canadian Malartic mine on June 16, 2014, attributable total cash costs per ounce of gold produced on a by-product basis for 2014 were \$701. Attributable total cash costs per ounce of gold produced on a co-product basis were \$721 between June 16, 2014 and December 31, 2014.
- At the Kittila mine, total cash costs per ounce of gold produced on a by-product basis increased to \$845 in 2014 compared with \$598 in 2013 due primarily to higher costs associated with the 2014 mill expansion and a 3.2% decrease in gold production. Total cash costs per ounce of gold produced on a co-product basis increased to \$846 in 2014 compared with \$599 in 2013 as a result of the same factors as noted above.
- Total cash costs per ounce of gold produced on a by-product basis at the Pinos Altos mine increased to \$533 in 2014 compared with \$372 in 2013 due primarily to a 5.9% decrease in gold production and significantly lower by-product revenue. Total cash costs per ounce of gold produced on a co-product basis increased to \$718 in 2014 compared with \$657 in 2013, reflecting the decrease in gold production noted above.
- Total cash costs per ounce of gold produced on a by-product basis at the Creston Mascota deposit at Pinos Altos increased to \$578 in 2014 compared with \$509 in 2013 due primarily to the costs associated with a significant increase in the tonnes of ore stacked between periods. Partially offsetting the overall increase in total cash costs per ounce of gold produced on a by-product basis, there was a 40.6% increase in gold production in 2014 as a result of the temporary suspension of active leaching between October 1, 2012 and March 13, 2013. Total cash costs per ounce of gold produced on a co-product basis increased to \$611 in 2014 compared with \$534 in 2013 due primarily to the increase in the tonnes of ore stacked between periods noted above.
- Since achieving commercial production in February 2014, total cash costs per ounce of gold produced on a by-product basis at the La India mine amounted to \$487 for 2014. Total cash costs per ounce of gold produced on a co-product basis for the period of commercial production in 2014 were \$532.

Exploration and Corporate Development Expense

Exploration and Corporate Development Expense increased by 26.6% to \$56.0 million in 2014 from \$44.2 million in 2013. Exploration and Corporate Development Expense was \$109.5 million in 2012 (US GAAP basis).

A summary of the Company's significant 2014 exploration and corporate development activities is set out below:

- In Canada, exploration expenses increased by 36.6% to \$27.8 million in 2014 compared with 2013 due primarily to \$3.2 million in attributable exploration expenses related to the acquired interest in Canadian Malartic GP, exploration at the Amaruq project in Nunavut and at the Akasaba West property in Quebec.
- Exploration expenses increased by 9.5% to \$8.0 million in Latin America, decreased by 25.3% to \$2.6 million in the United States and increased by 9.1% to \$5.0 million in Europe in 2014 compared with 2013.
- The Company's corporate development team remained active in 2014, completing the joint acquisition of Osisko and the acquisition of Cayden during the year.

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

	2014	2013	2012
	<i>(IFRS)</i>	<i>(IFRS)</i>	<i>(US GAAP)⁽ⁱ⁾</i>
	<i>(thousands of United States dollars)</i>		
Canada	\$27,773	\$20,339	\$ 60,360
Latin America	8,006	7,311	28,419
United States	2,615	3,501	7,397
Europe	5,044	4,624	7,458
Corporate development expense	12,564	8,461	5,866
Total exploration and corporate development expense	\$56,002	\$44,236	\$109,500

Note:

(i) As the year ended December 31, 2012 occurred prior to the Company's January 1, 2013 US GAAP to IFRS transition date, data has been presented in accordance with US GAAP for this period.

Amortization of Property, Plant and Mine Development

Amortization of property, plant and mine development expense increased to \$433.6 million in 2014 compared with \$313.9 million in 2013 and \$271.9 million in 2012 (US GAAP basis). The increase in amortization of property, plant and mine development between 2013 and 2014 was due primarily to the consolidation of the acquired interest in the Canadian Malartic mine and the achievement of commercial production at the Goldex mine's M and E Zones in October 2013 and at the La India mine in February 2014. Amortization expense commences once operations are in commercial production. The overall increase in amortization of property, plant and mine development was partially offset by impairment losses recorded on property, plant and mine development at the Meadowbank and Lapa mines as at December 31, 2013.

General and Administrative Expense

General and administrative expense increased to \$118.8 million in 2014 from \$113.8 million in 2013 due primarily to transaction costs of \$16.7 million associated with the joint acquisition of Osisko in 2014, attributable Canadian Malartic GP general and administrative expenses of \$3.2 million in 2014, increased consulting costs and an increase in charitable donations between periods. General and administrative expense amounted to \$119.1 million in 2012 (US GAAP basis). Partially offsetting the overall increase in general and administrative expense, employee compensation and insurance expenses decreased between 2013 and 2014.

Impairment Loss on Available-for-sale Securities

Impairment loss on available-for-sale securities was \$15.8 million in 2014 compared with \$32.5 million in 2013 and \$12.7 million in 2012 (US GAAP basis). Impairment loss evaluations of available-for-sale securities are based on whether a decline in fair value is considered to be significant or prolonged.

Finance Costs

Finance costs increased to \$73.4 million in 2014 compared with \$62.5 million in 2013 and \$57.9 million in 2012 (US GAAP basis). The table below sets out the components of finance costs:

	2014	2013	2012
	<i>(IFRS)</i>	<i>(IFRS)</i>	<i>(US GAAP)⁽ⁱ⁾</i>
	<i>(thousands of United States dollars)</i>		
Stand-by fees on credit facilities	\$ 4,605	\$ 4,946	\$ 3,734
Amortization of credit facilities, financing and note issuance costs	2,757	3,192	3,432
Interest on credit facility	7,499	1,999	3,460
Interest on notes	49,414	49,414	43,886
Accretion expense on reclamation provisions	5,173	4,456	–
Other interest and penalties	5,651	1,966	4,869
Interest capitalized to construction in progress	(1,706)	(3,518)	(1,494)
Total finance costs	\$73,393	\$62,455	\$57,887

Note:

(i) As the year ended December 31, 2012 occurred prior to the Company's January 1, 2013 US GAAP to IFRS transition date, data has been presented in accordance with US GAAP for this period.

See *Liquidity and Capital Resources – Financing Activities* in this MD&A for details on the credit facility and notes referenced above.

Impairment Loss

At the end of each reporting period the Company assesses whether there is any indication that long-lived assets may be impaired. If an indicator of impairment exists, the recoverable amount of the asset is calculated in order to determine if any impairment loss is required. An impairment loss is recognized for any excess of the carrying amount of the asset over its recoverable amount. The recoverable amounts are based on each asset's future cash flows and represents each asset's fair value less costs of disposal.

Based on assessments completed by the Company, no impairment losses were required in 2014 or in 2012 (US GAAP basis).

As at December 31, 2013, the Company identified the continued decline in the market price of gold as an indicator of potential impairment for the Company's long-lived assets. As a result of the identification of this indicator, the Company estimated the recoverable amounts of all cash generating units using updated assumptions and estimates and concluded that the Lapa mine, Meadowbank mine and Meliadine project were impaired.

The following impairment losses were recorded as at December 31, 2013 as a result of the impairment evaluation:

	As at December 31, 2013			
	Pre-impairment Carrying Value	Impairment Loss	Post-impairment Carrying Value	Impairment Loss (net of tax)
<i>(thousands of United States dollars)</i>				
Property, plant and mine development:				
Lapa mine	\$ 136,618	\$ (67,894)	\$ 68,724	\$ (41,687)
Meadowbank mine	770,733	(307,503)	463,230	(226,618)
Meliadine project	841,932	(439,227)	402,705	(279,788)
	\$1,749,283	\$ (814,624)	\$934,659	\$(548,093)
Goodwill:				
Meliadine project	\$ 200,064	\$ (200,064)	\$ –	\$(200,064)
		\$(1,014,688)		\$(748,157)

The estimated recoverable amount of the Lapa mine CGU was \$74.0 million as at December 31, 2013, representing the fair value less costs to dispose of the mine. The estimated recoverable amount of the Lapa mine was calculated by discounting the estimated future net cash flows over the estimated life of the mine using a discount rate of 5.5% (in nominal terms), commensurate with the estimated level of risk associated with the Lapa mine. The recoverable amount calculation was based on an estimate of future production levels applying gold prices of \$1,238 to \$1,300 per ounce (in real terms), foreign exchange rates of US\$0.90:C\$1.00 to US\$0.93:C\$1.00, an inflation rate of 2.0%, an average gold recovery rate of 78.3% and capital, operating and reclamation costs based on applicable life-of-mine plans. As the Lapa mine's carrying amount exceeded its estimated recoverable amount at December 31, 2013, an impairment loss of \$67.9 million was recognized. The Lapa mine impairment loss was allocated \$7.2 million to mining properties, \$24.4 million to plant and equipment and \$36.3 million to mine development costs. The discounted cash flow approach uses significant unobservable inputs and is therefore considered a Level 3 fair value measurement under the fair value hierarchy.

The estimated recoverable amount of the Meadowbank mine CGU was \$490.0 million as at December 31, 2013, representing the fair value less costs to dispose of the mine. The estimated recoverable amount of the Meadowbank mine was calculated by discounting the estimated future net cash flows over the estimated life of the mine using a discount rate of 6.5% (in nominal terms), commensurate with the estimated level of risk associated with the Meadowbank mine. The recoverable amount calculation was based on an estimate of future production levels applying gold prices of \$1,238 to \$1,300 per ounce (in real terms), foreign exchange rates of US\$0.90:C\$1.00 to US\$0.93:C\$1.00, an inflation rate of 2.0%, an average gold recovery rate of 92.3% and capital, operating and reclamation costs based on applicable life-of-mine plans. As the Meadowbank mine's carrying amount exceeded its estimated recoverable amount at December 31, 2013, an impairment loss of \$307.5 million was recognized. The Meadowbank mine impairment loss was allocated \$3.1 million to mining properties and \$304.4 million to plant and equipment. The discounted cash flow approach uses significant unobservable inputs and is therefore considered a Level 3 fair value measurement under the fair value hierarchy.

Estimated after-tax discounted future net cash flows of reporting units with goodwill, including the Meliadine and La India projects, were calculated as at December 31, 2013. The estimated recoverable amount of the Meliadine project was \$400.0 million as at December 31, 2013, representing the fair value less costs to dispose of the project. The estimated recoverable amount for the Meliadine project was calculated by discounting the estimated future net cash flows over the estimated life-of-mine using a discount rate of 8.0% (in nominal terms), commensurate with the estimated level of risk associated with the Meliadine project. The recoverable amount calculation was based on an estimate of future production levels applying gold prices of \$1,238 to \$1,300 per ounce (in real terms), foreign exchange rates of US\$0.90:C\$1.00 to US\$0.93:C\$1.00, an inflation rate of 2.0%, an average gold recovery rate of 95.1% and capital, operating and reclamation costs based on applicable life-of-mine plans. As the Meliadine project's carrying amount exceeded its estimated recoverable amount at December 31, 2013, an impairment loss of \$639.3 million was recognized, of which \$200.1 million was allocated

to write down goodwill to nil with the balance allocated to mining properties. No goodwill impairment loss was required relating to the La India project as at December 31, 2013. The discounted cash flow approach uses significant unobservable inputs and is therefore considered a Level 3 fair value measurement under the fair value hierarchy.

Discount rates were based on each asset group's weighted average cost of capital, of which the two main components are the cost of equity and the after-tax cost of debt. Cost of equity was calculated based on the capital asset pricing model, incorporating the risk-free rate of return based on Government of Canada marketable bond yields as at the valuation date, the Company's beta coefficient adjustment to the market equity risk premium based on the volatility of the Company's return in relation to that of a comparable market portfolio, plus a size premium and Company-specific risk factor. Cost of debt was determined by applying an appropriate market indication of the Company's borrowing capabilities and the corporate income tax rate applicable to each asset group's jurisdiction.

Management's estimates of future net cash flows are 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 goodwill. This may have a material effect on the Company's consolidated financial statements.

A discounted cash flow approach was used to estimate fair value less costs to dispose, which represents the recoverable amount of property, plant and mine development assets that was used to determine the impairment loss amounts. The total impairment loss recorded during the year ended December 31, 2013 was \$1,014.7 million.

Foreign Currency Translation Loss

The Company's operating results and cash flow are significantly impacted by changes in the exchange rate between the US dollar and the Canadian dollar, Mexican peso and Euro as 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, Mexican pesos and Euros. During the period from January 1, 2012 through December 31, 2014, the daily US dollar (noon) exchange rate as reported by the Bank of Canada has fluctuated between C\$0.97 and C\$1.16, 11.98 Mexican pesos and 14.80 Mexican pesos and €0.72 and €0.83 per US\$1.00.

A foreign currency translation loss of \$3.8 million was recorded in 2014 compared with \$1.8 million in 2013 and \$16.3 million in 2012 (US GAAP basis). On average, the US dollar strengthened against the Canadian dollar, Mexican peso and Euro in 2014 compared with 2013. The US dollar also strengthened against the Canadian dollar, Mexican peso and Euro between December 31, 2013 and December 31, 2014. The net foreign currency translation loss in 2014 is due primarily to the translation impact of current assets denominated in Mexican pesos, Canadian dollars and Euros, offset partially by the translation impact of current liabilities denominated in Canadian dollars, Mexican pesos and Euros.

Income and Mining Taxes Expense (Recovery)

In 2014, the Company recorded income and mining taxes expense of \$106.2 million on income before income and mining taxes of \$189.1 million at an effective tax rate of 56.1%. The Company's 2014 effective tax rate was higher than the applicable statutory tax rate of 26.0% due primarily to the impact of mining taxes, foreign exchange and non-deductible permanent differences. In 2013, an income and mining taxes recovery of \$131.6 million was recorded on a loss before income and mining taxes of \$818.3 million due primarily to impairment losses recorded on the Meliadine project, the Meadowbank mine and the Lapa mine as at December 31, 2013. 2013 income and mining taxes were also impacted by non-deductible permanent differences and a deferred tax charge relating to the 2013 enactment of the Special Mining Duty in Mexico. The effective tax rate was 28.5% in 2012 (US GAAP basis).

Liquidity and Capital Resources

At December 31, 2014, the Company's cash and cash equivalents, short-term investments and current restricted cash totaled \$215.3 million, compared with \$170.0 million at December 31, 2013. The Company's policy is to invest excess cash in highly liquid investments of the highest credit quality to eliminate risks associated with these investments. Such investments with remaining maturities at time of purchase greater than three months are classified as short-term investments. Decisions regarding the length of maturities are based on cash flow requirements, rates of return and various other factors.

Working capital (current assets less current liabilities) decreased to \$579.4 million at December 31, 2014 from \$587.8 million at December 31, 2013.

Operating Activities

Cash provided by operating activities increased by \$187.3 million to \$668.3 million in 2014 compared with 2013 due primarily to a 30.0% increase in gold production and the impact of a weaker Canadian dollar and Mexican peso relative to the US dollar on costs between periods. The increase in cash provided by operating activities was partially offset by a 16.0% increase in production costs and a 7.7% decrease in the average realized price of gold between 2013 and 2014. Cash provided by operating activities was \$696.0 million in 2012 (US GAAP basis).

Investing Activities

Cash used in investing activities increased to \$851.6 million in 2014 from \$687.2 million in 2013 due primarily to \$403.5 million in net cash expenditures associated with the Company's June 16, 2014 joint acquisition of Osisko, partially offset by a \$145.1 million decrease in capital expenditures, a \$44.5 million increase in net proceeds from the sale of available-for-sale securities and a \$32.6 million decrease in purchases of available-for-sale securities and warrants between periods. Cash used in investing activities was \$376.2 million in 2012, including capital expenditures of \$445.6 million and \$73.4 million in net proceeds from the sale of available-for-sale securities (US GAAP basis).

In 2014, the Company invested cash of \$475.4 million in projects and sustaining capital expenditures. Capital expenditures in 2014 included \$106.2 million at the Kittila mine, \$76.6 million at the LaRonde mine, \$65.9 million at the Meadowbank mine, \$48.4 million at the Pinos Altos mine, \$48.3 million at the Meliadine project, \$36.1 million at the Canadian Malartic mine (the Company's attributable portion), \$34.3 million at the Goldex mine, \$22.7 million at the La India mine, \$20.2 million at the Lapa mine and \$16.7 million at the Creston Mascota deposit at Pinos Altos and other projects. The \$145.1 million decrease in capital expenditures between 2013 and 2014 was due primarily to significant construction expenditures that were incurred in 2013 relating to the La India project and the Goldex mine's M and E Zones. Capitalization of expenditures for the La India project and the Goldex mine's M and E Zones commenced in September 2012 and October 2012, while commercial production was achieved in February 2014 and October 2013, respectively. Partially offsetting the overall decrease in capital expenditures between 2013 and 2014 were \$36.1 million in attributable capital expenditures related to the Canadian Malartic mine since it was jointly acquired on June 16, 2014.

On November 28, 2014, the Company acquired all of the issued and outstanding common shares of Cayden, including common shares issuable on the exercise of Cayden's outstanding options and warrants, pursuant to a court-approved plan of arrangement. The total purchase price of \$122.1 million was comprised of \$0.5 million in cash and 4,853,875 Agnico Eagle common shares issued from treasury. The Cayden acquisition was accounted for as an asset acquisition and transaction costs associated with the acquisition totaling \$3.2 million were capitalized to the mining properties acquired.

On June 16, 2014, Agnico Eagle and Yamana jointly acquired 100.0% of Osisko by way of the Arrangement. As a result of the Arrangement, Agnico Eagle and Yamana each indirectly own 50.0% of Osisko and Canadian Malartic GP, which now holds the Canadian Malartic mine. Agnico Eagle and Yamana will also jointly explore other properties that were held by Osisko (now Canadian Malartic Corporation) at the time of acquisition. Agnico Eagle has recognized its interest in the assets, liabilities, revenues and expenses of Osisko in accordance with the Company's rights and obligations prescribed by the Arrangement under IFRS. Agnico Eagle's share of Osisko's June 16, 2014 purchase price was comprised of cash payments totaling \$462.7 million and 33,923,212 Agnico Eagle common shares valued at \$1,135.1 million.

On May 16, 2013, the Company acquired all of the issued and outstanding common shares of Urastar Gold Corporation ("Urastar") pursuant to a court-approved plan of arrangement under the *Business Corporations Act* (British Columbia) for cash consideration of \$10.1 million. The Urastar acquisition was accounted for as a business combination and goodwill of \$9.8 million was recognized on the Company's consolidated balance sheets.

In 2014, the Company purchased \$27.2 million of available-for-sale securities and warrants compared with \$59.8 million in 2013 and \$2.7 million in 2012 (US GAAP basis). In 2014, the Company received net proceeds of \$44.7 million from the sale of available-for-sale securities compared with \$0.2 million in 2013 and \$73.4 million in 2012 (US GAAP basis). The Company's investments in available-for-sale securities consist primarily of investments in common shares of entities in the mining industry.

Financing Activities

Cash provided by financing activities was \$229.2 million in 2014 compared with \$48.7 million in 2013 due primarily to a \$116.0 million increase in net proceeds from long-term debt and a \$72.2 million decrease in dividends paid between

periods. Cash used in financing activities was \$202.6 million in 2012, including the net repayment of long-term debt of \$290.0 million and the issuance of the 2012 Notes for \$200.0 million (US GAAP basis).

In 2014, the Company paid dividends of \$54.1 million compared with \$126.3 million in 2013 and \$118.1 million in 2012 (US GAAP basis). Agnico Eagle has declared a cash dividend every year since 1983. 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.

On July 24, 2012, the Company closed a private placement consisting of \$200.0 million of guaranteed senior unsecured notes (the "2012 Notes"). The 2012 Notes mature in 2022 and 2024 and at issuance had 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 Credit Facility.

On September 5, 2014, the Company amended and restated its \$1.2 billion Credit Facility, extending the maturity date from June 22, 2017 to June 22, 2019 and amending pricing terms. As at December 31, 2014, the Company's outstanding balance under the Credit Facility was \$500.0 million. Credit Facility availability is reduced by outstanding letters of credit, amounting to \$1.0 million at December 31, 2014. As at December 31, 2014, \$699.0 million was available for future drawdown under the Credit Facility.

On November 5, 2013, the Company amended its credit agreement with a financial institution relating to its uncommitted letter of credit facility (the "Letter of Credit Facility"). The amount available under the Letter of Credit Facility increased from C\$150.0 million to C\$175.0 million. 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, 2014, \$155.8 million had been drawn under the Letter of Credit Facility. On August 22, 2014, the financial institution and the Company agreed that the Company may draw up to C\$185.0 million 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 connection with its joint acquisition of Osisko on June 16, 2014, Canadian Malartic GP was assigned and assumed certain outstanding debt obligations of Osisko relating to the Canadian Malartic mine. Agnico Eagle's indirect attributable share of such debt instruments is as follows:

- A secured loan facility in the principal amount of C\$75.0 million (\$69.1 million) with scheduled C\$20.0 million repayments on June 30, 2015, June 30, 2016 and June 30, 2017 and a 6.875% per annum interest rate. A scheduled repayment of C\$15.0 million (\$14.1 million) was made subsequent to the June 16 2014 acquisition date, resulting in attributable outstanding principal of \$51.7 million as at December 31, 2014. On September 29, 2014, Canadian Malartic GP amended the acquired secured loan facility (the "CMGP Loan") with no change to maturity or pricing terms.
- Senior unsecured convertible debentures with principal outstanding of C\$37.5 million (\$34.6 million), a November 2017 maturity date and a 6.875% interest rate. As at the June 16, 2014 acquisition date, the convertible debentures had an attributable fair value of \$44.9 million. As at December 31, 2014, the convertible debentures had principal outstanding of \$32.3 million and an attributable fair value of \$34.7 million.
- A loan with principal outstanding of C\$2.1 million (\$2.0 million) with monthly repayments scheduled through the first quarter of 2015 and a 0.0% interest rate. As at December 31, 2014, the Company's attributable loan principal outstanding amounted to \$0.3 million.

The Company was in compliance with all covenants contained within the Credit Facility, Letter of Credit Facility, 2012 Notes and 2010 Notes as at December 31, 2014. Canadian Malartic GP was in compliance with all CMGP Loan covenants as at December 31, 2014.

The Company issued common shares for gross proceeds of \$10.4 million and \$15.7 million in 2014 and 2013, respectively, attributable to the Company's incentive share purchase plan and dividend re-investment plan.

Contractual Obligations

Agnico Eagle's contractual obligations as at December 31, 2014 are set out below:

	Total	2015	2016-2017	2018-2019	Thereafter
	<i>(millions of United States dollars)</i>				
Reclamation provisions ⁽ⁱ⁾	\$ 349.7	\$ 6.8	\$ 9.5	\$ 26.5	\$ 306.9
Purchase commitments	72.0	15.9	17.2	11.0	27.9
Pension obligations ⁽ⁱⁱ⁾	5.9	0.1	0.2	1.0	4.6
Finance and operating leases	51.5	24.7	18.1	7.2	1.5
Long-term debt ⁽ⁱⁱⁱ⁾	1,384.3	17.5	181.8	500.0	685.0
Total^(iv)	\$1,863.4	\$65.0	\$226.8	\$545.7	\$1,025.9

Notes:

- (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. Expected reclamation cash flows are presented above on an undiscounted basis. Reclamation provisions recorded in the Company's consolidated financial statements are measured at the expected value of future cash flows discounted to their present value using a risk-free interest rate.
- (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 2.0% 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) With respect to the Company's long-term debt obligations, the Company has assumed that repayment will occur on each instrument's respective maturity date.
- (iv) The Company's future operating cash flows are expected to be sufficient to satisfy its contractual obligations.

Off-Balance Sheet Arrangements

The Company's off-balance sheet arrangements as at December 31, 2014 include operating leases of \$5.7 million (see Note 14(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 \$172.3 million of (see Note 26 to the consolidated financial statements). If the Company were to terminate these off-balance sheet arrangements, the Company's liquidity position (as outlined in the table below) is sufficient to satisfy any related penalties or obligations.

2015 Liquidity and Capital Resources Analysis

The Company believes that it has sufficient capital resources to satisfy its 2015 mandatory expenditure commitments (including the contractual obligations set out above) and discretionary expenditure commitments. The following table sets out expected capital requirements and resources for 2015:

	<u>Amount</u>
	<i>(millions of United States dollars)</i>
2015 Mandatory Commitments:	
Contractual obligations (from table above)	\$ 65.0
Accounts payable and accrued liabilities (as at December 31, 2014)	206.2
Interest payable (as at December 31, 2014)	13.8
Income taxes payable (as at December 31, 2014)	19.3
Total 2015 mandatory expenditure commitments	\$ 304.3
2015 Discretionary Commitments:	
Expected 2015 capital expenditures	\$ 481.0
Total 2015 mandatory and discretionary expenditure commitments	\$ 785.3
2015 Capital Resources:	
Cash, cash equivalents and short-term investments (as at December 31, 2014)	\$ 182.2
Budgeted 2015 cash provided by operating activities	572.8
Working capital, excluding cash, cash equivalents and short-term investments (as at December 31, 2014)	397.2
Available under the Credit Facility (as at December 31, 2014)	699.0
Total 2015 Capital Resources	\$1,851.2

While the Company believes its capital resources will be sufficient to satisfy all 2015 commitments (mandatory and discretionary), the Company may choose to decrease certain of its discretionary expenditure commitments, which includes certain capital expenditures, should unexpected financial circumstances arise in the future. The Company believes that it will continue to generate sufficient capital resources to satisfy its planned development and growth activities.

Quarterly Results Review

For the Company's detailed 2014 and 2013 quarterly financial and operating results see *Summarized Quarterly Data* in this MD&A.

Revenues from mining operations increased by 15.1% to \$503.1 million in the fourth quarter of 2014 compared with \$437.2 million in the fourth quarter of 2013 due primarily to a 20.2% increase in payable gold production, partially offset by lower sales prices realized on gold and silver between periods. Production costs increased by 24.6% to \$287.3 million in the fourth quarter of 2014 compared with \$230.5 million in the fourth quarter of 2013 due primarily to the addition of \$51.3 million in attributable production costs from the acquired interest in the Canadian Malartic mine and the addition of production costs from the newly operational La India mine. Amortization of property, plant and mine development increased by \$48.3 million to \$139.1 million in the fourth quarter of 2014 compared with the fourth quarter of 2013 due primarily to the consolidation of the acquired interest in the Canadian Malartic mine and the achievement of commercial production at the La India mine in February 2014. An impairment loss of \$1,014.7 million was recorded in the fourth quarter of 2013 compared with nil in the fourth quarter of 2014. Based on an impairment evaluation of the Company's long-lived assets as at December 31, 2013, pre-tax impairment losses of \$639.3 million, \$307.5 million and \$67.9 million were recorded relating to the Meliadine project, the Meadowbank mine and the Lapa mine, respectively. As a result, a net loss of \$21.3 million was recorded in the fourth quarter of 2014 compared with a net loss of \$780.3 million in the fourth quarter of 2013.

Cash provided by operating activities of \$164.0 million in the fourth quarter of 2014 compared with \$140.8 million in the fourth quarter of 2013 due primarily to a 20.2% increase in payable gold production and a 4.4% increase in operating margin (revenues from mining operations less production costs), partially offset by decreases in the average realized price of gold and silver and a \$5.6 million increase in exploration and corporate development expenses between periods.

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 2015, payable gold production at the LaRonde mine is expected to be approximately 245,000 ounces. Over the 2015 to 2017 period, average annual payable gold production at the LaRonde mine is expected to be approximately 292,000 ounces. The commissioning of a cooling plant at the LaRonde mine has helped to enhance productivity by reducing heat and congestion in the lower section of the mine and provides additional flexibility in the mining plan. As a result, production from the deeper areas of the mine is expected to ramp up substantially through 2017. In addition, a new course ore conveyor system that is scheduled to be commissioned in late 2015 is expected to further enhance flexibility in the lower section of the mine. Total cash costs per ounce of gold produced on a by-product basis at the LaRonde mine are expected to be approximately \$576 in 2015 compared with \$668 in 2014, reflecting expectations of higher gold grade and increased production.

Lapa Mine

In 2015, payable gold production at the Lapa mine is expected to be approximately 75,000 ounces. Average annual payable gold production is expected to be approximately 62,500 ounces in 2015 and 2016 at the Lapa mine. 2015 and 2016 are the final two years of full production based on the Lapa mine's current life of mine plan with production expected to decline progressively due to lower tonnage and stope availability. The Company expects that the Lapa mine will only operate for a portion of 2016. Additional exploration results from the Zulapa Z7 and Z8 Zones could potentially extend the mine life beyond 2016. Total cash costs per ounce of gold produced on a by-product basis at the Lapa mine are expected to be approximately \$769 in 2015 compared with \$667 in 2014, reflecting expectations of decreased production and lower gold grade.

Goldex Mine

The Goldex mine achieved commercial production from the M and E Zones in October 2013. In 2015, payable gold production at the Goldex mine is expected to be approximately 100,000 ounces. Over the 2015 to 2017 period, average annual payable gold production at the Goldex mine is expected to be approximately 97,000 ounces. Continued exploitation of the M3 and M4 Zones is expected to maintain relatively constant production levels and costs at the Goldex mine through 2017. Exploration and development has accelerated on the Deep Zone with a goal of outlining a mineable mineral reserve and the completion of a technical study by early 2016. New development related to the Deep Zone and the nearby Akasaba West deposit could potentially extend the mine life beyond 2017. Total cash costs per ounce of gold produced on a by-product basis at the Goldex mine are expected to be approximately \$618 in 2015 compared with \$638 in 2014.

Meadowbank Mine

In 2015, payable gold production at the Meadowbank mine is expected to be approximately 400,000 ounces. Over the 2015 to 2017 period, average annual payable gold production at the Meadowbank mine is expected to be approximately 352,000 ounces. Higher than expected grades were mined in the Goose pit in the first half of 2014, resulting in higher than expected production in 2014. Production levels are expected to decrease progressively through 2017 due to a decline in gold grade as the current mineral reserve base is depleted. It is expected that approximately 55.0% of the total 2015 production from the Meadowbank mine will occur in the second half of the year due to higher grades being mined from the Portage E3 pit. The Company is evaluating a potential expansion of the Vault pit, with a decision expected in 2015 that could expand production beginning in 2017 and impact the distribution of production ounces between 2016 and 2018. A significant drill program is planned at the Amaruq project in 2015 to expand the initial inferred mineral resource base with a goal of potentially developing the deposit as a Meadowbank mine satellite operation. Total cash costs per ounce of gold

produced on a by-product basis at the Meadowbank mine are expected to be approximately \$656 in 2015 compared with \$599 in 2014, reflecting expectations of decreased production and lower gold grade.

Canadian Malartic Mine

The Canadian Malartic mine was jointly acquired by Agnico Eagle and Yamana on June 16, 2014. In 2015, attributable payable gold production at the Canadian Malartic mine is expected to be approximately 280,000 ounces. Over the 2015 to 2017 period, average annual attributable payable gold production at the Canadian Malartic mine is expected to be approximately 287,000 ounces. Mill throughput levels at the Canadian Malartic mine are expected to increase toward capacity by the second half of 2015, contingent upon updating existing operating permits. Total cash costs per ounce of gold produced on a by-product basis at the Canadian Malartic mine are expected to be approximately \$609 in 2015 compared with \$701 in 2014.

Kittila Mine

In 2015, payable gold production at the Kittila mine is expected to be approximately 185,000 ounces. Over the 2015 to 2017 period, average annual payable gold production at the Kittila mine is expected to be approximately 187,000 ounces. A mill expansion completed in 2014 has significantly increased capacity at the Kittila mine which is expected to be utilized through a combination of increased mine throughput and the processing of surface stockpiles. As part of the initiative to increase mine throughput, development of a ramp system related to the Rimpi Zone will be prioritized. Total cash costs per ounce of gold produced on a by-product basis at the Kittila mine are expected to be approximately \$711 in 2015 compared with \$845 in 2014, reflecting increased expected production.

Pinos Altos Mine

In 2015, payable gold production at the Pinos Altos mine is expected to be approximately 175,000 ounces. Over the 2015 to 2017 period, average annual payable gold production at the Pinos Altos mine is expected to be approximately 175,000 ounces. Mill throughput at the Pinos Altos mine has increased steadily from the original design rate of 4,000 tonnes per day to an average of approximately 5,500 tonnes per day. Total cash costs per ounce of gold produced on a by-product basis at the Pinos Altos mine are expected to be approximately \$526 in 2015 compared with \$533 in 2014.

Creston Mascota deposit at Pinos Altos

In 2015, payable gold production at the Creston Mascota deposit at Pinos Altos is expected to be approximately 50,000 ounces. Over the 2015 to 2017 period, average annual payable gold production at the Creston Mascota deposit at Pinos Altos is expected to be approximately 45,000 ounces. The completion of construction on the Phase 3 leach pad and the installation of a new agglomerator to increase crushed ore processing capabilities in 2014 have combined to increase expected production at the Creston Mascota deposit at Pinos Altos in 2015 compared with 2014. Further drilling on the Bravo deposit is planned for 2015 to evaluate it as a potential source of future additional production. Total cash costs per ounce of gold produced on a by-product basis at the Creston Mascota deposit at Pinos Altos are expected to be approximately \$559 in 2015 compared with \$578 in 2014, reflecting increased expected production.

La India Mine

The La India mine achieved commercial production in February 2014. In 2015, payable gold production at the La India mine is expected to be approximately 90,000 ounces. Over the 2015 to 2017 period, average annual payable gold production at the La India mine is expected to be approximately 92,000 ounces in line with design expectations. Total cash costs per ounce of gold produced on a by-product basis at the La India mine are expected to be approximately \$491 in 2015 compared with \$487 in 2014.

Growth Summary

With the achievement of commercial production at the Kittila, Lapa and Pinos Altos mines in 2009, the Meadowbank mine in 2010, the Creston Mascota deposit at Pinos Altos and LaRonde mine extension in 2011, the Goldex mine M and E Zones in 2013 and the La India mine in 2014 along with the joint acquisition of the Canadian Malartic mine on June 16, 2014, Agnico Eagle has transformed from a one mine operation to a nine mine senior gold mining company over the last seven years. In 2014, the Company achieved record annual payable gold production of 1,429,288 ounces. 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 1,600,000 ounces in 2015, representing an 11.9% increase compared with 2014. The Company expects that the main contributors to targeted increases in payable gold production, mineral reserves and mineral resources in 2015 will include:

- A full year of attributable production from the Canadian Malartic mine, jointly acquired on June 16, 2014
- Increased production from the Kittila mine due to the successful 2014 completion of its mill expansion
- Increased production from the LaRonde mine due to the successful commissioning of a cooling plant and the resulting enhanced productivity in the lower section of the mine
- A full year of production from the La India mine which achieved commercial production in February 2014
- Continued conversion of Agnico Eagle's current mineral resources to mineral reserves

Financial Outlook

Revenue from Mining Operations and Production Costs

In 2015, the Company expects to continue to generate solid cash flow with payable gold production of approximately 1,600,000 ounces, up from 1,429,288 ounces in 2014 due primarily to a full year of attributable operations from the Canadian Malartic mine that was jointly acquired on June 16, 2014, increased mill throughput at the Kittila mine facilitated by the mill expansion completed in 2014, and increased production from the higher grade deeper portions of the LaRonde mine facilitated by new cooling and ventilation infrastructure commissioned during 2014.

The table below sets out actual payable production in 2014 and estimated payable production in 2015:

	2015 Estimate	2014 Actual
Gold (ounces)	1,600,000	1,429,288
Silver (thousands of ounces)	3,987	3,564
Zinc (tonnes)	7,612	10,515
Copper (tonnes)	5,322	4,997

In 2015, the Company is expecting total cash costs per ounce of gold produced on a by-product basis at the LaRonde mine to be \$576 compared with \$668 in 2014. In calculating estimates of total cash costs per ounce of gold produced on a by-product basis for the LaRonde mine, net silver, zinc and copper by-product revenue is treated as a reduction to production costs. Therefore, production and price assumptions for by-product metals play an important role in the LaRonde mine's total cash costs per ounce of gold produced on a by-product basis estimate due to its significant by-product production. In addition, the Pinos Altos mine generates significant silver by-product production. An increase in by-product metal prices above forecast levels would result in improved total cash costs per ounce of gold produced on a by-product basis at these mines. Total cash costs per ounce of gold produced on a co-product basis are expected to be \$869 in 2015 at the LaRonde mine compared with \$1,055 in 2014.

As production costs at the LaRonde, Lapa, Goldex, Meadowbank and Canadian Malartic mines are denominated primarily in Canadian dollars, production costs at the Kittila mine are denominated primarily in Euros and production costs at the Pinos Altos mine, the Creston Mascota deposit at Pinos Altos and the La India mine are denominated primarily in Mexican pesos, the Canadian dollar/US dollar, Euro/US dollar and Mexican peso/US dollar exchange rates also have an impact on the total cash costs per ounce of gold produced estimates both on a by-product and co-product basis.

The table below sets out the metal price and exchange rate assumptions used in deriving the estimated 2015 total cash costs per ounce of gold produced on a by-product basis (production estimates for each metal are shown in the table above) as well as the actual market average closing prices for each variable for the period of January 1, 2015 through March 13, 2015:

	2015 Assumptions	Actual Market Average (January 1, 2015 – March 13, 2015)
Gold (per ounce)	\$1,200	\$1,228
Silver (per ounce)	\$18.00	\$16.79
Zinc (per tonne)	\$2,000	\$2,088
Copper (per tonne)	\$6,614	\$5,786
C\$/US\$ exchange rate (C\$)	\$ 1.20	\$ 1.23
Euro/US\$ exchange rate (Euros)	€ 0.85	€ 0.88
Mexican peso/US\$ exchange rate (Mexican pesos)	12.75	14.90

See *Risk Profile – Metal Prices and Foreign Currencies* in this MD&A for the estimated impact on 2015 total cash costs per ounce of gold produced on a by-product basis of a 10% change in assumed metal prices and exchange rates.

Exploration and Corporate Development Expenditures

In 2015, Agnico Eagle expects to incur expenditures of \$107.0 million on minesite, advanced project and greenfield exploration. Exploration expenditures are expected to be focused on the Amaruq project in Nunavut, Canada (located approximately 50 kilometers northwest of the Meadowbank mine) and the El Barqueno project in Jalisco State, Mexico (acquired on November 28, 2014 as part of Cayden Resources Inc.). A significant drill program is planned at the Amaruq project in 2015 with the goal of potentially developing the deposit as a satellite operation to the Meadowbank mine. The Company believes that the El Barqueno project may have the potential to be developed as a combination open pit/underground mine with mill and heap leach processing and mineralization similar to the Pinos Altos mine. Agnico Eagle plans to complete a \$15.0 million exploration program at the El Barqueno project in 2015 with a goal of developing an initial mineral resource by the end of the year.

Exploration programs are designed to infill and expand known deposits and test other favourable target areas that could ultimately supplement the Company's existing production profile. Exploration is success driven and thus these estimates could change materially based on the results of the various exploration programs. When it is determined that a project can generate future economic benefit, the costs of drilling and development to further delineate the ore body on such a property are capitalized. In 2015, the Company expects to capitalize \$13.0 million on drilling and development related to further delineating ore bodies and converting mineral resources into mineral reserves.

Other Expenses

General and administrative expenses are expected to decrease to between \$88.0 million and \$103.0 million in 2015 compared with \$118.8 million in 2014. Amortization of property, plant and mine development is expected to increase to between \$550.0 million and \$575.0 million in 2015 compared with \$433.6 million in 2014 due primarily to the consolidation of a full year of attributable amortization related to Canadian Malartic mine and to significant expected increases in gold production at the Kittila and LaRonde mines between periods. The Company's effective tax rate is expected to be between 40.0% and 45.0% in 2015.

Capital Expenditures

Capital expenditures, including sustaining capital, construction and development costs and capitalized exploration costs, are expected to total approximately \$481.0 million in 2015. The Company expects to fund its 2015 capital expenditures through

operating cash flow from the sale of its gold production and the associated by-product metals. Significant components of the expected 2015 capital expenditures program include the following:

- \$304.0 million in sustaining capital expenditures relating to the LaRonde mine (\$67.0 million), Pinos Altos mine (\$50.0 million), Kittila mine (\$50.0 million), Meadowbank mine (\$43.0 million), Canadian Malartic mine (\$40.0 million – portion attributable to the Company), La India mine (\$25.0 million), Goldex mine (\$14.0 million), the Creston Mascota deposit at Pinos Altos (\$10.0 million) and the Lapa mine (\$5.0 million);
- \$164.0 million in capitalized development expenditures relating to the Meliadine project (\$64.0 million), Pinos Altos mine (\$44.0 million), Goldex mine (\$26.0 million), Canadian Malartic mine (\$19.0 million – portion attributable to the Company) and the Kittila mine (\$11.0 million); and
- \$13.0 million in capitalized drilling expenditures.

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

All-in Sustaining Costs per Ounce of Gold Produced

Based on the recommendations of the World Gold Council made in 2013, the Company has modified its calculation of all-in sustaining costs per ounce of gold produced for 2014. All-in sustaining costs per ounce of gold produced is presented on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (before by-product metal revenues). All-in sustaining costs per ounce of gold produced on a by-product basis is calculated as the aggregate of total cash costs per ounce of gold produced on a by-product basis and sustaining capital expenditures (including capitalized exploration), general and administrative expenses (including stock options) and non-cash reclamation provision expense per ounce of gold produced. All-in sustaining costs per ounce of gold produced on a co-product basis is calculated in the same manner as all-in sustaining costs per ounce of gold produced on a by-product basis except that no adjustment for by-product metal revenues is made to total cash costs per ounce of gold produced. The calculation of all-in sustaining costs per ounce of gold produced on a co-product basis does not reflect a reduction in production costs or smelting, refining and marketing charges associated with the production and sale of by-product metals.

Prior to modifying its calculation of all-in sustaining costs per ounce of gold produced for 2014 based on the recommendations of the World Gold Council, the Company calculated all-in sustaining costs per ounce of gold produced on a by-product basis as the aggregate of total cash costs per ounce of gold produced on a by-product basis and sustaining capital expenditures, general and administrative expenses (net of stock options) and exploration and corporate development expenses (excluding greenfield exploration) per ounce of gold produced. All-in sustaining costs per ounce of gold produced on a co-product basis would have been calculated in the same manner as all-in sustaining costs per ounce of gold produced on a by-product basis except that no adjustment for by-product metal revenues, net of smelting, refining and marketing charges would have been made to total cash costs per ounce of gold produced.

Agnico Eagle's all-in sustaining costs per ounce of gold produced on a by-product basis are expected to be approximately \$880 to \$900 in 2015.

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 "Risk Factors" in the AIF.

Metal Prices and Foreign Currencies

Agnico Eagle's net income (loss) is sensitive to metal prices and the Canadian dollar/US dollar, Mexican peso/US dollar and Euro/US dollar exchange rates. For the purpose of the sensitivity analyses set out in the table below, the Company applied the following metal price and exchange rate assumptions for 2015:

- Gold – \$1,200 per ounce;
- Silver – \$18 per ounce;
- Zinc – \$2,000 per tonne;
- Copper – \$6,614 per tonne;
- Canadian dollar/US dollar – C\$1.20 per \$1.00;
- Euro/US dollar – €0.85 per \$1.00; and
- Mexican peso/US dollar – 12.75 Mexican pesos per \$1.00.

Changes in the market price of gold may 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 may be attributed to factors such as demand and global mine production levels. Changes in exchange rates may be attributed to factors such as supply and demand for currencies and economic conditions in each country or currency area. In 2014, the ranges of metal prices and exchange rates were as follows:

- Gold: \$1,131 – \$1,392 per ounce, averaging \$1,266 per ounce;
- Silver: \$14 – \$22 per ounce, averaging \$19 per ounce;
- Zinc: \$1,934 – \$2,420 per tonne, averaging \$2,164 per tonne;
- Copper: \$6,305 – \$7,440 per tonne, averaging \$6,863 per tonne;
- Canadian dollar/US dollar: C\$1.06 – C\$1.17 per \$1.00, averaging C\$1.10 per \$1.00;
- Euro/US dollar: €0.71 – €0.83 per \$1.00, averaging €0.75 per \$1.00; and
- Mexican peso/US dollar: 12.82 – 14.94 Mexican pesos per \$1.00, averaging 13.31 Mexican pesos per \$1.00.

The following table sets out the impact on estimated 2015 total cash costs per ounce of gold produced on a by-product basis of specifically identified changes in assumed metal prices and exchange rates. Specifically identified changes in each variable were considered in isolation while holding all other assumptions constant. Based on historical market data and the 2014 price ranges shown above, these specifically identified changes in assumed metal prices and exchange rates are reasonably likely in 2015.

Changes in Variable	Impact on Estimated 2015 Total Cash Costs per Ounce of Gold Produced (By-Product Basis)
Silver – \$1 per ounce	\$2
Zinc – 10%	–
Copper – 10%	–
Canadian dollar/US dollar – 1%	\$5
Euro/US dollar – 1%	\$1
Mexican peso/US dollar – 10%	\$1

In order to mitigate the impact of fluctuating by-product metal prices, the Company occasionally enters into derivative financial instrument contracts under its Risk Management Policies and Procedures, approved by the Board. The Company

has a long-standing policy of no forward gold sales. However, the policy does allow the Company to use other hedging strategies where appropriate to mitigate foreign exchange and by-product metal pricing risks. The Company occasionally buys put options, enters into price collars and enters into forward contracts to protect minimum by-product 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 by-product 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 Policies and Procedures, 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 financial instrument strategy includes the use of purchased puts, sold calls, collars and forwards that are not held for speculative purposes.

Cost Inputs

The Company 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, 2014, the Company had drawn down \$500.0 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, 2014, short-term investments amounted to \$4.6 million.

Amounts drawn under the Credit Facility are subject to floating interest rates based on benchmark rates available in the United States and Canada or on LIBOR. In the past, the Company has entered into derivative instruments to hedge against unfavorable changes in interest rates. The Company will continue to monitor its interest rate exposure and may enter into such agreements to manage its exposure to fluctuating interest rates.

Financial Instruments

The Company occasionally enters into contracts to limit the risk associated with decreased by-product 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.

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 financial instruments, please see "Critical IFRS Accounting Policies and Accounting Estimates – Derivative Instruments and Hedge Accounting" in this MD&A.

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 these or similar types of 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 seven years, reflecting the transition from one mine to nine mines at the end of 2014. However, the Meadowbank mine accounted for approximately 31.7% of the Company's payable gold production in 2014, and is expected to continue to account for a significant portion of payable gold production in future years.

The following table sets out estimated 2015 payable gold production by mine:

	Estimated Payable Gold Production (Ounces)	Estimated Payable Gold Production (%)
LaRonde mine	245,000	15
Lapa mine	75,000	5
Goldex mine	100,000	6
Meadowbank mine	400,000	25
Canadian Malartic mine	280,000	17
Kittila mine	185,000	12
Pinos Altos mine	175,000	11
Creston Mascota deposit at Pinos Altos	50,000	3
La India mine	90,000	6
Total	1,600,000	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. The Company has failed to meet payable gold production forecasts in the past 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. On October 19, 2011, the Company suspended mining operations and gold production at the Goldex mine's Goldex Extension Zone indefinitely due to geotechnical concerns with the rock above the mining horizon, significantly impacting Agnico Eagle's payable gold production. On September 30, 2012, the Creston Mascota deposit at Pinos Altos experienced a movement of leached ore from the upper lifts of the Phase One leach pad, resulting in a temporary suspension of active leaching through March 13, 2013 and significantly impacting the Company's payable gold production. 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 over 3 kilometers. 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. Although a new cooling plant began operating in December 2013, 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 by-product 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 record a material impairment loss on 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 by-product 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 reporting 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 mines in 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, licenses, 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 kilometers 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 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.

Controls Evaluation

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR") and disclosure controls and procedures ("DC&P"). The Company's management, under the supervision of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of its ICFR and DC&P as at December 31, 2014. Based on this evaluation, management concluded that the Company's ICFR and DC&P were effective.

Outstanding Securities

The following table sets out the maximum number of common shares that would be outstanding if all dilutive instruments outstanding at March 13, 2015 were exercised:

Common shares outstanding at March 13, 2015	214,121,157
Employee stock options	73,650
Common shares held in a trust in connection with the restricted share unit plan	461,973
Common shares held by a depositary relating to convertible debentures previously issued by Osisko	871,680
Total	215,528,460

Governance

Agnico Eagle's Sustainable Development Policy, approved by the Board of Directors in 2012, formally outlines the guiding principles and commitments to be upheld by the Company. The Sustainable Development Policy is based on 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 2014, the Company continued the process of integrating sustainability into all aspects and stages of its business, from the corporate objectives and executive responsibility of 'maintaining high standards in sustainability' to exploration and acquisition activities, day to day operating and site closure plans. This integration will lead to employees taking greater ownership towards the implementation of responsible mining practices.

This integration process is done through the development and implementation of a formal Health, Safety, Environment and Community 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 acceptability matters. RMMS documentation is 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 BS OHSAS 18001 Occupational Health and Safety Management System.

Agnico Eagle became a signatory of the International Cyanide Management Code (the "Cyanide Code") in 2011. The Company's commitments as a signatory to the Cyanide Code are incorporated in the RMMS. In 2014, third-party Cyanide Code audits were conducted at the Kittila, Pinos Altos and Meadowbank mines. The Kittila mine achieved Cyanide Code requirements certification early in 2015 and the Pinos Altos and Meadowbank mines are expected to receive Cyanide Code requirements certification later in 2015.

The RMMS also integrates 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 2015, all of Agnico Eagle's mines are expected to complete an external audit evaluating the TSM protocols.

Employee Health and Safety

The Company is responsible for providing employees with a safe working environment and with the tools and training to carry out their duties in an efficient and safe manner. In 2014, Agnico Eagle's combined lost-time accident ("LTA") frequency rate was significantly lower than its target rate, and 13.0% lower than 2013. The Company has now achieved its lowest ever combined LTA rate for the second year in a row.

In 2014, a Company-wide risk assessment exercise was carried out to identify and classify health and safety risks – as well as risks to the environment and local communities. In 2015, it is expected that each Agnico Eagle operation will prepare and implement an action plan to reduce risks identified through the risk assessment exercise.

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 its 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 each 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 relevant information between shifts to improve efficiency and safety.

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.

Community

The Company's goal at each of its operations is to hire as much as possible of its workforce, including management teams, directly from the local region in which the operation is located. In 2014, the proportion of Agnico Eagle's mine workforce hired locally was 83.0% while the proportion of the mine management team hired locally was 71.0%. The Company believes that providing employment is one of the most significant contributions it can make to the communities in which it operates.

2014 was the last year of 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 was 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.

Agnico Eagle works closely with neighboring communities to develop alternative employment and business opportunities to help diversify local economies. The Company also continues to support a number of community health and educational initiatives surrounding its mines.

Environment

In 2014, one notice of infraction was received by the LaRonde mine for a tailings line puncture. The tailings were immediately removed and no further action was considered necessary.

The Meadowbank mine experienced isolated non-compliance events at the Portage attenuation pond effluent which has since been shut down permanently. One non-compliance event was also experienced at the Vault pit attenuation pond effluent. An investigation related to a seepage event from a waste rock pile at the Meadowbank mine continued throughout 2014.

The Nunavut Impact Review Board ("NIRB") public hearings on the Meliadine project took place in August 2014 and a Project Certificate was issued by the NIRB.

The Canadian Malartic mine received 28 infractions in 2014, mostly related to noise, blasting fumes and overpressure, representing a 32.0% reduction compared with the number of infractions received in 2013.

The La India mine received a notice of infraction in September 2014 from a regulatory inspection of the segregation of wood and scrap metal.

The appeal process related to the July 2013 Kittila mine updated environmental permit continued in 2014. The Company is appealing some of the requirements included in the permit. A final decision is expected in 2015.

International Financial Reporting Standards

The Company has adopted IFRS as its basis of accounting, replacing US GAAP effective July 1, 2014. As a result, Agnico Eagle's consolidated financial statements for 2014 are reported in accordance with IFRS, with comparative information restated under IFRS and a transition date of January 1, 2013. Certain figures in this MD&A are presented in accordance with US GAAP and have been labeled accordingly.

Generally Accepted Accounting Principles ("GAAP") for Canadian publicly accountable enterprises became IFRS as issued by the International Accounting Standards Board in 2011 and the US Securities and Exchange Commission ("SEC") in the United States accepts financial statements prepared in accordance with IFRS without reconciliation to US GAAP from foreign private issuers. Accordingly, Agnico Eagle decided to convert its basis of accounting to IFRS to enhance the comparability of its financial statements to the Company's peers in the mining industry.

Agnico Eagle developed and executed a detailed IFRS conversion plan including an assessment phase, an impact analysis and design phase and an implementation phase, culminating in the Company's initial reporting in accordance with IFRS in the third quarter of 2014.

Reconciliations from US GAAP to IFRS

The Company's consolidated financial statements for 2014 include the following reconciliations from Agnico Eagle's previous US GAAP basis of accounting to IFRS:

- Total equity as at the January 1, 2013 transition date;
- Total equity as at December 31, 2013; and
- Net loss and other comprehensive income for the year ended December 31, 2013.

Critical IFRS Accounting Policies and Accounting Estimates

Agnico Eagle's significant IFRS accounting policies are disclosed in the Summary of Significant Accounting Policies note to the consolidated financial statements. Significant accounting policy changes as a result of adopting IFRS are disclosed in the explanatory notes following the reconciliations between US GAAP and IFRS in the Transition to IFRS note to the consolidated financial statements.

In preparing these consolidated financial statements in accordance with IFRS 1 *First-time Adoption of International Financial Reporting Standards* ("IFRS 1"), the Company has applied certain of the optional exemptions from full retrospective application of IFRS. Optional IFRS 1 exemptions applied by Agnico Eagle are disclosed in the Transition to IFRS note to the consolidated financial statements.

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. In making judgments about the carrying value of assets and liabilities, the Company uses estimates based on historical experience and assumptions that are considered reasonable in the circumstances. Although the Company evaluates its accounting estimates periodically, 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.

Derivative Instruments and Hedge Accounting

The Company uses derivative financial instruments (primarily option and forward contracts) to manage exposure to fluctuations in by-product metal prices, interest rates and foreign currency exchange rates and may use such means to manage exposure to certain input costs. The Company 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 equity as a component of accumulated other comprehensive income (loss), depending on the nature of the derivative financial instrument and whether it qualifies for hedge accounting. Financial instruments designated as hedges are tested for effectiveness at each reporting period. Realized gains and losses on those contracts that are proven to be effective are reported as a component of the related transaction.

Goodwill

Goodwill is recognized in a business combination if the cost of the acquisition exceeds the fair values of the identifiable net assets acquired. Goodwill is then allocated to the cash generating unit (“CGU”) or group of CGUs that are expected to benefit from the synergies of the combination. A CGU is the smallest identifiable group of assets that generates cash inflows which are largely independent of the cash inflows from other assets or groups of assets.

The Company performs goodwill impairment tests on an annual basis as at December 31 each year. In addition, the Company assesses for indicators of impairment at each reporting period end and, if an indicator of impairment is identified, goodwill is tested for impairment at that time. If the carrying value of the CGU or group of CGUs to which goodwill is assigned exceeds its recoverable amount, an impairment loss is recognized. Goodwill impairment losses are not reversed.

The recoverable amount of a CGU or group of CGUs is measured as the higher of value in use and fair value less costs of disposal.

Mining Properties, Plant and Equipment and Mine Development Costs

Mining properties, plant and equipment and mine development costs are recorded at cost, less accumulated amortization and accumulated impairment losses.

Mining Properties

The cost of mining properties includes the fair value attributable to proven and probable mineral reserves and mineral resources acquired in a business combination or asset acquisition, underground mine development costs, deferred stripping, capitalized exploration and evaluation costs and capitalized interest.

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 units-of-production method, based on estimated proven and probable mineral 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. Cost components of a specific project that are included in the capital cost of the asset include salaries and wages directly attributable to the project, supplies and materials used in the project, and incremental overhead costs that can be directly attributable to the project.

Assets under construction are not amortized until the end of the construction period or once the production stage is achieved. Upon achieving the production stage, the capitalized construction costs are transferred to the appropriate category of plant and equipment.

Plant and Equipment

Expenditures for new facilities and improvements that can extend the useful lives of existing facilities are capitalized as plant and equipment at cost. The cost of an item of plant and equipment includes: its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and the estimate of the costs of dismantling and removing the item and restoring the site on which it is located other than costs that arise as a consequence of having used the item to produce inventories during the period.

Amortization of an asset begins when the asset is in the location and condition necessary for it to operate in the manner intended by management. Amortization ceases at the earlier of the date the asset is classified as held for sale or the date the asset is derecognized. Assets under construction are not amortized until the end of the construction period. Amortization is charged according to either the units-of-production method or on a straight-line basis, according to the pattern in which the asset's future economic benefits are expected to be consumed. The amortization method applied to an asset is reviewed at least annually.

Mine Development Costs

Mine development costs incurred after the commencement of production are capitalized when they are expected to have a future economic benefit. Activities that are typically capitalized include costs incurred to build shafts, drifts, ramps, and access corridors which enables the Company to extract ore underground.

The Company records amortization on underground mine development costs on a units-of-production basis based on the estimated tonnage of proven and probable mineral reserves of the identified component of the ore body. The units-of-production method defines the denominator as the total tonnage of proven and probable mineral reserves.

Deferred Stripping

In open pit mining operations, it is necessary to remove overburden and other waste materials to access ore from which minerals can be extracted economically. The process of mining overburden and waste materials is referred to as stripping.

During the development stage of the mine, stripping costs are capitalized as part of the cost of building, developing and constructing the mine and are amortized once the mine has entered the production stage.

During the production stage of a mine, stripping costs are recorded as a part of the cost of inventories unless these costs are expected to provide a future economic benefit and, in such cases, are capitalized to property, plant and mine development.

Production stage stripping costs provide a future economic benefit when:

- It is probable that the future economic benefit (e.g., improved access to the ore body) associated with the stripping activity will flow to the Company;
- The Company can identify the component of the ore body for which access has been improved; and
- The costs relating to the stripping activity associated with that component can be measured reliably.

Capitalized production stage stripping costs are amortized over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

Borrowing Costs

Borrowing costs are capitalized to qualifying assets. Qualifying assets are assets that take a substantial period of time to prepare for the Company's intended use, which includes projects that are in the exploration and evaluation, development or construction stages.

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as finance costs in the period in which they are incurred. Where the funds used to finance a qualifying asset form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to the relevant borrowings during the period.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, including whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Leasing arrangements that transfer substantially all the risks and rewards of ownership of the asset to the Company are classified as finance leases. Finance leases are recorded as an asset with a corresponding liability at an amount equal to the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance costs using the effective interest rate method, whereby a constant rate of interest

expense is recognized on the balance of the liability outstanding. The interest element of the lease is charged to the consolidated statement of income (loss) as a finance cost. An asset leased under a finance lease is amortized over the shorter of the lease term and its useful life.

All other leases are recognized as operating leases. Operating lease payments are recognized as an operating expense in the consolidated statements of income (loss) on a straight-line basis over the lease term.

Development Stage Expenditures

Development stage expenditures are costs incurred to obtain access to proven and probable mineral reserves and provide facilities for extracting, treating, gathering, transporting and storing the minerals. The development stage of a mine commences when the technical feasibility and commercial viability of extracting the mineral resource has been determined. Costs that are directly attributable to mine development are capitalized as property, plant and mine development to the extent that they are necessary to bring the property to commercial production.

Abnormal costs are expensed as incurred. Indirect costs are included only if they can be directly attributed to the area of interest. General and administrative costs are capitalized as part of the development expenditures when the costs are directly attributed to a specific mining development project.

Commercial Production

A mine construction project is considered to have entered the production stage when the mine construction assets are available for use. In determining whether mine construction assets are considered available for use, the criteria considered include, but are not limited to, the following:

- Completion of a reasonable period of testing mine plant and equipment;
- Ability to produce minerals in saleable form (within specifications); and
- Ability to sustain ongoing production of minerals.

When a mine construction project moves into the production stage, amortization commences, the capitalization of certain mine construction costs ceases and expenditures are either capitalized to inventories or expensed as incurred. Exceptions include costs incurred for additions or improvements to property, plant and mine development and open-pit stripping activities.

Impairment of Long-lived Assets

At the end of each reporting period the Company assesses whether there is any indication that long-lived assets may be impaired. If an indicator of impairment exists, the recoverable amount of the asset is calculated in order to determine if any impairment loss is required. If it is not possible to estimate the recoverable amount of the individual asset, assets are grouped at the CGU level for the purpose of assessing the recoverable amount. An impairment loss is recognized for any excess of the carrying amount of the CGU over its recoverable amount. The impairment loss related to a CGU is first allocated to goodwill and the remaining loss is allocated on a pro-rata basis to the remaining long-lived assets of the CGU based on their carrying amounts.

Any impairment charge that is taken on a long-lived asset except goodwill is reversed if there are subsequent changes in the estimates or significant assumptions that were used to recognize the impairment loss that result in an increase in the recoverable amount of the CGU. If an indicator of impairment reversal has been identified, a recovery should be recognized to the extent the recoverable amount of the asset exceeds its carrying amount. The amount of the reversal is limited to the difference between the current carrying amount and the amount which would have been the carrying amount had the earlier impairment not been recognized and amortization of that carrying amount had continued. Impairments and subsequent reversals are recorded in the consolidated statement of income (loss) in the period in which they occur.

Reclamation Provisions

Asset retirement obligations (“AROs”) arise from the acquisition, development and construction 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 Company recognizes an ARO at the time the environmental disturbance occurs or a

constructive obligation is determined to exist based on the Company's best estimate of the timing and amount of expected cash flows expected to be incurred. When the ARO provision is recognized, the corresponding cost is capitalized to the related item of property, plant and mine development. Reclamation provisions that result from disturbance in the land to extract ore in the current period is included in the cost of inventories.

The timing of the actual environmental remediation expenditures is dependent on a number of factors such as the life and nature of the asset, the operating licence conditions and the environment in which the mine operates. Reclamation provisions are measured at the expected value of future cash flows discounted to their present value using a risk-free interest rate. AROs are adjusted each period to reflect the passage of time (accretion). Accretion expense is recorded in financing costs each period. Upon settlement of an ARO, the Company records a gain or loss if the actual cost differs from the carrying amount of the ARO. Settlement gains/losses are recorded in the consolidated statements of income (loss).

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 proven and probable mineral 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.

Each reporting period, provisions for AROs are remeasured to reflect any changes to significant assumptions, including the amount and timing of expected cash flows and risk-free interest rates. Changes to the reclamation provision resulting from changes in estimate are added to or deducted from the cost of the related asset, except where the reduction of the reclamation provision exceeds the carrying value of the related assets in which case the asset is reduced to nil and the remaining adjustment is recognized in the consolidated statements of income (loss).

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 or constructive 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. ERLs are measured by discounting the expected related cash flows using a risk-free interest rate. The Company prepares estimates of the timing and amount of expected cash flows when an ERL is incurred. Each reporting period, 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 value of the ERL. Any change in the value of ERLs results in a corresponding charge or credit to the consolidated statements of income (loss). Upon settlement of an ERL, the Company records a gain or loss if the actual cost differs from the carrying amount of the ERL in the consolidated statements of income (loss).

Stock-based Compensation

The Company offers equity-settled awards (the employee stock option plan, incentive share purchase plan and restricted share unit plan) to certain employees, officers and directors of the Company.

Employee Stock Option Plan ("ESOP")

The Company's ESOP provides for the granting of options to directors, officers, employees and service providers to purchase common shares. 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 cost is recorded over the vesting period of the award to the same expense category of the award recipient's payroll costs and the corresponding entry is recorded in equity. Equity-settled awards are not remeasured subsequent to the initial grant date. The dilutive impact of stock option grants is factored into the Company's reported diluted net income (loss) per share. The stock option expense incorporates an expected forfeiture rate, estimated based on expected employee turnover.

Incentive Share Purchase Plan ("ISPP")

Under the ISPP, directors (excluding non-executive directors), officers and employees (the participants) of the Company 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 ISPP are issued by the Company.

The Company records an expense equal to its cash contribution to the ISPP. No forfeiture rate is applied to the amounts accrued. Where an employee leaves prior to the vesting date, any accrual for contributions by the Company during the vesting period related to that employee is reversed.

Restricted Share Unit ("RSU") Plan

The RSU plan is open to directors and certain employees including senior executives of the Company. RSUs are measured at fair value at the grant date of the award using the Black-Scholes option valuation model and are re-measured to fair value at each reporting period until settlement. The cost is then recorded over the vesting period of the award. This expense, and any changes in the fair value of the award, is recorded to the same expense category of the award recipient's payroll costs. The cost of the RSUs is recorded within liabilities until settled.

Revenue Recognition

Revenue from mining operations consists of gold revenues, net of smelting, refining, transportation and other marketing charges. Revenues from by-product metal sales are shown net of smelter charges as part of revenues from mining operations.

Revenue from the sale of gold and silver is recognized when the following conditions have been met:

- The Company has transferred to the buyer the significant risks and rewards of ownership;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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 of 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 established as of 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 the risks and rewards of ownership of the 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.

Income Taxes

Current tax and deferred tax expenses are recognized in the consolidated statements of income (loss) except to the extent that they relate to a business combination, or to items recognized directly in equity or in other comprehensive income (loss).

Current tax expense is based on substantively enacted statutory tax rates and laws at the consolidated balance sheet date.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax basis of such assets and liabilities measured using tax rates and laws that are substantively enacted at the consolidated balance sheet date and effective for the reporting period when the temporary differences are expected to reverse.

Deferred taxes are not recognized where:

- The deferred tax liability arises from the initial recognition of goodwill;

- The deferred tax asset or liability arises on the initial recognition of an asset or liability in an acquisition that is not a business combination and, at the time of the acquisition, affects neither the accounting profit nor taxable profit or loss; and
- For temporary differences relating to investments in subsidiaries and jointly controlled entities to the extent that the Company can control the timing of the temporary difference and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognized for unused losses carried forward and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be utilized except as noted above.

At each reporting period, previously unrecognized deferred tax assets are reassessed to determine whether it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Recently Adopted and Recently Issued Accounting Pronouncements and Developments

See note 3 to the Company's consolidated financial statements for recently issued accounting pronouncements and developments.

Mineral Reserve Data

The scientific and technical information set out in this MD&A has been approved by the following "qualified persons" as defined under the CSA's National Instrument 43-101 *Standards of Disclosure for Mineral Properties*: mineral reserves and mineral resources (other than for the Canadian Malartic mine) – Daniel Doucet, ing., Senior Corporate Director, Reserve Development; mineral reserves and mineral resources (for the Canadian Malartic mine) – Donald Gervais, ing., Director of Technical Services at Canadian Malartic Corporation; environmental – Louise Grondin, P.Eng., Senior Vice-President, Environment and Sustainable Development; mining operations, Southern Business – Tim Haldane, P.Eng., Senior Vice-President, Operations – USA & Latin America; metallurgy – Paul Cousin, ing., Vice-President, Metallurgy; and mining operations, Northern Business – Christian Provencher, ing., Vice-President, Canada. The Company's mineral reserves estimate was derived from internally generated data or geology reports. Four of the Company's reserve and resource estimates (Kittila, Meliadine, Pinos Altos and La India) have been audited by independent consultants.

The assumptions used for the mineral reserve estimates at all mines and projects reported in this MD&A (except the Canadian Malartic mine) as at December 31, 2014 are \$1,150 per ounce gold, \$18.00 per ounce silver, \$1.00 per pound zinc, \$3.00 per pound copper, \$0.91 per pound lead and exchange rates of C\$1.08 per US\$1.00, €0.77 per US\$1.00 and 13.00 Mexican pesos per \$1.00.

For the Canadian Malartic mine, the Company has reported its attributable mineral reserve estimates as at June 16, 2014 in the Mineral Reserve Estimates for the Canadian Malartic Property as filed with Canadian securities regulatory authorities on SEDAR on August 13, 2014, adjusted for attributable 2014 production. The assumptions used for the mineral reserve estimates reported in this MD&A for the Canadian Malartic mine as at December 31, 2014 are \$1,300 per ounce gold and an exchange rate of C\$1.10 per US\$1.00.

Proven and Probable Mineral Reserves by Property⁽ⁱ⁾	Tonnes	Gold Grade (Grams per Tonne)	Contained Gold (Ounces)⁽ⁱⁱ⁾
<i>Proven Mineral Reserves</i>			
LaRonde mine	4,460,000	3.76	538,000
Lapa mine	832,000	5.87	157,000
Goldex mine	203,000	1.70	11,000
Meadowbank mine	1,090,000	1.50	53,000
Canadian Malartic mine	24,969,000	0.92	736,000
Meliadine project	34,000	7.31	8,000
Kittila mine	921,000	4.41	131,000
Pinos Altos mine	2,441,000	3.27	257,000
Creston Mascota deposit at Pinos Altos	187,000	0.76	5,000
La India mine	99,000	0.53	2,000
Total Proven Mineral Reserves	35,236,000	1.67	1,898,000
<i>Probable Mineral Reserves</i>			
LaRonde mine	16,072,000	5.60	2,893,000
Lapa mine	74,000	5.50	13,000
Goldex mine	6,893,000	1.49	329,000
Meadowbank mine	10,705,000	3.24	1,116,000
Canadian Malartic mine	101,978,000	1.10	3,593,000
Meliadine project	13,910,000	7.44	3,327,000
Kittila mine	27,614,000	4.95	4,393,000
Pinos Altos mine	15,788,000	2.97	1,506,000
Creston Mascota deposit at Pinos Altos	5,657,000	1.27	231,000
La India mine	24,783,000	0.85	677,000
Total Probable Mineral Reserves	223,474,000	2.52	18,078,000
Total Proven and Probable Mineral Reserves	258,710,000	2.40	19,976,000

Notes:

- (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 AIF under the caption "Information on Mineral Reserves and Mineral Resources of the Company"; 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; 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 December 5, 2011; the Technical Report on Production of the M and E Zones at Goldex Mine dated October 14, 2012 filed with the Canadian securities regulatory authorities on SEDAR on November 1, 2012 and the Technical Report on the Mineral Resource and Mineral Reserve Estimates for the Canadian Malartic Property as at June 16, 2014 filed with Canadian securities regulatory authorities on SEDAR on August 13, 2014.
- (ii) Total contained gold ounces does not include equivalent gold ounces for the by-product metals contained in the mineral reserves.

Non-GAAP Financial Performance Measures

This MD&A presents certain financial performance measures, including adjusted net income, total cash costs per ounce of gold produced (on both a by-product and co-product basis), minesite costs per tonne and all-in sustaining costs per ounce of gold produced, that are not recognized measures under IFRS. This data may not be comparable to data presented by other gold producers. Non-GAAP financial performance measures should be considered together with other data prepared in accordance with IFRS.

Adjusted Net Income

Adjusted net income is not a recognized measure under IFRS and this data may not be comparable to data presented by other gold producers. This measure is calculated by adjusting net income (loss) as recorded in the consolidated statements of income (loss) and comprehensive income (loss) for non-recurring, unusual and other items. The Company believes that this generally accepted industry measure allows the evaluation of the results of continuing operations and is useful in making comparisons between periods. Adjusted net income is intended to provide investors with information about the Company's continuing income generating capabilities. Management uses this measure to monitor and plan for the operating performance of the Company in conjunction with other data prepared in accordance with IFRS.

	2014	2013	2012
	<i>(IFRS)</i>	<i>(IFRS)</i>	<i>(US GAAP)⁽ⁱ⁾</i>
	<i>(thousands of United States dollars)</i>		
Net income (loss) for the period – basic	\$ 82,970	\$(686,705)	\$ 310,916
Net income (loss) for the period – diluted	\$ 75,625	\$(686,705)	\$ 310,916
Impairment loss on available-for-sale securities	15,763	32,476	12,732
Gain on sale of available-for-sale securities	(5,635)	(74)	(9,733)
Foreign currency translation loss	3,781	1,769	16,320
Stock options expense	20,092	26,398	33,792
Mark-to-market (gain) loss on warrants	(3,426)	488	1,295
Loss on settlement of warrants	4,263	2,827	50
Mark-to-market gain on convertible debentures issued by Osisko ⁽ⁱⁱ⁾	(7,995)	–	–
Impairment loss (net of tax)	–	748,157	–
Income and mining taxes adjustments	23,323	44,256	–
Other	11,151	18,050	6,311
Adjusted net income for the period – basic	\$ 144,287	\$ 187,642	\$ 371,683
Adjusted net income for the period – diluted	\$ 144,937	\$ 187,642	\$ 371,683
Net income (loss) per share – basic	\$ 0.43	\$ (3.97)	\$ 1.82
Net income (loss) per share – diluted	\$ 0.39	\$ (3.97)	\$ 1.81
Adjusted net income per share – basic	\$ 0.74	\$ 1.09	\$ 2.17
Adjusted net income per share – diluted	\$ 0.74	\$ 1.09	\$ 2.17

Notes:

(i) As the year ended December 31, 2012 occurred prior to the Company's January 1, 2013 US GAAP to IFRS transition date, adjusted net income data has been presented in accordance with US GAAP for this period.

(ii) Adjustment for mark-to-market gain on convertible debentures issued by Osisko (now an obligation of Canadian Malartic GP) is excluded from the calculation of adjusted net income for the year on a diluted basis as it is already incorporated in the calculation of net income for the year on a diluted basis.

Total Cash Costs per Ounce of Gold Produced and Minesite Costs per Tonne

The Company believes that total cash costs per ounce of gold produced and minesite costs per tonne are realistic indicators of operating performance and are useful in allowing year over year comparisons. However, both of these non-GAAP generally accepted industry measures should be considered together with other data prepared in accordance with IFRS. These measures, taken by themselves, are not necessarily indicative of operating costs or cash flow measures prepared in accordance with IFRS.

Total cash costs per ounce of gold produced is presented on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (before by-product metal revenues). Total cash costs per ounce of gold produced on a by-product basis is calculated by adjusting production costs as recorded in the consolidated statements of income (loss) and comprehensive income (loss) for by-product revenues, unsold concentrate inventory production costs, smelting, refining and marketing charges and other adjustments, and then dividing by the number of ounces of gold produced. Total cash costs per ounce of gold produced on a co-product basis is calculated in the same manner as total cash costs per ounce of gold produced on a by-product basis except that no adjustment for by-product metal revenues is made. Accordingly, the calculation of total cash costs per ounce of gold produced on a co-product basis does not reflect a reduction in production costs or smelting, refining and marketing charges associated with the production and sale of by-product metals. Total cash costs per ounce of gold produced is intended to provide information about the cash generating capabilities of the Company's mining operations. Management also uses these measures to monitor the performance of the Company's mining operations. As market prices for gold are quoted on a per ounce basis, using the total cash cost per ounce of gold produced on a by-product basis measure allows management to assess a mine's cash generating capabilities at various gold prices. Management is aware that these per ounce measures of performance can be affected by fluctuations in exchange rates and, in the case of total cash costs per ounce of gold produced on a by-product basis, by-product metal prices. Management compensates for these inherent limitations by using these measures in conjunction with minesite costs per tonne (discussed below) as well as other data prepared in accordance with IFRS. Management also performs sensitivity analyses in order to quantify the effects of fluctuating exchange rates and metal prices.

Agnico Eagle's primary business is gold production and the focus of its current operations and future development is on maximizing returns from gold production, with other metal production being incidental to the gold production process. Accordingly, all metals other than gold are considered by-products.

Total cash costs per ounce of gold produced is presented on a by-product basis because (i) the majority of the Company's revenues are gold revenues, (ii) the Company mines ore, which contains gold, silver, zinc, copper and other metals, (iii) it is not possible to specifically assign all costs to revenues from the gold, silver, zinc, copper and other metals the Company produces, and (iv) it is the method used by management and the Board to monitor operations.

Minesite costs per tonne 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 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 by-product 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 IFRS.

Total cash costs per ounce of gold produced and minesite costs per tonne have been restated to conform with IFRS for all reported periods.

The following tables set out a reconciliation of total cash costs per ounce of gold produced (on both a by-product basis and co-product basis) and minesite costs per tonne to production costs, exclusive of amortization, as presented in the consolidated statements of income (loss) and comprehensive income (loss) in accordance with IFRS.

Total Production Costs by Mine

	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012
	<i>(IFRS)</i>	<i>(IFRS)</i>	<i>(US GAAP)⁽ⁱ⁾</i>
	<i>(thousands of United States dollars)</i>		
Production costs per the consolidated statements of income (loss) and comprehensive income (loss)	\$1,004,559	\$ 866,082	\$ 897,712
LaRonde mine	188,736	228,640	225,647
Lapa mine	61,056	69,371	73,376
Goldex mine ⁽ⁱⁱ⁾	64,836	15,339	–
Meadowbank mine	270,824	318,414	347,710
Canadian Malartic mine ⁽ⁱⁱⁱ⁾	113,916	–	–
Kittila mine ^(iv)	116,893	97,934	98,037
Pinos Altos mine	123,342	116,959	128,618
Creston Mascota deposit at Pinos Altos ^(v)	28,007	19,425	24,324
La India mine ^(vi)	36,949	–	–
Total	\$1,004,559	\$ 866,082	\$ 897,712

Reconciliation of Production Costs to Total Cash Costs per Ounce of Gold Produced^(vii) by Mine

LaRonde Mine – Total Cash Costs per Ounce of Gold Produced^(vii)	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012
	<i>(IFRS)</i>	<i>(IFRS)</i>	<i>(US GAAP)⁽ⁱ⁾</i>
	<i>(thousands of United States dollars, except as noted)</i>		
Production costs	\$ 188,736	\$ 228,640	\$ 225,647
Adjustments:			
Inventory and other adjustments ^(viii)	27,070	31,855	51,322
Cash operating costs (co-product basis)	\$ 215,806	\$ 260,495	\$ 276,969
By-product metal revenues	(79,015)	(121,035)	(185,387)
Cash operating costs (by-product basis)	\$ 136,791	\$ 139,460	\$ 91,582
Gold production (ounces)	204,652	181,781	160,875
Total cash costs per ounce of gold produced (\$ per ounce) ^(vii) :			
Co-product basis	\$ 1,055	\$ 1,433	\$ 1,722
By-product basis	\$ 668	\$ 767	\$ 569

Lapa Mine – Total Cash Costs per Ounce of Gold Produced ^(vii)	Year Ended	Year Ended	Year Ended
	December 31, 2014	December 31, 2013	December 31, 2012
	(IFRS)	(IFRS)	(US GAAP) ⁽ⁱ⁾
	<i>(thousands of United States dollars, except as noted)</i>		
Production costs	\$ 61,056	\$ 69,371	\$ 73,376
Adjustments:			
Inventory and other adjustments ^(viii)	750	(1,105)	716
Cash operating costs (co-product basis)	\$ 61,806	\$ 68,266	\$ 74,092
By-product metal revenues	(61)	(22)	(84)
Cash operating costs (by-product basis)	\$ 61,745	\$ 68,244	\$ 74,008
Gold production (ounces)	92,622	100,730	106,191
Total cash costs per ounce of gold produced (\$ per ounce) ^(vii) :			
Co-product basis	\$ 667	\$ 678	\$ 698
By-product basis	\$ 667	\$ 677	\$ 697

Goldex Mine – Total Cash Costs per Ounce of Gold Produced ^{(ii)(vii)}	Year Ended	Year Ended	Year Ended
	December 31, 2014	December 31, 2013	December 31, 2012
	(IFRS)	(IFRS)	(US GAAP) ⁽ⁱ⁾
	<i>(thousands of United States dollars, except as noted)</i>		
Production costs	\$ 64,836	\$ 15,339	\$ –
Adjustments:			
Inventory and other adjustments ^(viii)	(720)	1,924	–
Cash operating costs (co-product basis)	\$ 64,116	\$ 17,263	\$ –
By-product metal revenues	(20)	(3)	–
Cash operating costs (by-product basis)	\$ 64,096	\$ 17,260	\$ –
Gold production (ounces)	100,433	19,305	–
Total cash costs per ounce of gold produced (\$ per ounce) ^(vii) :			
Co-product basis	\$ 638	\$ 894	\$ –
By-product basis	\$ 638	\$ 894	\$ –

Meadowbank Mine – Total Cash Costs per Ounce of Gold Produced^(vii)	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012
	<i>(IFRS)</i>	<i>(IFRS)</i>	<i>(US GAAP)⁽ⁱ⁾</i>
	<i>(thousands of United States dollars, except as noted)</i>		
Production costs	\$270,824	\$318,414	\$347,710
Adjustments:			
Inventory and other adjustments ^(viii)	2,688	(4,601)	(10,729)
Cash operating costs (co-product basis)	\$273,512	\$313,813	\$336,981
By-product metal revenues	(2,420)	(2,343)	(2,757)
Cash operating costs (by-product basis)	\$271,092	\$311,470	\$334,224
Gold production (ounces)	452,877	430,613	366,030
Total cash costs per ounce of gold produced (\$ per ounce) ^(vii) :			
Co-product basis	\$ 604	\$ 729	\$ 921
By-product basis	\$ 599	\$ 723	\$ 913

Canadian Malartic Mine – Total Cash Costs per Ounce of Gold Produced^{(iii)(vii)}	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012
	<i>(IFRS)</i>	<i>(IFRS)</i>	<i>(US GAAP)⁽ⁱ⁾</i>
	<i>(thousands of United States dollars, except as noted)</i>		
Production costs	\$113,916	\$ –	\$ –
Adjustments:			
Inventory and other adjustments ^(viii)	(10,862)	–	–
Cash operating costs (co-product basis)	\$103,054	\$ –	\$ –
By-product metal revenues	(2,771)		
Cash operating costs (by-product basis)	\$100,283	\$ –	\$ –
Gold production (ounces)	143,008	–	–
Total cash costs per ounce of gold produced (\$ per ounce) ^(vii) :			
Co-product basis	\$ 721	\$ –	\$ –
By-product basis	\$ 701	\$ –	\$ –

Kittila Mine – Total Cash Costs per Ounce of Gold Produced ^{(iv)(vii)}	Year Ended	Year Ended	Year Ended
	December 31, 2014	December 31, 2013	December 31, 2012
	(IFRS)	(IFRS)	(US GAAP) ⁽ⁱ⁾
	<i>(thousands of United States dollars, except as noted)</i>		
Production costs	\$ 116,893	\$ 97,934	\$ 98,037
Adjustments:			
Inventory and other adjustments ^{(iv)(viii)}	3,051	(13,442)	1,628
Cash operating costs (co-product basis)	\$ 119,944	\$ 84,492	\$ 99,665
By-product metal revenues	(124)	(125)	(223)
Cash operating costs (by-product basis)	\$ 119,820	\$ 84,367	\$ 99,442
Gold production (ounces)	141,742	141,031	175,878
Total cash costs per ounce of gold produced (\$ per ounce) ^(vii) :			
Co-product basis	\$ 846	\$ 599	\$ 567
By-product basis	\$ 845	\$ 598	\$ 565

Pinos Altos Mine – Total Cash Costs per Ounce of Gold Produced ^(vii)	Year Ended	Year Ended	Year Ended
	December 31, 2014	December 31, 2013	December 31, 2012
	(IFRS)	(IFRS)	(US GAAP) ⁽ⁱ⁾
	<i>(thousands of United States dollars, except as noted)</i>		
Production costs	\$ 123,342	\$ 116,959	\$ 128,618
Adjustments:			
Inventory and other adjustments ^(viii)	(581)	2,473	(7,911)
Cash operating costs (co-product basis)	\$ 122,761	\$ 119,432	\$ 120,707
By-product metal revenues	(31,643)	(51,773)	(70,057)
Cash operating costs (by-product basis)	\$ 91,118	\$ 67,659	\$ 50,650
Gold production (ounces)	171,019	181,773	183,662
Total cash costs per ounce of gold produced (\$ per ounce) ^(vii) :			
Co-product basis	\$ 718	\$ 657	\$ 657
By-product basis	\$ 533	\$ 372	\$ 276

Creston Mascota deposit at Pinos Altos – Total Cash Costs per Ounce of Gold Produced ^{(v)(vii)}	Year Ended	Year Ended	Year Ended
	December 31, 2014	December 31, 2013	December 31, 2012
	(IFRS)	(IFRS)	(US GAAP) ⁽ⁱ⁾
	<i>(thousands of United States dollars, except as noted)</i>		
Production costs	\$ 28,007	\$ 19,425	\$ 24,324
Adjustments:			
Inventory and other adjustments ^{(v)(viii)}	1,232	(2,289)	(6,673)
Cash operating costs (co-product basis)	\$ 29,239	\$ 17,136	\$ 17,651
By-product metal revenues	(1,574)	(795)	(2,144)
Cash operating costs (by-product basis)	\$ 27,665	\$ 16,341	\$ 15,507
Gold production (ounces)	47,842	32,120	47,615
Total cash costs per ounce of gold produced (\$ per ounce) ^(vii) :			
Co-product basis	\$ 611	\$ 534	\$ 371
By-product basis	\$ 578	\$ 509	\$ 326

La India Mine – Total Cash Costs per Ounce of Gold Produced ^{(vi)(vii)}	Year Ended	Year Ended	Year Ended
	December 31, 2014	December 31, 2013	December 31, 2012
	(IFRS)	(IFRS)	(US GAAP) ⁽ⁱ⁾
	<i>(thousands of United States dollars, except as noted)</i>		
Production costs	\$ 36,949	\$ –	\$ –
Adjustments:			
Inventory and other adjustments ^(viii)	1,172	–	–
Cash operating costs (co-product basis)	\$ 38,121	\$ –	\$ –
By-product metal revenues	(3,230)		
Cash operating costs (by-product basis)	\$ 34,891	\$ –	\$ –
Gold production (ounces)	71,601	–	–
Total cash costs per ounce of gold produced (\$ per ounce) ^(vii) :			
Co-product basis	\$ 532	\$ –	\$ –
By-product basis	\$ 487	\$ –	\$ –

Reconciliation of Production Costs to Minesite Costs per Tonne^(ix) by Mine

LaRonde Mine – Minesite Costs per Tonne ^(ix)	Year Ended	Year Ended	Year Ended
	December 31, 2014	December 31, 2013	December 31, 2012
	(IFRS)	(IFRS)	(US GAAP) ⁽ⁱ⁾
	<i>(thousands of United States dollars, except as noted)</i>		
Production costs	\$188,736	\$228,640	\$225,647
Inventory and other adjustments ^(x)	(1,511)	(6,259)	(1,437)
Minesite operating costs	\$187,225	\$222,381	\$224,210
Minesite operating costs (thousands of C\$)	C\$206,858	C\$229,004	C\$225,159
Tonnes of ore milled (thousands of tonnes)	2,085	2,319	2,359
Minesite costs per tonne (C\$) ^(ix)	C\$ 99	C\$ 99	C\$ 95

Lapa Mine – Minesite Costs per Tonne ^(ix)	Year Ended	Year Ended	Year Ended
	December 31, 2014	December 31, 2013	December 31, 2012
	(IFRS)	(IFRS)	(US GAAP) ⁽ⁱ⁾
	<i>(thousands of United States dollars, except as noted)</i>		
Production costs	\$ 61,056	\$ 69,371	\$ 73,376
Inventory and other adjustments ^(x)	545	(1,216)	245
Minesite operating costs	\$ 61,601	\$ 68,155	\$ 73,621
Minesite operating costs (thousands of C\$)	C\$ 68,128	C\$ 70,194	C\$ 73,813
Tonnes of ore milled (thousands of tonnes)	639	640	641
Minesite costs per tonne (C\$) ^(ix)	C\$ 107	C\$ 110	C\$ 115

Goldex Mine – Minesite Costs per Tonne ^{(ii)(ix)}	Year Ended	Year Ended	Year Ended
	December 31, 2014	December 31, 2013	December 31, 2012
	(IFRS)	(IFRS)	(US GAAP) ⁽ⁱ⁾
	<i>(thousands of United States dollars, except as noted)</i>		
Production costs	\$ 64,836	\$ 15,339	\$ –
Inventory and other adjustments ^(x)	(797)	1,895	–
Minesite operating costs	\$ 64,039	\$ 17,234	\$ –
Minesite operating costs (thousands of C\$)	C\$ 70,728	C\$ 18,093	C\$ –
Tonnes of ore milled (thousands of tonnes)	2,117	492	–
Minesite costs per tonne (C\$) ^(ix)	C\$ 33	C\$ 37	C\$ –

Meadowbank Mine – Minesite Costs per Tonne ^(ix)	Year Ended	Year Ended	Year Ended
	December 31, 2014	December 31, 2013	December 31, 2012
	(IFRS)	(IFRS)	(US GAAP) ⁽ⁱ⁾
	<i>(thousands of United States dollars, except as noted)</i>		
Production costs	\$270,824	\$318,414	\$347,710
Inventory and other adjustments ^(x)	2,539	(5,222)	(12,009)
Minesite operating costs	\$273,363	\$313,192	\$335,701
Minesite operating costs (thousands of C\$)	C\$300,635	C\$322,677	C\$336,431
Tonnes of ore milled (thousands of tonnes)	4,129	4,143	3,821
Minesite costs per tonne (C\$) ^(ix)	C\$ 73	C\$ 78	C\$ 88

Canadian Malartic Mine – Minesite Costs per Tonne ^{(iii)(ix)}	Year Ended	Year Ended	Year Ended
	December 31, 2014	December 31, 2013	December 31, 2012
	(IFRS)	(IFRS)	(US GAAP) ⁽ⁱ⁾
	<i>(thousands of United States dollars, except as noted)</i>		
Production costs	\$113,916	\$ –	\$ –
Inventory and other adjustments ^(x)	(11,656)	–	–
Minesite operating costs	\$102,260	\$ –	\$ –
Minesite operating costs (thousands of C\$)	C\$113,818	C\$ –	C\$ –
Tonnes of ore milled (thousands of tonnes)	5,263	–	–
Minesite costs per tonne (C\$) ^(ix)	C\$ 22	C\$ –	C\$ –

Kittila Mine – Minesite Costs per Tonne ^{(iv)(ix)}	Year Ended	Year Ended	Year Ended
	December 31, 2014	December 31, 2013	December 31, 2012
	(IFRS)	(IFRS)	(US GAAP) ⁽ⁱ⁾
	<i>(thousands of United States dollars, except as noted)</i>		
Production costs	\$116,893	\$ 97,934	\$ 98,037
Inventory and other adjustments ^{(iv)(x)}	2,560	(13,848)	1,018
Minesite operating costs	\$119,453	\$ 84,086	\$ 99,055
Minesite operating costs (thousands of €)	€ 89,987	€ 64,102	€ 75,305
Tonnes of ore milled (thousands of tonnes)	1,156	883	1,090
Minesite costs per tonne (€) ^(ix)	€ 78	€ 73	€ 69

Pinos Altos Mine – Minesite Costs per Tonne ^(ix)	Year Ended	Year Ended	Year Ended
	December 31, 2014	December 31, 2013	December 31, 2012
	(IFRS)	(IFRS)	(US GAAP) ⁽ⁱ⁾
	<i>(thousands of United States dollars, except as noted)</i>		
Production costs	\$123,342	\$116,959	\$128,618
Inventory and other adjustments ^(x)	(2,376)	(821)	(10,152)
Minesite operating costs	\$120,966	\$116,138	\$118,466
Tonnes of ore processed (thousands of tonnes)	2,520	2,726	2,862
Minesite costs per tonne (US\$) ^(ix)	\$ 48	\$ 43	\$ 41

Creston Mascota deposit at Pinos Altos – Minesite Costs per Tonne ^{(v)(ix)}	Year Ended	Year Ended	Year Ended
	December 31, 2014	December 31, 2013	December 31, 2012
	(IFRS)	(IFRS)	(US GAAP) ⁽ⁱ⁾
	<i>(thousands of United States dollars, except as noted)</i>		
Production costs	\$ 28,007	\$ 19,425	\$ 24,324
Inventory and other adjustments ^{(v)(x)}	870	(2,564)	(7,058)
Minesite operating costs	\$ 28,877	\$ 16,861	\$ 17,266
Tonnes of ore processed (thousands of tonnes)	1,794	1,023	1,454
Minesite costs per tonne (US\$) ^(ix)	\$ 16	\$ 16	\$ 12

La India Mine – Minesite Costs per Tonne ^{(vi)(ix)}	Year Ended	Year Ended	Year Ended
	December 31, 2014	December 31, 2013	December 31, 2012
	(IFRS)	(IFRS)	(US GAAP) ⁽ⁱ⁾
	<i>(thousands of United States dollars, except as noted)</i>		
Production costs	\$ 36,949	\$ –	\$ –
Inventory and other adjustments ^(x)	778	–	–
Minesite operating costs	\$ 37,727	\$ –	\$ –
Tonnes of ore processed (thousands of tonnes)	4,442	–	–
Minesite costs per tonne (US\$) ^(ix)	\$ 8	\$ –	\$ –

Notes:

- (i) As the year ended December 31, 2012 occurred prior to the Company's January 1, 2013 US GAAP to IFRS transition date, data has been presented in accordance with US GAAP.
- (ii) The Goldex mine's M and E Zones achieved commercial production on October 1, 2013.
- (iii) On June 16, 2014, Agnico Eagle and Yamana jointly acquired 100.0% of Osisko by way of the Arrangement. As a result of the Arrangement, Agnico Eagle and Yamana each indirectly own 50.0% of Osisko (now Canadian Malartic Corporation) and Canadian Malartic GP, which now holds the Canadian Malartic mine. The information set out in this table reflects the Company's 50.0% interest in the Canadian Malartic mine.
- (iv) The calculations of total cash costs per ounce of gold produced and minesite costs per tonne exclude the Kittila mine's results for the second quarter of 2013. Due to an extended maintenance shutdown, the Kittila mine only operated for 14 days during the second quarter of 2013. The Kittila mine incurred \$18,159 in production costs during the second quarter of 2013, which were removed from the calculation of total cash costs per ounce of gold produced and minesite costs per tonne by means of the inventory and other adjustments line in their respective reconciliation tables.
- (v) The calculations of total cash costs per ounce of gold produced and minesite costs per tonne exclude the Creston Mascota deposit at Pinos Altos' results for the fourth quarter of 2012 and first quarter of 2013 due to the temporary suspension of active leaching between October 1, 2012 and March 13, 2013. The Creston Mascota deposit at Pinos Altos incurred \$6,439 in production costs during the fourth quarter of 2012 and \$3,117 in production costs during the first quarter of 2013, which were removed from the calculation of total cash costs per ounce of gold produced and minesite costs per tonne by means of the inventory and other adjustments line in their respective reconciliation tables.
- (vi) The La India mine achieved commercial production on February 1, 2014. 3,492 ounces of payable gold production were excluded from the calculation of total cash costs per ounce of gold produced in the first quarter of 2014 as they were produced prior to the achievement of commercial production.

- (vii) Total cash costs per ounce of gold produced is not a recognized measure under IFRS or US GAAP and this data may not be comparable to data presented by other gold producers. Total cash costs per ounce of gold produced is presented on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (before by-product metal revenues). Under IFRS, total cash costs per ounce of gold produced on a by-product basis is calculated by adjusting production costs as recorded in the consolidated statements of income (loss) for by-product metal revenues, unsold concentrate inventory production costs, smelting, refining and marketing charges and other adjustments, and then dividing by the number of ounces of gold produced. Under US GAAP, total cash costs per ounce of gold produced on a by-product basis is calculated by adjusting production costs as recorded in the consolidated statements of income (loss) for by-product metal revenues, unsold concentrate inventory production costs, non-cash reclamation provisions, deferred stripping costs, smelting, refining and marketing charges and other adjustments, and then dividing by the number of ounces of gold produced. Total cash costs per ounce of gold produced on a co-product basis is calculated in the same manner as total cash costs per ounce of gold produced on a by-product basis except that no adjustment for by-product metal revenues is made. Accordingly, the calculation of total cash costs per ounce of gold produced on a co-product basis does not reflect a reduction in production costs or smelting, refining and marketing charges associated with the production and sale of by-product metals. The Company believes that these generally accepted industry measures provide a realistic indication of operating performance and provide useful comparison points between periods. Total cash costs per ounce of gold produced is intended to provide information about the cash generating capabilities of the Company's mining operations. Management also uses these measures to monitor the performance of the Company's mining operations. As market prices for gold are quoted on a per ounce basis, using the total cash costs per ounce of gold produced on a by-product basis measure allows management to assess a mine's cash generating capabilities at various gold prices. Management is aware that these per ounce measures of performance can be affected by fluctuations in exchange rates and, in the case of total cash costs of gold produced on a by-product basis, by-product metal prices. Management compensates for these inherent limitations by using these measures in conjunction with minesite costs per tonne (discussed below) as well as other data prepared in accordance with IFRS and US GAAP. Management also performs sensitivity analyses in order to quantify the effects of fluctuating metal prices and exchange rates.
- (viii) 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, an inventory adjustment is made to reflect the sales margin on the portion of concentrate production not yet recognized as revenue. Other adjustments include the addition of smelting, refining and marketing charges to production costs, as well as the production costs referenced in notes (iv) and (v) above. Under US GAAP, this adjustment also includes deferred stripping costs and non-cash reclamation provision.
- (ix) Minesite costs per tonne is not a recognized measure under IFRS or US GAAP and this data may not be comparable to data presented by other gold producers. Under IFRS, this measure is calculated by adjusting production costs as shown in the consolidated statements of income (loss) for unsold concentrate inventory production costs, and then dividing by tonnes of ore milled. Under US GAAP, this measure is calculated by adjusting production costs as shown in the consolidated statements of income (loss) for unsold concentrate inventory production costs, non-cash reclamation provisions, deferred stripping costs, 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 by-product 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 IFRS and US GAAP.
- (x) This inventory and other adjustment reflects production costs associated with unsold concentrates, as well as the production cost adjustments referenced in notes (iv) and (v) above. Under US GAAP, this adjustment also includes deferred stripping costs and non-cash reclamation provision.

All-in Sustaining Costs per Ounce of Gold Produced

All-in sustaining costs per ounce of gold produced is not a recognized measure under IFRS and this data may not be comparable to data presented by other gold producers. The Company believes that this measure provides information about operating performance. However, this non-GAAP measure should be considered together with other data prepared in accordance with IFRS as it is not necessarily indicative of operating costs or cash flow measures prepared in accordance with IFRS.

Based on the recommendations of the World Gold Council made in 2013, the Company has modified its calculation of all-in sustaining costs per ounce of gold produced for 2014. All-in sustaining costs per ounce of gold produced is presented on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (before by-product metal revenues). All-in sustaining costs per ounce of gold produced on a by-product basis is calculated as the aggregate of total cash costs per ounce of gold produced on a by-product basis and sustaining capital expenditures (including capitalized exploration), general and administrative expenses (including stock options) and non-cash reclamation provision expense per ounce of gold produced. All-in sustaining costs per ounce of gold produced on a co-product basis is calculated in the same manner as all-in sustaining costs per ounce of gold produced on a by-product basis except that no adjustment for by-product metal revenues is made to total cash costs per ounce of gold produced. The calculation of all-in sustaining costs per ounce of gold produced on a co-product basis does not reflect a reduction in production costs or smelting, refining and marketing charges associated with the production and sale of by-product metals.

Prior to modifying its calculation of all-in sustaining costs per ounce of gold produced for 2014 based on the recommendations of the World Gold Council, the Company calculated all-in sustaining costs per ounce of gold produced on a by-product basis as the aggregate of total cash costs per ounce of gold produced on a by-product basis and sustaining capital expenditures, general and administrative expenses (net of stock options) and exploration and corporate development expenses (excluding greenfield exploration) per ounce of gold produced. All-in sustaining costs per ounce of gold produced on a co-product basis would have been calculated in the same manner as all-in sustaining costs per ounce of gold produced on a by-product basis except that no adjustment for by-product metal revenues, net of smelting, refining and marketing charges would have been made to total cash costs per ounce of gold produced.

The following table sets out a reconciliation of production costs to all-in sustaining costs per ounce of gold produced for 2014 on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (before by-product metal revenues).

Reconciliation of Production Costs to All-in Sustaining Costs per Ounce of Gold Produced

<i>(United States dollars per ounce of gold produced, except where noted)</i>	Year Ended December 31, 2014
Production costs per the consolidated statements of income (loss) and comprehensive income (loss) (thousands of United States dollars)	\$1,004,559
Adjusted gold production (ounces) ⁽ⁱ⁾	1,425,796
Production costs per ounce of adjusted gold production ⁽ⁱ⁾	\$705
Adjustments:	
Inventory and other adjustments ⁽ⁱⁱ⁾	16
Total cash costs per ounce of gold produced (co-product basis) ⁽ⁱⁱⁱ⁾	\$721
By-product metal revenues	(84)
Total cash costs per ounce of gold produced (by-product basis) ⁽ⁱⁱⁱ⁾	\$637
Adjustments:	
Sustaining capital expenditures (including capitalized exploration)	230
General and administrative expenses (including stock options)	83
Non-cash reclamation provision	4
All-in sustaining costs per ounce of gold produced (by-product basis)	\$954
By-product metal revenues	84
All-in sustaining costs per ounce of gold produced (co-product basis)	\$1,038

Notes:

- (i) The La India mine achieved commercial production on February 1, 2014. 3,492 ounces of payable gold production were excluded from the calculation of total cash costs per ounce of gold produced in the first quarter of 2014 as they were produced prior to the achievement of commercial production.
- (ii) Under the Company's revenue recognition policy, revenue is recognized on concentrates when legal title and risk is transferred. 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. Other adjustments include the addition of smelting, refining and marketing charges to production costs.
- (iii) Total cash costs per ounce of gold produced is not a recognized measure under IFRS and this data may not be comparable to data presented by other gold producers. Total cash costs per ounce of gold produced is presented on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (before by-product metal revenues). Total cash costs per ounce of gold produced on a by-product basis is calculated by adjusting production costs as recorded in the consolidated statements of income (loss) and comprehensive income (loss) for by-product metal revenues, unsold concentrate inventory production costs, smelting, refining and marketing charges and other adjustments, and then dividing by the number of ounces of gold produced. Total cash costs per ounce of gold produced on a co-product basis is calculated in the same manner as total cash costs per ounce of gold produced on a by-product basis except that no adjustment for by-product metal revenues is made. Accordingly, the calculation of total cash costs per ounce of gold produced on a co-product basis does not reflect a reduction in production costs or smelting, refining and marketing charges associated with the production and sale of by-product metals. The Company believes that these generally accepted industry measures provide a realistic indication of operating performance and provide useful comparison points between periods. Total cash costs per ounce of gold produced is intended to provide information about the cash generating capabilities of the Company's mining operations. Management also uses these measures to monitor the performance of the Company's mining operations. As market prices for gold are quoted on a per ounce basis, using the total cash costs per ounce of gold produced on a by-product basis measure allows management to assess a mine's cash generating capabilities at various gold prices. Management is aware that these per ounce measures of performance can be affected by fluctuations in exchange rates and, in the case of total cash costs of gold produced on a by-product basis, by-product metal prices. Management compensates for these inherent limitations by using these measures in conjunction with minesite costs per tonne as well as other data prepared in accordance with IFRS. Management also performs sensitivity analyses in order to quantify the effects of fluctuating metal prices and exchange rates.

SUMMARIZED QUARTERLY DATA
(thousands of United States dollars, except where noted)

	Three Months Ended				Total 2014
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	
Operating margin⁽ⁱ⁾:					
Revenues from mining operations	\$ 491,767	\$ 438,521	\$ 463,388	\$ 503,090	\$1,896,766
Production costs	218,066	229,383	269,793	287,317	1,004,559
Total operating margin ⁽ⁱ⁾	273,701	209,138	193,595	215,773	892,207
Operating margin⁽ⁱ⁾ by mine:					
Northern Business					
LaRonde mine	45,425	26,402	14,696	33,535	120,058
Lapa mine	15,340	9,050	13,748	16,060	54,198
Goldex mine	9,525	13,283	17,237	20,693	60,738
Meadowbank mine	123,961	88,728	52,504	39,839	305,032
Canadian Malartic mine ⁽ⁱⁱ⁾	–	3,668	33,224	39,092	75,984
Kittila mine	19,003	14,184	12,128	14,312	59,627
Southern Business					
Pinos Altos mine	39,064	33,417	28,837	27,123	128,441
Creston Mascota deposit at Pinos Altos	7,714	7,428	8,032	8,392	31,566
La India mine ⁽ⁱⁱⁱ⁾	13,669	12,978	13,189	16,727	56,563
Total operating margin ⁽ⁱ⁾	273,701	209,138	193,595	215,773	892,207
Amortization of property, plant and mine development	83,481	93,656	117,396	139,095	433,628
Exploration, corporate and other	43,502	81,665	69,884	74,390	269,441
Income before income and mining taxes	146,718	33,817	6,315	2,288	189,138
Income and mining taxes	43,661	17,571	21,365	23,571	106,168
Net income (loss) for the period	\$ 103,057	\$ 16,246	\$ (15,050)	\$ (21,283)	\$ 82,970
Net income (loss) per share – basic (US\$)	\$ 0.59	\$ 0.09	\$ (0.07)	\$ (0.10)	\$ 0.43
Net income (loss) per share – diluted (US\$)	\$ 0.59	\$ 0.09	\$ (0.10)	\$ (0.12)	\$ 0.39
Cash flows:					
Cash provided by operating activities	\$ 250,396	\$ 182,728	\$ 71,244	\$ 163,956	\$ 668,324
Cash used in investing activities	\$(108,288)	\$(488,543)	\$(131,662)	\$(123,126)	\$ (851,619)
Cash (used in) provided by financing activities	\$ (98,086)	\$ 381,950	\$ (35,943)	\$ (18,685)	\$ 229,236
Realized prices (US\$):					
Gold (per ounce)	\$ 1,308	\$ 1,291	\$ 1,249	\$ 1,202	\$ 1,261
Silver (per ounce)	\$ 20.62	\$ 19.45	\$ 17.72	\$ 15.60	\$ 18.27
Zinc (per tonne)	\$ 2,027	\$ 2,142	\$ 2,365	\$ 2,216	\$ 2,224
Copper (per tonne)	\$ 6,386	\$ 6,893	\$ 7,500	\$ 5,961	\$ 6,596

SUMMARIZED QUARTERLY DATA
(thousands of United States dollars, except where noted)

	Three Months Ended				Total 2014
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	
Payable production^(iv):					
Gold (ounces):					
Northern Business					
LaRonde mine	59,352	48,494	37,490	59,316	204,652
Lapa mine	23,409	18,821	24,781	25,611	92,622
Goldex mine	19,430	23,929	27,611	29,463	100,433
Meadowbank mine	156,444	118,161	91,557	86,715	452,877
Canadian Malartic mine ⁽ⁱⁱ⁾	–	11,878	64,761	66,369	143,008
Kittila mine	38,552	31,830	28,230	43,130	141,742
Southern Business					
Pinos Altos mine	45,217	43,978	41,155	40,669	171,019
Creston Mascota deposit at Pinos Altos	10,317	11,159	13,377	12,989	47,842
La India mine ⁽ⁱⁱⁱ⁾	13,700	17,809	20,311	23,273	75,093
Total gold (ounces)	366,421	326,059	349,273	387,535	1,429,288
Silver (thousands of ounces):					
Northern Business					
LaRonde mine	349	345	224	357	1,275
Meadowbank mine	26	25	34	49	134
Canadian Malartic mine ⁽ⁱⁱ⁾	–	10	66	75	151
Kittila mine	2	1	1	3	7
Southern Business					
Pinos Altos mine	460	422	425	424	1,731
Creston Mascota deposit at Pinos Altos	16	18	26	28	88
La India mine ⁽ⁱⁱⁱ⁾	27	40	44	67	178
Total silver (thousands of ounces)	880	861	820	1,003	3,564
Zinc (tonnes)	2,060	3,793	2,230	2,432	10,515
Copper (tonnes)	1,554	1,058	989	1,396	4,997

SUMMARIZED QUARTERLY DATA
(thousands of United States dollars, except where noted)

	Three Months Ended				Total 2014
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	
Payable metal sold:					
Gold (ounces):					
Northern Business					
LaRonde mine	58,100	48,115	39,279	56,844	202,338
Lapa mine	23,451	18,162	22,422	28,054	92,089
Goldex mine	19,607	22,255	26,762	31,702	100,326
Meadowbank mine	147,502	118,176	98,604	87,741	452,023
Canadian Malartic mine ⁽ⁱⁱ⁾	–	16,377	60,093	66,219	142,689
Kittila mine	37,429	31,519	28,209	42,609	139,766
Southern Business					
Pinos Altos mine	46,810	43,058	41,143	45,457	176,468
Creston Mascota deposit at Pinos Altos	10,228	10,737	12,793	12,940	46,698
La India mine ⁽ⁱⁱⁱ⁾	14,632	15,025	19,265	24,019	72,941
Total gold (ounces)	357,759	323,424	348,570	395,585	1,425,338
Silver (thousands of ounces):					
Northern Business					
LaRonde mine	340	322	249	367	1,278
Meadowbank mine	28	24	32	49	133
Canadian Malartic mine ⁽ⁱⁱ⁾	–	15	57	68	140
Kittila mine	2	1	1	2	6
Southern Business					
Pinos Altos mine	507	430	430	456	1,823
Creston Mascota deposit at Pinos Altos	14	18	18	34	84
La India mine ⁽ⁱⁱⁱ⁾	26	34	42	67	169
Total silver (thousands of ounces)	917	844	829	1,043	3,633
Zinc (tonnes)	1,673	2,458	3,936	2,468	10,535
Copper (tonnes)	1,542	1,074	988	1,399	5,003

SUMMARIZED QUARTERLY DATA
(thousands of United States dollars, except where noted)

	Three Months Ended				Total 2013
	March 31, 2013	June 30, 2013	September 30, 2013	December 31, 2013	
Operating margin⁽ⁱ⁾:					
Revenues from mining operations	\$ 420,423	\$ 336,423	\$ 444,320	\$ 437,240	\$1,638,406
Production costs	206,380	206,433	222,774	230,495	866,082
Total operating margin ⁽ⁱ⁾	214,043	129,990	221,546	206,745	772,324
Operating margin⁽ⁱ⁾ by mine:					
Northern Business					
LaRonde mine	33,012	15,544	25,461	27,243	101,260
Lapa mine	21,774	16,576	15,303	18,143	71,796
Goldex mine ^(v)	–	–	–	6,079	6,079
Meadowbank mine	55,124	46,459	90,658	80,818	273,059
Kittila mine	44,861	(171)	39,150	27,949	111,789
Southern Business					
Pinos Altos mine	61,447	46,044	40,529	38,224	186,244
Creston Mascota deposit at Pinos Altos	(2,175)	5,538	10,445	8,289	22,097
Total operating margin ⁽ⁱ⁾	214,043	129,990	221,546	206,745	772,324
Amortization of property, plant and mine development	70,759	73,077	79,266	90,788	313,890
Impairment loss	–	–	–	1,014,688	1,014,688
Exploration, corporate and other	73,251	73,413	53,725	61,644	262,033
Income (loss) before income and mining taxes	70,033	(16,500)	88,555	(960,375)	(818,287)
Income and mining taxes (recovery)	23,831	11,053	13,637	(180,103)	(131,582)
Net income (loss) for the period	\$ 46,202	\$ (27,553)	\$ 74,918	\$(780,272)	\$ (686,705)
Net income (loss) per share – basic (US\$)	\$ 0.27	\$ (0.16)	\$ 0.43	\$ (4.49)	\$ (3.97)
Net income (loss) per share – diluted (US\$)	\$ 0.27	\$ (0.16)	\$ 0.43	\$ (4.49)	\$ (3.97)

SUMMARIZED QUARTERLY DATA
(thousands of United States dollars, except where noted)

	Three Months Ended				Total 2013
	March 31, 2013	June 30, 2013	September 30, 2013	December 31, 2013	
Cash flows:					
Cash provided by operating activities	\$ 164,450	\$ 87,439	\$ 88,365	\$ 140,789	\$ 481,043
Cash used in investing activities	\$(159,857)	\$(230,423)	\$(153,012)	\$(143,928)	\$ (687,220)
Cash (used in) provided by financing activities	\$ (69,504)	\$ 18,677	\$ 68,745	\$ 30,811	\$ 48,729
Realized prices (US\$):					
Gold (per ounce)	\$ 1,611	\$ 1,336	\$ 1,333	\$ 1,244	\$ 1,366
Silver (per ounce)	\$ 29	\$ 19	\$ 22	\$ 20	\$ 22
Zinc (per tonne)	\$ 2,002	\$ 1,753	\$ 1,874	\$ 1,958	\$ 1,907
Copper (per tonne)	\$ 7,570	\$ 6,551	\$ 7,330	\$ 7,275	\$ 7,160

SUMMARIZED QUARTERLY DATA
(thousands of United States dollars, except where noted)

	Three Months Ended				Total 2013
	March 31, 2013	June 30, 2013	September 30, 2013	December 31, 2013	
Payable production^(iv):					
Gold (ounces):					
Northern Business					
LaRonde mine	39,073	46,119	45,253	51,336	181,781
Lapa mine	26,868	23,178	24,361	26,323	100,730
Goldex mine ^(v)	–	–	1,505	19,305	20,810
Meadowbank mine	81,818	91,873	133,489	123,433	430,613
Kittila mine	43,145	5,389	56,177	41,710	146,421
Southern Business					
Pinos Altos mine	44,164	47,383	43,736	46,490	181,773
Creston Mascota deposit at Pinos Altos	1,907	10,147	11,307	10,666	34,027
La India mine ⁽ⁱⁱⁱ⁾	–	–	–	3,180	3,180
Total gold (ounces)	236,975	224,089	315,828	322,443	1,099,335
Silver (thousands of ounces):					
Northern Business					
LaRonde mine	611	424	571	496	2,102
Meadowbank mine	22	23	26	29	100
Kittila mine	2	–	2	2	6
Southern Business					
Pinos Altos mine	613	605	600	548	2,366
Creston Mascota deposit at Pinos Altos	3	14	14	15	46
La India mine ⁽ⁱⁱⁱ⁾	–	–	–	3	3
Total silver (thousands of ounces)	1,251	1,066	1,213	1,093	4,623
Zinc (tonnes)	8,239	3,455	3,648	4,472	19,814
Copper (tonnes)	1,082	1,280	1,241	1,232	4,835

SUMMARIZED QUARTERLY DATA
(thousands of United States dollars, except where noted)

	Three Months Ended				Total 2013
	March 31, 2013	June 30, 2013	September 30, 2013	December 31, 2013	
Payable metal sold:					
Gold (ounces):					
Northern Business					
LaRonde mine	39,588	46,953	47,185	50,763	184,489
Lapa mine	23,939	25,644	24,306	28,784	102,673
Goldex mine ^(v)	–	–	–	16,991	16,991
Meadowbank mine	80,012	87,798	132,010	130,928	430,748
Kittila mine	44,340	12,752	48,027	43,442	148,561
Southern Business					
Pinos Altos mine	44,523	48,770	44,554	45,117	182,964
Creston Mascota deposit at Pinos Altos	587	8,112	12,761	10,496	31,956
Total gold (ounces)	232,989	230,029	308,843	326,521	1,098,382
Silver (thousands of ounces):					
Northern Business					
LaRonde mine	583	487	584	525	2,179
Meadowbank mine	22	23	26	28	99
Kittila mine	1	2	1	1	5
Southern Business					
Pinos Altos mine	586	640	588	553	2,367
Creston Mascota deposit at Pinos Altos	–	14	16	14	44
Total silver (thousands of ounces)	1,192	1,166	1,215	1,121	4,694
Zinc (tonnes)	6,999	5,280	3,030	5,123	20,432
Copper (tonnes)	1,067	1,291	1,253	1,227	4,838

Notes:

- (i) Operating margin is calculated as revenues from mining operations less production costs.
- (ii) On June 16, 2014, Agnico Eagle and Yamana jointly acquired 100.0% of Osisko by way of the Arrangement. As a result of the Arrangement, Agnico Eagle and Yamana each indirectly own 50.0% of Osisko (now Canadian Malartic Corporation) and Canadian Malartic GP, which now holds the Canadian Malartic mine. The information set out in this table reflects the Company's 50.0% interest in the Canadian Malartic mine.
- (iii) The La India mine achieved commercial production on February 1, 2014.
- (iv) Payable production (a non-GAAP financial performance measure) 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 inventories at the end of the period.
- (v) The Goldex mine's M and E Zones achieved commercial production on October 1, 2013.

THREE YEAR FINANCIAL AND OPERATING SUMMARY

(thousands of United States dollars, except where noted)

	2014	2013	2012
	<i>(IFRS)</i>	<i>(IFRS)</i>	<i>(US GAAP)⁽ⁱ⁾</i>
Revenues from mining operations	\$1,896,766	\$1,638,406	\$1,917,714
Production costs	1,004,559	866,082	897,712
Operating margin ⁽ⁱⁱ⁾	892,207	772,324	1,020,002
Amortization of property, plant and mine development	433,628	313,890	271,861
Impairment loss	–	1,014,688	–
Exploration, corporate and other	269,441	262,033	313,000
Income (loss) before income and mining taxes	189,138	(818,287)	435,141
Income and mining taxes	106,168	(131,582)	124,225
Net income (loss) for the year	\$ 82,970	\$ (686,705)	\$ 310,916
Net income (loss) per share – basic	\$ 0.43	\$ (3.97)	\$ 1.82
Net income (loss) per share – diluted	\$ 0.39	\$ (3.97)	\$ 1.81
Operating cash flow	\$ 668,324	\$ 481,043	\$ 696,007
Investing cash flow	\$ (851,619)	\$ (687,220)	\$ (376,156)
Financing cash flow	\$ 229,236	\$ 48,729	\$ (202,606)
Dividends declared per share	\$ 0.32	\$ 0.66	\$ 1.02
Capital expenditures	\$ 475,412	\$ 620,536	\$ 445,550
Average gold price per ounce realized	\$ 1,261	\$ 1,366	\$ 1,667
Average exchange rate – C\$ per \$	C\$ 1.1047	C\$ 1.0301	C\$ 0.9994
Weighted average number of common shares outstanding – basic (thousands)	195,223	172,893	171,250
Working capital (including undrawn credit lines)	\$1,278,353	\$1,586,676	\$1,795,495
Total assets	\$6,840,538	\$4,580,081	\$5,256,119
Long-term debt	\$1,374,643	\$ 987,356	\$ 830,000
Total equity	\$4,068,490	\$2,717,406	\$3,410,212

THREE YEAR FINANCIAL AND OPERATING SUMMARY

(thousands of United States dollars, except where noted)

	2014	2013	2012
	(IFRS)	(IFRS)	(US GAAP) ⁽ⁱ⁾
Operating Summary			
LaRonde mine			
Revenues from mining operations	\$ 308,794	\$ 329,900	\$ 399,243
Production costs	188,736	228,640	225,647
Operating margin ⁽ⁱⁱⁱ⁾	\$ 120,058	\$ 101,260	\$ 173,596
Amortization of property, plant and mine development	64,945	59,455	47,912
Gross profit	\$ 55,113	\$ 41,805	\$ 125,684
Tonnes of ore milled	2,085,300	2,319,132	2,358,499
Gold – grams per tonne	3.24	2.63	2.36
Gold production – ounces	204,652	181,781	160,875
Silver production – thousands of ounces	1,275	2,102	2,244
Zinc production – tonnes	10,515	19,814	38,637
Copper production – tonnes	4,997	4,835	4,126
Total cash costs per ounce of gold produced (\$ per ounce basis):			
Production costs	\$ 922	\$ 1,258	\$ 1,403
Adjustments:			
Inventory and other adjustments ⁽ⁱⁱⁱ⁾	133	175	335
Non-cash reclamation provision ^(iv)	–	–	(16)
Total cash costs per ounce of gold produced (co-product basis) ^(v)	\$ 1,055	\$ 1,433	\$ 1,722
By-product metal revenues	(387)	(666)	(1,153)
Total cash costs per ounce of gold produced (by-product basis) ^(v)	\$ 668	\$ 767	\$ 569
Minesite costs per tonne ^(vi)	C\$ 99	C\$ 99	C\$ 95
Lapa mine			
Revenues from mining operations	\$ 115,254	\$ 141,167	\$ 173,753
Production costs	61,056	69,371	73,376
Operating margin ⁽ⁱⁱ⁾	\$ 54,198	\$ 71,796	\$ 100,377
Amortization of property, plant and mine development	25,991	43,986	42,216
Gross profit	\$ 28,207	\$ 27,810	\$ 58,161
Tonnes of ore milled	638,800	640,422	640,306
Gold – grams per tonne	5.59	6.06	6.48
Gold production – ounces	92,622	100,730	106,191

THREE YEAR FINANCIAL AND OPERATING SUMMARY

(thousands of United States dollars, except where noted)

	2014	2013	2012
	(IFRS)	(IFRS)	(US GAAP) ⁽ⁱ⁾
Total cash costs per ounce of gold produced (\$ per ounce basis):			
Production costs	\$ 659	\$ 689	\$ 691
Adjustments:			
Inventory and other adjustments ⁽ⁱⁱⁱ⁾	8	(11)	5
Non-cash reclamation provision ^(iv)	–	–	2
Total cash costs per ounce of gold produced (co-product basis) ^(v)	\$ 667	\$ 678	\$ 698
By-product metal revenues	–	(1)	(1)
Total cash costs per ounce of gold produced (by-product basis) ^(v)	\$ 667	\$ 677	\$ 697
Minesite costs per tonne ^(vi)	C\$ 107	C\$ 110	C\$ 115
Goldex mine			
Revenues from mining operations	\$ 125,574	\$ 21,418	\$ –
Production costs	64,836	15,339	–
Operating margin ⁽ⁱⁱ⁾	\$ 60,738	\$ 6,079	\$ –
Amortization of property, plant and mine development	52,552	8,915	–
Gross profit	\$ 8,186	\$ (2,836)	\$ –
Tonnes of ore milled	2,116,777	527,654	–
Gold – grams per tonne	1.60	1.35	–
Gold production – ounces	100,433	20,810	–
Total cash costs per ounce of gold produced (\$ per ounce basis) ^(vii) :			
Production costs	\$ 646	\$ 795	\$ –
Adjustments:			
Inventory and other adjustments ⁽ⁱⁱⁱ⁾	(8)	99	–
Total cash costs per ounce of gold produced (co-product basis) ^(v)	\$ 638	\$ 894	\$ –
By-product metal revenues	–	–	–
Total cash costs per ounce of gold produced (by-product basis) ^(v)	\$ 638	\$ 894	\$ –
Minesite costs per tonne ^{(vi)(vii)}	C\$ 33	C\$ 37	C\$ –
Meadowbank mine			
Revenues from mining operations	\$ 575,856	\$ 591,473	\$ 609,625
Production costs	270,824	318,414	347,710
Operating margin ⁽ⁱⁱ⁾	\$ 305,032	\$ 273,059	\$ 261,915
Amortization of property, plant and mine development	119,545	130,373	114,114
Gross profit	\$ 185,487	\$ 142,686	\$ 147,801

THREE YEAR FINANCIAL AND OPERATING SUMMARY

(thousands of United States dollars, except where noted)

	2014	2013	2012
	(IFRS)	(IFRS)	(US GAAP) ⁽ⁱ⁾
Tonnes of ore milled	4,129,100	4,142,840	3,820,911
Gold – grams per tonne	3.61	3.43	3.17
Gold production – ounces	452,877	430,613	366,030
Silver production – thousands of ounces	135	100	91
Total cash costs per ounce of gold produced (\$ per ounce basis):			
Production costs	\$ 598	\$ 739	\$ 950
Adjustments:			
Inventory and other adjustments ⁽ⁱⁱⁱ⁾	6	(10)	16
Non-cash reclamation provision ^(iv)	–	–	(4)
Stripping costs ^(viii)	–	–	(41)
Total cash costs per ounce of gold produced (co-product basis) ^(v)	\$ 604	\$ 729	\$ 921
By-product metal revenues	(5)	(6)	(8)
Total cash costs per ounce of gold produced (by-product basis) ^(v)	\$ 599	\$ 723	\$ 913
Minesite costs per tonne ^(vi)	C\$ 73	C\$ 78	C\$ 88
Canadian Malartic mine^(ix)			
Revenues from mining operations	\$ 189,900	\$ –	\$ –
Production costs	113,916	–	–
Operating margin ⁽ⁱⁱ⁾	\$ 75,984	\$ –	\$ –
Amortization of property, plant and mine development	40,973	–	–
Gross profit	\$ 35,011	\$ –	\$ –
Tonnes of ore milled	5,263,100	–	–
Gold – grams per tonne	0.95	–	–
Gold production – ounces	143,008	–	–
Silver production – thousands of ounces	151	–	–
Total cash costs per ounce of gold produced (\$ per ounce basis):			
Production costs	\$ 797	\$ –	\$ –
Adjustments:			
Inventory and other adjustments ⁽ⁱⁱⁱ⁾	(76)	–	–
Total cash costs per ounce of gold produced (co-product basis) ^(v)	\$ 721	\$ –	\$ –
By-product metal revenues	(20)	–	–
Total cash costs per ounce of gold produced (by-product basis) ^(v)	\$ 701	\$ –	\$ –
Minesite costs per tonne ^(vi)	C\$ 22	C\$ –	C\$ –

THREE YEAR FINANCIAL AND OPERATING SUMMARY

(thousands of United States dollars, except where noted)

	2014	2013	2012
	(IFRS)	(IFRS)	(US GAAP) ⁽ⁱ⁾
<i>Kittila mine</i>			
Revenues from mining operations	\$ 176,520	\$ 209,723	\$ 284,429
Production costs	116,893	97,934	98,037
Operating margin ⁽ⁱⁱⁱ⁾	\$ 59,627	\$ 111,789	\$ 186,392
Amortization of property, plant and mine development	33,683	27,597	30,091
Gross profit	\$ 25,944	\$ 84,192	\$ 156,301
Tonnes of ore milled	1,156,400	934,224	1,090,365
Gold – grams per tonne	4.57	5.40	5.68
Gold production – ounces	141,742	146,421	175,878
Silver production – thousands of ounces	7	6	–
Total cash costs per ounce of gold produced (\$ per ounce basis) ^(x) :			
Production costs	\$ 825	\$ 565	\$ 557
Adjustments:			
Inventory and other adjustments ⁽ⁱⁱⁱ⁾	21	34	13
Non-cash reclamation provision ^(iv)	–	–	(3)
Total cash costs per ounce of gold produced (co-product basis) ^(v)	\$ 846	\$ 599	\$ 567
By-product metal revenues	(1)	(1)	(2)
Total cash costs per ounce of gold produced (by-product basis) ^(v)	\$ 845	\$ 598	\$ 565
Minesite costs per tonne ^{(vi)(x)}	€ 78	€ 73	€ 69
<i>Pinos Altos mine</i>			
Revenues from mining operations	\$ 251,783	\$ 303,203	\$ 363,113
Production costs	123,342	116,959	128,618
Operating margin ⁽ⁱⁱ⁾	\$ 128,441	\$ 186,244	\$ 234,495
Amortization of property, plant and mine development	42,957	36,267	31,051
Gross profit	\$ 85,484	\$ 149,977	\$ 203,444
Tonnes of ore processed	2,520,400	2,725,703	2,862,309
Gold – grams per tonne	2.22	2.20	2.17
Gold production – ounces	171,019	181,773	183,662
Silver production – thousands of ounces	1,731	2,366	2,237

THREE YEAR FINANCIAL AND OPERATING SUMMARY

(thousands of United States dollars, except where noted)

	2014	2013	2012
	(IFRS)	(IFRS)	(US GAAP) ⁽ⁱ⁾
Total cash costs per ounce of gold produced (\$ per ounce basis):			
Production costs	\$ 721	\$ 643	\$ 700
Adjustments:			
Inventory and other adjustments ⁽ⁱⁱⁱ⁾	(3)	14	27
Non-cash reclamation provision ^(iv)	–	–	(1)
Stripping costs ^(viii)	–	–	(69)
Total cash costs per ounce of gold produced (co-product basis) ^(v)	\$ 718	\$ 657	\$ 657
By-product metal revenues	(185)	(285)	(381)
Total cash costs per ounce of gold produced (by-product basis) ^(v)	\$ 533	\$ 372	\$ 276
Minesite costs per tonne ^(vi)	\$ 48	\$ 43	\$ 41
<i>Creston Mascota deposit at Pinos Altos</i>			
Revenues from mining operations	\$ 59,573	\$ 41,522	\$ 87,551
Production costs	28,007	19,425	24,324
Operating margin ⁽ⁱⁱ⁾	\$ 31,566	\$ 22,097	\$ 63,227
Amortization of property, plant and mine development	9,626	7,297	6,477
Gross profit	\$ 21,940	\$ 14,800	\$ 56,750
Tonnes of ore processed	1,793,800	1,276,159	1,532,362
Gold – grams per tonne	1.30	1.43	1.74
Gold production – ounces	47,842	34,027	51,175
Silver production – thousands of ounces	88	46	74
Total cash costs per ounce of gold produced (\$ per ounce basis) ^(xi) :			
Production costs	\$ 585	\$ 508	\$ 376
Adjustments:			
Inventory and other adjustments ⁽ⁱⁱⁱ⁾	26	26	7
Non-cash reclamation provision ^(iv)	–	–	(12)
Total cash costs per ounce of gold produced (co-product basis) ^(v)	\$ 611	\$ 534	\$ 371
By-product metal revenues	(33)	(25)	(45)
Total cash costs per ounce of gold produced (by-product basis) ^(v)	\$ 578	\$ 509	\$ 326
Minesite costs per tonne ^{(vi)(xi)}	\$ 16	\$ 16	\$ 12

THREE YEAR FINANCIAL AND OPERATING SUMMARY

(thousands of United States dollars, except where noted)

	2014	2013	2012
	(IFRS)	(IFRS)	(US GAAP) ⁽ⁱ⁾
La India mine^(xii)			
Revenues from mining operations	\$ 93,512	\$ —	\$ —
Production costs	36,949	—	—
Operating margin ⁽ⁱⁱⁱ⁾	\$ 56,563	\$ —	\$ —
Amortization of property, plant and mine development	43,356	—	—
Gross profit	\$ 13,207	\$ —	\$ —
Tonnes of ore processed	4,773,190	—	—
Gold – grams per tonne	0.98	—	—
Gold production – ounces	75,093	—	—
Silver production – thousands of ounces	178	—	—
Total cash costs per ounce of gold produced (\$ per ounce basis) ^(xii) :			
Production costs	\$ 516	\$ —	\$ —
Adjustments:			
Inventory and other adjustments ⁽ⁱⁱⁱ⁾	16	—	—
Total cash costs per ounce of gold produced (co-product basis) ^(v)	\$ 532	\$ —	\$ —
By-product metal revenues	(45)	—	—
Total cash costs per ounce of gold produced (by-product basis) ^(v)	\$ 487	\$ —	\$ —
Minesite costs per tonne ^{(vi)(xii)}	\$ 8	\$ —	\$ —

Notes:

- (i) As the year ended December 31, 2012 occurred prior to the Company's January 1, 2013 US GAAP to IFRS transition date, data has been presented in accordance with US GAAP.
- (ii) Operating margin is calculated as revenues from mining operations less production costs.
- (iii) 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. Other adjustments include the addition of smelting, refining and marketing charges to production costs.
- (iv) Non-cash reclamation provision adjustment is related to US GAAP financial reporting years. The adjustment is no longer required under IFRS.
- (v) Total cash costs per ounce of gold produced is not a recognized measure under IFRS or US GAAP and this data may not be comparable to data presented by other gold producers. Total cash costs per ounce of gold produced is presented on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (before by-product metal revenues). Under IFRS, total cash costs per ounce of gold produced on a by-product basis is calculated by adjusting production costs as recorded in the consolidated statements of income (loss) for by-product metal revenues, unsold concentrate inventory production costs, smelting, refining and marketing charges and other adjustments, and then dividing by the number of ounces of gold produced. Under US GAAP, total cash costs per ounce of gold produced on a by-product basis is calculated by adjusting production costs as recorded in the consolidated statements of income (loss) for by-product metal revenues, unsold concentrate inventory production costs, non-cash reclamation provisions, deferred stripping costs, smelting, refining and marketing charges and other adjustments, and then dividing by the number of ounces of gold produced. Total cash costs per ounce of gold produced on a co-product basis is calculated in the same manner as total cash costs per ounce of gold produced on a by-product basis except that no adjustment for by-product metal revenues is made. Accordingly, the calculation of total cash costs per ounce of gold produced on a co-product basis does not reflect a reduction in production costs or smelting, refining and marketing charges associated with the production and sale of by-product metals. The Company believes that these generally accepted industry measures provide a realistic indication of operating performance and provide useful comparison points between periods. Total cash costs per ounce of gold produced is intended to provide information about the cash generating capabilities of the Company's mining operations. Management also uses these measures to monitor the performance of the Company's mining operations. As market prices for gold are quoted on a per ounce basis, using the total cash costs per ounce of gold produced on a by-product basis measure allows management to assess a mine's cash generating capabilities at various gold prices. Management is aware that these per ounce measures of performance can be affected by fluctuations in exchange rates and, in the case of total cash costs of gold produced on a by-product basis, by-product metal prices. Management compensates for these inherent limitations by using these measures in conjunction with minesite costs per tonne (discussed below) as well as other data prepared in accordance with IFRS and US GAAP. Management also performs sensitivity analyses in order to quantify the effects of fluctuating metal prices and exchange rates.

THREE YEAR FINANCIAL AND OPERATING SUMMARY

(thousands of United States dollars, except where noted)

- (vi) Minesite costs per tonne is not a recognized measure under IFRS or US GAAP and this data may not be comparable to data presented by other gold producers. Under IFRS, this measure is calculated by adjusting production costs as shown in the consolidated statements of income (loss) for unsold concentrate inventory production costs, and then dividing by tonnes of ore milled. Under US GAAP, this measure is calculated by adjusting production costs as shown in the consolidated statements of income (loss) for unsold concentrate inventory production costs, non-cash reclamation provisions, deferred stripping costs, 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 by-product 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 IFRS and US GAAP.
- (vii) The Goldex mine's M and E Zones achieved commercial production on October 1, 2013. Excludes the Goldex mine's results for the third quarter of 2013. Initial non-commercial payable gold production of 1,505 ounces was achieved at the Goldex mine's M and E Zones during the third quarter of 2013.
- (viii) 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. Under US GAAP it was necessary to adjust for these stripping costs 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.
- (ix) On June 16, 2014, Agnico Eagle and Yamana jointly acquired 100.0% of Osisko by way of the Arrangement. As a result of the Arrangement, Agnico Eagle and Yamana each indirectly own 50.0% of Osisko (now Canadian Malartic Corporation) and Canadian Malartic GP, which now holds the Canadian Malartic mine. The information set out in this table reflects the Company's 50.0% interest in the Canadian Malartic mine.
- (x) The calculations of total cash costs per ounce of gold produced and minesite costs per tonne exclude the Kittila mine's results for the second quarter of 2013. Due to an extended maintenance shutdown, the Kittila mine only operated for 14 days during the second quarter of 2013. The Kittila mine incurred \$18,159 in production costs during the second quarter of 2013, which were removed from the calculation of total cash costs per ounce of gold produced and minesite costs per tonne by means of the inventory and other adjustments line.
- (xi) Excludes results from the Creston Mascota deposit at Pinos Altos for the first quarter of 2013 and the fourth quarter of 2012 due to an unexpected movement of leached ore at the Phase One leach pad, resulting in the temporary suspension of active leaching between October 1, 2012 and March 13, 2013. The Creston Mascota deposit at Pinos Altos incurred \$3,117,000 and \$6,439,000 in production costs during the first quarter of 2013 and the fourth quarter of 2012, respectively, which were excluded from the calculation of total cash costs per ounce of gold produced and minesite costs per tonne.
- (xii) The La India mine achieved commercial production on February 1, 2014. 3,492 ounces of payable gold production were excluded from the calculation of total cash costs per ounce of gold produced in the first quarter of 2014 as they were produced prior to the achievement of commercial production.



AGNICO EAGLE
Annual Audited Consolidated Financial Statements
(Prepared in Accordance with International Financial Reporting Standards)

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, 2014, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013 (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.

As indicated in the accompanying Management Certification, management’s assessment of, and conclusion on the effectiveness of, internal control over financial reporting did not include the internal controls of Canadian Malartic Corporation, which is included in the 2014 consolidated financial statements of Agnico Eagle Mines Limited and constituted \$2,141.7 million and \$1,590.6 million of total assets and net assets, respectively, as of December 31, 2014 and \$189.9 million and \$8.9 million of revenues from mining operations and net loss, respectively, for the year then ended. Our audit of internal control over financial reporting of Agnico Eagle Mines Limited also did not include an evaluation of the internal control over financial reporting of Canadian Malartic Corporation.

In our opinion, Agnico Eagle Mines Limited maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014 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, 2014, December 31, 2013 and January 1, 2013, and the consolidated statements of income (loss) and comprehensive income (loss), equity and cash flows for each of the years ended December 31, 2014 and December 31, 2013, and our report dated March 25, 2015 expressed an unqualified opinion thereon.

Toronto, Canada
March 25, 2015

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

MANAGEMENT CERTIFICATION

Management of Agnico Eagle Mines Limited (“Agnico Eagle” or 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.

On June 16, 2014, Agnico Eagle and Yamana Gold Inc. (“Yamana”) jointly acquired 100.0% of the issued and outstanding shares of Osisko Mining Corporation (“Osisko”) by way of a court-approved plan of arrangement (the “Arrangement”) under the *Canada Business Corporations Act*. Under the Arrangement, Agnico Eagle and Yamana each indirectly acquired 50.0% of Osisko’s issued and outstanding shares. Management has not evaluated the internal controls of Canadian Malartic Corporation (the successor to Osisko) in accordance with Question 3 of the Securities and Exchange Commission’s Management’s Report on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports Frequently Asked Questions. As a result, management’s evaluation of the Company’s internal control over financial reporting did not include an evaluation of the internal controls of Canadian Malartic Corporation and management’s conclusion regarding the effectiveness of the Company’s internal control over financial reporting does not extend to the internal controls of Canadian Malartic Corporation.

Inclusion of Canadian Malartic Corporation in the Company’s 2014 consolidated financial statements constituted \$2,141.7 million and \$1,590.6 million of total assets and net assets, respectively, as of December 31, 2014 and \$189.9 million and \$8.9 million of revenues from mining operations and net loss, respectively, for the year then ended.

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, 2014. 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* issued in 2013. Based on its assessment, management concluded that, as of December 31, 2014, 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, 2014 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report that appears herein.

Toronto, Canada
March 25, 2015

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, 2014, December 31, 2013 and January 1, 2013, and the related consolidated statements of income (loss) and comprehensive income (loss), equity and cash flows for each of the years ended December 31, 2014 and December 31, 2013. 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, 2014, December 31, 2013 and January 1, 2013 and the consolidated results of its operations and its cash flows for each of the years ended December 31, 2014 and December 31, 2013 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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, 2014, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013 and our report dated March 25, 2015 expressed an unqualified opinion thereon.

Toronto, Canada
March 25, 2015

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

AGNICO EAGLE MINES LIMITED

CONSOLIDATED BALANCE SHEETS

(thousands of United States dollars, except share amounts)

	As at December 31, 2014	As at December 31, 2013	As at January 1, 2013
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 177,537	\$ 139,101	\$ 298,068
Short-term investments	4,621	2,217	8,490
Restricted cash (note 7)	33,122	28,723	25,450
Trade receivables (notes 6 and 18)	59,716	67,300	67,750
Inventories (note 8)	446,660	345,083	326,102
Income taxes recoverable (note 24)	1,658	18,682	19,313
Available-for-sale securities (notes 6 and 9)	56,468	74,581	44,719
Fair value of derivative financial instruments (notes 6 and 21)	4,877	5,590	2,112
Other current assets (note 10(a))	123,401	116,992	92,977
Total current assets	908,060	798,269	884,981
Non-current assets:			
Restricted cash (note 7)	20,899	–	–
Goodwill (note 5)	582,461	39,017	229,279
Property, plant and mine development (note 11)	5,301,496	3,694,461	4,220,289
Other assets (note 10(b))	27,622	48,334	34,422
Total assets	\$6,840,538	\$4,580,081	\$5,368,971
LIABILITIES AND EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities (note 12)	\$ 206,180	\$ 173,374	\$ 185,329
Reclamation provision (note 13)	6,769	3,452	16,816
Dividends payable	–	–	37,905
Interest payable (note 15)	13,816	13,803	13,602
Income taxes payable (note 24)	19,328	7,523	10,061
Finance lease obligations (note 14)	22,142	12,035	12,955
Current portion of long-term debt (note 15)	52,182	–	–
Fair value of derivative financial instruments (notes 6 and 21)	8,249	323	277
Total current liabilities	328,666	210,510	276,945
Non-current liabilities:			
Long-term debt (note 15)	1,322,461	987,356	814,164
Reclamation provision (note 13)	249,917	184,009	185,741
Deferred income and mining tax liabilities (note 24)	832,201	453,411	632,863
Other liabilities (note 16)	38,803	27,389	26,056
Total liabilities	2,772,048	1,862,675	1,935,769
EQUITY			
Common shares (note 17):			
Outstanding – 215,192,887 common shares issued, less 956,653 shares held in a trust or by a depository	4,599,788	3,294,007	3,241,922
Stock options (notes 17 and 19)	200,830	184,078	157,875
Warrants	–	–	24,858
Contributed surplus	37,254	37,254	15,665
Retained earnings (deficit)	(779,382)	(800,074)	592
Accumulated other comprehensive income (loss)	10,000	2,141	(7,710)
Total equity	4,068,490	2,717,406	3,433,202
Total liabilities and equity	\$6,840,538	\$4,580,081	\$5,368,971
Commitments and contingencies (note 26)			

On behalf of the Board:


Sean Boyd CPA, CA, Director


Mel Leiderman FCPA, FCA, 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)

	Year Ended December 31,	
	2014	2013
REVENUES		
Revenues from mining operations (note 18)	\$1,896,766	\$1,638,406
COSTS, EXPENSES AND OTHER INCOME		
Production ⁽ⁱ⁾	1,004,559	866,082
Exploration and corporate development	56,002	44,236
Amortization of property, plant and mine development (note 11)	433,628	313,890
General and administrative	118,771	113,809
Impairment loss on available-for-sale securities (note 9)	15,763	32,476
Finance costs (note 15)	73,393	62,455
Loss on derivative financial instruments (note 21)	6,156	268
Gain on sale of available-for-sale securities (note 9)	(5,635)	(74)
Environmental remediation (note 13)	8,214	3,698
Impairment loss (note 23)	–	1,014,688
Foreign currency translation loss	3,781	1,769
Other (income) expenses	(7,004)	3,396
Income (loss) before income and mining taxes	189,138	(818,287)
Income and mining taxes expense (recovery) (note 24)	106,168	(131,582)
Net income (loss) for the year	\$ 82,970	\$ (686,705)
Net income (loss) per share – basic (note 17)	\$ 0.43	\$ (3.97)
Net income (loss) per share – diluted (note 17)	\$ 0.39	\$ (3.97)
Cash dividends declared per common share	\$ 0.32	\$ 0.66
COMPREHENSIVE INCOME (LOSS)		
Net income (loss) for the year	\$ 82,970	\$ (686,705)
Other comprehensive income (loss):		
Items that may be subsequently reclassified to net income (loss):		
Available-for-sale securities and other investments:		
Unrealized loss	(720)	(22,551)
Reclassification to impairment loss on available-for-sale securities (note 9)	15,763	32,476
Reclassification to realized gain on sale of available-for-sale securities (note 9)	(5,635)	(74)
Income tax impact of reclassification items (note 24)	(1,668)	–
Income tax impact of other comprehensive income (loss) items (note 24)	119	–
	7,859	9,851
Items that will not be subsequently reclassified to net income (loss):		
Pension benefit obligations:		
Remeasurement losses of pension benefit obligations (note 16(a))	(858)	–
Income tax impact (note 24)	233	–
	(625)	–
Other comprehensive income for the year	7,234	9,851
Comprehensive income (loss) for the year	\$ 90,204	\$ (676,854)

Note:

(i) Exclusive of amortization, which is shown separately.

See accompanying notes

AGNICO EAGLE MINES LIMITED

CONSOLIDATED STATEMENTS OF EQUITY

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

	Common Shares Outstanding		Stock Options	Warrants	Contributed Surplus	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Equity
	Shares	Amount						
Balance December 31, 2012	172,102,870	\$3,241,922	\$157,875	\$ 24,858	\$ 15,665	\$ 592	\$ (7,710)	\$3,433,202
Net loss for the year	–	–	–	–	–	(686,705)	–	(686,705)
Other comprehensive income	–	–	–	–	–	–	9,851	9,851
Total comprehensive (loss) income	–	–	–	–	–	(686,705)	9,851	(676,854)
Transactions with owners:								
Shares issued under employee stock option plan (notes 17 and 19(a))	213,500	9,765	(3,292)	–	–	–	–	6,473
Stock options (notes 17 and 19(a))	–	–	29,495	–	–	–	–	29,495
Shares issued under incentive share purchase plan (note 19(b))	812,946	23,379	–	–	–	–	–	23,379
Shares issued under dividend reinvestment plan	858,107	25,837	–	–	–	–	–	25,837
Warrant expiry	–	–	–	(24,858)	21,589	–	–	(3,269)
Dividends declared (\$0.66 per share)	–	–	–	–	–	(113,961)	–	(113,961)
Restricted share unit plan (notes 17 and 19(c))	(33,448)	(6,896)	–	–	–	–	–	(6,896)
Balance December 31, 2013	173,953,975	\$3,294,007	\$184,078	\$ –	\$ 37,254	\$(800,074)	\$ 2,141	\$2,717,406
Net income for the year	–	–	–	–	–	82,970	–	82,970
Other comprehensive (loss) income	–	–	–	–	–	(625)	7,859	7,234
Total comprehensive income	–	–	–	–	–	82,345	7,859	90,204
Transactions with owners:								
Shares issued under employee stock option plan (notes 17 and 19(a))	582,925	21,083	(4,089)	–	–	–	–	16,994
Stock options (notes 17 and 19(a))	–	–	20,841	–	–	–	–	20,841
Shares issued under incentive share purchase plan (note 19(b))	517,721	15,543	–	–	–	–	–	15,543
Shares issued under dividend reinvestment plan	262,360	7,654	–	–	–	–	–	7,654
Shares issued for joint acquisition of Osisko (note 5)	34,794,843	1,164,237	–	–	–	–	–	1,164,237
Common shares held by a depository relating to convertible debentures previously issued by Osisko (notes 5 and 17)	(871,680)	(29,166)	–	–	–	–	–	(29,166)
Shares issued for Cayden acquisition (note 5)	4,853,875	121,655	–	–	–	–	–	121,655
Dividends declared (\$0.32 per share)	–	–	–	–	–	(61,653)	–	(61,653)
Restricted share unit plan (notes 17 and 19(c))	142,215	4,775	–	–	–	–	–	4,775
Balance December 31, 2014	214,236,234	\$4,599,788	\$200,830	\$ –	\$ 37,254	\$(779,382)	\$ 10,000	\$4,068,490

See accompanying notes

AGNICO EAGLE MINES LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

(thousands of United States dollars)

	Year Ended December 31,	
	2014	2013
OPERATING ACTIVITIES		
Net income (loss) for the year	\$ 82,970	\$(686,705)
Add (deduct) items not affecting cash:		
Amortization of property, plant and mine development (note 11)	433,628	313,890
Deferred income and mining taxes (note 24)	37,058	(183,976)
Gain on sale of available-for-sale securities (note 9)	(5,635)	(74)
Stock-based compensation (note 19)	37,565	44,526
Impairment loss on available-for-sale securities (note 9)	15,763	32,476
Impairment loss (note 23)	–	1,014,688
Foreign currency translation loss	3,781	1,769
Other	23,430	22,719
Adjustment for settlement of reclamation provision	(4,160)	(9,081)
Changes in non-cash working capital balances:		
Trade receivables	17,237	450
Income taxes	30,771	717
Inventories	(1,354)	(33,838)
Other current assets	787	(23,447)
Accounts payable and accrued liabilities	(3,391)	(12,695)
Interest payable	(126)	(376)
Cash provided by operating activities	668,324	481,043
INVESTING ACTIVITIES		
Additions to property, plant and mine development (note 11)	(475,412)	(620,536)
Acquisition of Cayden Resources Inc., net of cash and cash equivalents acquired (note 5)	3,477	–
Acquisition of Osisko Mining Corporation, net of cash and cash equivalents acquired (note 5)	(403,509)	–
Acquisition of Urastar Gold Corporation, net of cash and cash equivalents acquired (note 5)	–	(10,051)
Net (purchases) sales of short-term investments	(2,404)	6,273
Net proceeds from sale of available-for-sale securities and warrants (note 9)	44,692	171
Purchase of available-for-sale securities and warrants (note 9)	(27,246)	(59,804)
Decrease (increase) in restricted cash (note 7)	8,783	(3,273)
Cash used in investing activities	(851,619)	(687,220)
FINANCING ACTIVITIES		
Dividends paid	(54,065)	(126,266)
Repayment of finance lease obligations (note 14)	(21,453)	(10,605)
Sale-leaseback financing (note 14)	1,027	10,928
Proceeds from long-term debt (note 15)	1,010,000	290,000
Repayment of long-term debt (note 15)	(724,050)	(120,000)
Long-term debt financing (note 15)	(2,127)	–
Repurchase of common shares for restricted share unit plan (notes 17 and 19(c))	(7,518)	(19,000)
Proceeds on exercise of stock options (note 19(a))	16,994	8,006
Common shares issued (note 17)	10,428	15,666
Cash provided by financing activities	229,236	48,729
Effect of exchange rate changes on cash and cash equivalents	(7,505)	(1,519)
Net increase (decrease) in cash and cash equivalents during the year	38,436	(158,967)
Cash and cash equivalents, beginning of year	139,101	298,068
Cash and cash equivalents, end of year	\$ 177,537	\$ 139,101
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid (note 15)	\$ 67,632	\$ 58,152
Income and mining taxes paid	\$ 51,302	\$ 56,478

See accompanying notes

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

December 31, 2014

1. CORPORATE INFORMATION

Agnico Eagle Mines Limited (“Agnico Eagle” or the “Company”) is principally engaged in the production and sale of gold, as well as related activities such as exploration and mine development. The Company’s mining operations are located in Canada, Mexico and Finland and has exploration activities in Canada, Europe, Latin America and the United States. Agnico Eagle is a public company incorporated and domiciled in Canada with its head and registered office located at 145 King Street East, Suite 400, Toronto, Ontario, M5C 2Y7. The Company is listed on the Toronto Stock Exchange and the New York Stock Exchange. Agnico Eagle sells its gold production into the world market.

These consolidated financial statements were authorized for issuance by the Board of Directors on March 25, 2015.

2. BASIS OF PRESENTATION

A) *Statement of Compliance*

The accompanying consolidated financial statements of Agnico Eagle have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) in United States (“US”) dollars.

These consolidated financial statements were prepared on a going concern basis under the historical cost method except for certain financial assets and liabilities which are measured at fair value. Significant accounting policies are presented in note 3 to these consolidated financial statements and have been consistently applied in each of the periods presented.

Prior to the adoption of IFRS, the Company’s consolidated financial statements were prepared in accordance with United States generally accepted accounting principles (“US GAAP”). As these consolidated financial statements are the Company’s first annual financial statements prepared in accordance with IFRS, disclosure of Agnico Eagle’s elected transition exemptions and reconciliation and explanation of accounting policy differences compared to US GAAP are provided in note 29 to these consolidated financial statements.

In the opinion of management, the consolidated financial statements reflect all adjustments, which consist of normal and recurring adjustments necessary to present fairly the financial position as at December 31, 2014, December 31, 2013 and January 1, 2013 and the results of operations and cash flows for the years ended December 31, 2014 and December 31, 2013.

B) *Basis of Presentation*

Subsidiaries

These consolidated financial statements include the accounts of Agnico Eagle and its consolidated subsidiaries. All intercompany balances, transactions, income and expenses and gains or losses have been eliminated on consolidation. Subsidiaries are consolidated where Agnico Eagle has the ability to exercise control. Control of an investee exists when Agnico Eagle is exposed to variable returns from the Company’s involvement with the investee and has the ability to affect those returns through its power over the investee. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

Joint Arrangements

A joint arrangement is defined as an arrangement in which two or more parties have joint control. Joint control is the contractually agreed sharing of control over an arrangement between two or more parties. This exists only when the decisions about the relevant activities that significantly affect the returns of the arrangement require the unanimous consent of the parties sharing control.

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

2. BASIS OF PRESENTATION (Continued)

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement and have rights to the assets and obligations for the liabilities relating to the arrangement. These consolidated financial statements include the Company's interests in the assets, liabilities, revenues and expenses of the joint operations, from the date that joint control commenced. Agnico Eagle's interest in the Canadian Malartic Corporation, located in Quebec, has been accounted for as a joint operation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) *Business Combinations*

In a business combination, the acquisition method of accounting is used, whereby the purchase consideration is allocated to the fair value of identifiable assets acquired and liabilities assumed at the date of acquisition. Preliminary fair values allocated at a reporting date are finalized as soon as the relevant information is available, within a period not to exceed twelve months from the acquisition date with retroactive restatement of the impact of adjustments to those preliminary fair values effective as at the acquisition date. Acquisition related costs are expensed as incurred.

Purchase consideration may also include amounts payable if future events occur or conditions are met. Any such contingent consideration is measured at fair value and included in the purchase consideration at the acquisition date. Subsequent changes to the estimated fair value of contingent consideration are recorded through the consolidated statements of income (loss), unless the preliminary fair value of contingent consideration as at the acquisition date is finalized before the twelve month measurement period in which case the adjustment is allocated to the identifiable assets acquired and liabilities assumed retrospectively to the acquisition date.

Where the cost of the acquisition exceeds the fair values of the identifiable net assets acquired, the difference is recorded as goodwill. A gain is recorded through the consolidated statements of income (loss) if the cost of the acquisition is less than the fair values of the identifiable net assets acquired.

Non-controlling interests represent the fair value of net assets in subsidiaries that are not held by the Company as at the date of acquisition. Non-controlling interests are presented in the equity section of the consolidated balance sheets.

In a business combination achieved in stages, the Company remeasures any previously held equity interest at its acquisition date fair value and recognizes any gain or loss in the consolidated statements of income (loss).

B) *Non-current Assets and Disposal Groups Held For Sale and Discontinued Operations*

The Company classifies a non-current asset or disposal group as held for sale if it is highly probable that they will be sold in their current condition, within one year from the date of classification. Assets and disposal groups that meet the criteria to be classified as an asset held for sale are measured at the lower of carrying amount and fair value less costs to dispose, and amortization on such assets ceases from the date they are classified as held for sale. Assets and disposal groups that meet the criteria to be classified as held for sale are presented separately in the consolidated balance sheets.

If the carrying amount of the asset prior to being classified as held for sale is greater than the fair value less costs to dispose, the Company recognizes an impairment loss. Any subsequent change in the measurement amount of items classified as held for sale is recognized as a gain, to the extent of any cumulative impairment charges previously recognized to the related asset or disposal group, or as a further impairment loss.

A discontinued operation is a component of the Company that can be clearly distinguished from the rest of the entity, both operationally and for financial reporting purposes that has been disposed of or is classified as held for

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

sale and represents: a) a separate significant line of business or geographical area of operations; b) a part of a single co-ordinated plan to dispose of an area of operation; or c) a subsidiary acquired exclusively for resale. The results of the disposal groups or regions which are discontinued operations are presented separately in the consolidated statements of comprehensive income (loss).

C) Foreign Currency Translation

The functional currency of the Company, for each subsidiary and for joint arrangements, is the currency of the primary economic environment in which it operates. The functional currency of all of the Company's operations is the US dollar.

Once the Company determines the functional currency of an entity, it is not changed unless there is a change in the relevant underlying transactions, events and circumstances. Any change in an entity's functional currency is accounted for prospectively from the date of the change, and the consolidated balance sheets are translated using the exchange rate at that date.

At the end of each reporting period, the Company translates foreign currency balances as follows:

- Monetary items are translated at the closing rate in effect at the consolidated balance sheet date;
- Non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Items measured at fair value are translated at the exchange rate in effect at the date the fair value was measured; and
- Revenue and expense items are translated using the average exchange rate during the period.

D) Cash and Cash Equivalents

The Company's 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. The Company places its cash and cash equivalents and short-term investments in high quality securities issued by government agencies, financial institutions and major corporations and limits the amount of credit exposure by diversifying its holdings.

E) Short-term Investments

The Company's short-term investments include financial instruments with remaining maturities of greater than three months but less than one year 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.

F) Inventories

Inventories consist of ore stockpiles, concentrates, dore bars and supplies. Inventories are carried at the lower of cost and net realizable value ("NRV"). Cost is determined using the weighted average basis and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories includes direct costs of materials and labour related directly to mining and processing activities, including production phase stripping costs, amortization of property, plant and mine development directly involved in the related mining and production process, amortization of any stripping costs previously capitalized and directly attributable overhead costs. When interruptions to production occur, an adjustment is made to the costs included in inventories, such that they reflect normal capacity. Abnormal costs are expensed in the period they are incurred.

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The current portion of ore stockpiles, ore in leach pads and inventories is determined based on the expected amounts to be processed within the next twelve months. Ore stockpiles, ore on leach pads and inventories not expected to be processed or used within the next twelve months are classified as long-term.

NRV is estimated by calculating the net selling price less costs to be incurred in converting the relevant inventories to saleable product and delivering it to a customer. Costs to complete are based on management's best estimate as at the consolidated balance sheet date. An NRV impairment may be reversed in a subsequent period if the circumstances that triggered the impairment no longer exist.

G) *Financial Instruments*

The Company's financial assets and liabilities (financial instruments) include cash and cash equivalents, short-term investments, restricted cash, trade receivables, available-for-sale securities, accounts payable and accrued liabilities, long-term debt (including convertible debentures) and derivative financial instruments. All financial instruments are recorded at fair value at recognition. Subsequent to initial recognition, financial instruments classified as trade receivables, accounts payable and accrued liabilities and long-term debt (excluding convertible debentures issued by Osisko that are now an obligation of Canadian Malartic GP) are measured at amortized cost using the effective interest method. Other financial assets and liabilities are recorded at fair value through the consolidated statements of income (loss).

Available-for-sale Securities

The Company's investments in available-for-sale securities consist primarily of investments in common shares of entities in the mining industry recorded using trade date accounting. Investments are designated as available-for-sale based on the criteria that the Company does not hold these for trading purposes. The cost basis of available-for-sale securities is determined using the average cost method and they are carried at fair value. Unrealized gains and losses recorded to measure available-for-sale securities at fair value are recognized in other comprehensive income (loss).

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 significant or prolonged, an impairment charge is recorded in the consolidated statements of income (loss) and comprehensive income (loss). The Company assesses whether a decline in value is considered to be significant or prolonged by considering available evidence, including changes in general market conditions, specific industry and investee data, the length of time and the extent to which the fair value has been less than cost and the financial condition of the investee.

Derivative Instruments and Hedge Accounting

The Company uses derivative financial instruments (primarily option and forward contracts) to manage exposure to fluctuations in by-product metal prices, interest rates and foreign currency exchange rates and may use such means to manage exposure to certain input costs. The Company 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 equity as a component of accumulated other comprehensive income (loss), depending on the nature of the derivative financial instrument and whether it qualifies for hedge accounting. Financial instruments designated as hedges are tested for effectiveness at each reporting period. Realized gains and losses on those contracts that are proven to be effective are reported as a component of the related transaction.

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H) *Goodwill*

Goodwill is recognized in a business combination if the cost of the acquisition exceeds the fair values of the identifiable net assets acquired. Goodwill is then allocated to the cash generating unit (“CGU”) or group of CGUs that are expected to benefit from the synergies of the combination. A CGU is the smallest identifiable group of assets that generates cash inflows which are largely independent of the cash inflows from other assets or groups of assets.

The Company performs goodwill impairment tests on an annual basis as at December 31 each year. In addition, the Company assesses for indicators of impairment at each reporting period end and, if an indicator of impairment is identified, goodwill is tested for impairment at that time. If the carrying value of the CGU or group of CGUs to which goodwill is assigned exceeds its recoverable amount, an impairment loss is recognized. Goodwill impairment losses are not reversed.

The recoverable amount of a CGU or group of CGUs is measured as the higher of value in use and fair value less costs of disposal.

I) *Mining Properties, Plant and Equipment and Mine Development Costs*

Mining properties, plant and equipment and mine development costs are recorded at cost, less accumulated amortization and accumulated impairment losses.

Mining Properties

The cost of mining properties includes the fair value attributable to proven and probable mineral reserves and mineral resources acquired in a business combination or asset acquisition, underground mine development costs, deferred stripping, capitalized exploration and evaluation costs and capitalized borrowing 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 units-of-production method, based on estimated proven and probable mineral 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. Cost components of a specific project that are included in the capital cost of the asset include salaries and wages directly attributable to the project, supplies and materials used in the project, and incremental overhead costs that can be directly attributable to the project.

Assets under construction are not amortized until the end of the construction period or once the production stage is achieved. Upon achieving the production stage, the capitalized construction costs are transferred to the appropriate category of plant and equipment.

Plant and Equipment

Expenditures for new facilities and improvements that can extend the useful lives of existing facilities are capitalized as plant and equipment at cost. The cost of an item of plant and equipment includes: its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and the estimate of the costs of dismantling and removing the item and restoring the site on which it is located other than costs that arise as a consequence of having used the item to produce inventories during the period.

Amortization of an asset begins when the asset is in the location and condition necessary for it to operate in the manner intended by management. Amortization ceases at the earlier of the date the asset is classified as held for sale or the date the asset is derecognized. Assets under construction are not amortized until the end of the

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

construction period. Amortization is charged according to either the units-of-production method or on a straight-line basis, according to the pattern in which the asset's future economic benefits are expected to be consumed. The amortization method applied to an asset is reviewed at least annually.

Useful lives of property, plant and equipment are based on estimated mine lives as determined by proven and probable mineral reserves. Remaining mine lives at December 31, 2014 range from 3 to 20 years.

Mine Development Costs

Mine development costs incurred after the commencement of production are capitalized when they are expected to have a future economic benefit. Activities that are typically capitalized include costs incurred to build shafts, drifts, ramps, and access corridors which enables the Company to extract ore underground.

The Company records amortization on underground mine development costs on a units-of-production basis based on the estimated tonnage of proven and probable mineral reserves of the identified component of the ore body. The units-of-production method defines the denominator as the total tonnage of proven and probable mineral reserves.

Deferred Stripping

In open pit mining operations, it is necessary to remove overburden and other waste materials to access ore from which minerals can be extracted economically. The process of mining overburden and waste materials is referred to as stripping.

During the development stage of the mine, stripping costs are capitalized as part of the cost of building, developing and constructing the mine and are amortized once the mine has entered the production stage.

During the production stage of a mine, stripping costs are recorded as a part of the cost of inventories unless these costs are expected to provide a future economic benefit and, in such cases, are capitalized to property, plant and mine development.

Production stage stripping costs provide a future economic benefit when:

- It is probable that the future economic benefit (e.g., improved access to the ore body) associated with the stripping activity will flow to the Company;
- The Company can identify the component of the ore body for which access has been improved; and
- The costs relating to the stripping activity associated with that component can be measured reliably.

Capitalized production stage stripping costs are amortized over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

Borrowing Costs

Borrowing costs are capitalized to qualifying assets. Qualifying assets are assets that take a substantial period of time to prepare for the Company's intended use, which includes projects that are in the exploration and evaluation, development or construction stages.

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as finance costs in the period in which they are incurred. Where the funds used to finance a qualifying asset form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to the relevant borrowings during the period.

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, including whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Leasing arrangements that transfer substantially all the risks and rewards of ownership of the asset to the Company are classified as finance leases. Finance leases are recorded as an asset with a corresponding liability at an amount equal to the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance costs using the effective interest rate method, whereby a constant rate of interest expense is recognized on the balance of the liability outstanding. The interest element of the lease is charged to the consolidated statement of income (loss) as a finance cost. An asset leased under a finance lease is amortized over the shorter of the lease term and its useful life.

All other leases are recognized as operating leases. Operating lease payments are recognized as an operating expense in the consolidated statements of income (loss) on a straight-line basis over the lease term.

J) Development Stage Expenditures

Development stage expenditures are costs incurred to obtain access to proven and probable mineral reserves and provide facilities for extracting, treating, gathering, transporting and storing the minerals. The development stage of a mine commences when the technical feasibility and commercial viability of extracting the mineral resource has been determined. Costs that are directly attributable to mine development are capitalized as property, plant and mine development to the extent that they are necessary to bring the property to commercial production.

Abnormal costs are expensed as incurred. Indirect costs are included only if they can be directly attributed to the area of interest. General and administrative costs are capitalized as part of the development expenditures when the costs are directly attributed to a specific mining development project.

Commercial Production

A mine construction project is considered to have entered the production stage when the mine construction assets are available for use. In determining whether mine construction assets are considered available for use, the criteria considered include, but are not limited to, the following:

- Completion of a reasonable period of testing mine plant and equipment;
- Ability to produce minerals in saleable form (within specifications); and
- Ability to sustain ongoing production of minerals.

When a mine construction project moves into the production stage, amortization commences, the capitalization of certain mine construction costs ceases and expenditures are either capitalized to inventories or expensed as incurred. Exceptions include costs incurred for additions or improvements to property, plant and mine development and open-pit stripping activities.

K) Impairment of Long-lived Assets

At the end of each reporting period the Company assesses whether there is any indication that long-lived assets may be impaired. If an indicator of impairment exists, the recoverable amount of the asset is calculated in order to determine if any impairment loss is required. If it is not possible to estimate the recoverable amount of the individual asset, assets are grouped at the CGU level for the purpose of assessing the recoverable amount. An impairment loss is recognized for any excess of the carrying amount of the CGU over its recoverable amount. The impairment loss

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

related to a CGU is first allocated to goodwill and the remaining loss is allocated on a pro-rata basis to the remaining long-lived assets of the CGU based on their carrying amounts.

Any impairment charge that is taken on a long-lived asset except goodwill is reversed if there are subsequent changes in the estimates or significant assumptions that were used to recognize the impairment loss that result in an increase in the recoverable amount of the CGU. If an indicator of impairment reversal has been identified, a recovery should be recognized to the extent the recoverable amount of the asset exceeds its carrying amount. The amount of the reversal is limited to the difference between the current carrying amount and the amount which would have been the carrying amount had the earlier impairment not been recognized and amortization of that carrying amount had continued. Impairments and subsequent reversals are recorded in the consolidated statement of income (loss) in the period in which they occur.

L) **Debt**

Debt is initially recorded at fair value, net of financing costs incurred. Debt is subsequently measured at amortized cost. Any difference between the amounts received and the redemption value of the debt is recognized in the consolidated statements of income (loss) over the period to maturity using the effective interest rate method. Convertible debentures are accounted for as a financial liability measured at fair value in the consolidated statements of income (loss).

M) **Reclamation Provisions**

Asset retirement obligations ("AROs") arise from the acquisition, development and construction 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 Company recognizes an ARO at the time the environmental disturbance occurs or a constructive obligation is determined to exist based on the Company's best estimate of the timing and amount of expected cash flows expected to be incurred. When the ARO provision is recognized, the corresponding cost is capitalized to the related item of property, plant and mine development. Reclamation provisions that result from disturbance in the land to extract ore in the current period is included in the cost of inventories.

The timing of the actual environmental remediation expenditures is dependent on a number of factors such as the life and nature of the asset, the operating licence conditions and the environment in which the mine operates. Reclamation provisions are measured at the expected value of future cash flows discounted to their present value using a risk-free interest rate. AROs are adjusted each period to reflect the passage of time (accretion). Accretion expense is recorded in financing costs each period. Upon settlement of an ARO, the Company records a gain or loss if the actual cost differs from the carrying amount of the ARO. Settlement gains/losses are recorded in the consolidated statements of income (loss).

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 proven and probable mineral 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.

Each reporting period, provisions for AROs are remeasured to reflect any changes to significant assumptions, including the amount and timing of expected cash flows and risk-free interest rates. Changes to the reclamation

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

provision resulting from changes in estimate are added to or deducted from the cost of the related asset, except for reclamation provisions that result from disturbance in the land to extract ore or where the reduction of the reclamation provision exceeds the carrying value of the related assets in which case the asset is reduced to nil and the remaining adjustment is recognized in the consolidated statements of income (loss).

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 or constructive 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. ERLs are measured by discounting the expected related cash flows using a risk-free interest rate. The Company prepares estimates of the timing and amount of expected cash flows when an ERL is incurred. Each reporting period, 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 value of the ERL. Any change in the value of ERLs results in a corresponding charge or credit to the consolidated statements of income (loss). Upon settlement of an ERL, the Company records a gain or loss if the actual cost differs from the carrying amount of the ERL in the consolidated statements of income (loss).

N) Post-employment Benefits

In Canada, the Company 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 10.0% of the designated executives’ income is contributed by the Company. The Company does not offer any other post-retirement benefits to its employees.

The Company also provides a non-registered supplementary executive retirement defined benefit plan for certain current and former 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 (including the cost of any benefits provided for past service), the net interest cost on the net defined liability/asset, and the effects of settlements and curtailments related to special events. Pension fund assets are measured at their current fair values. The costs of pension plan improvements are recognized immediately in expense when they occur. Remeasurements of the net defined benefit liability are recognized immediately in other comprehensive income (loss) and are subsequently transferred to retained earnings.

Defined Contribution Plan

The Company recognizes the contributions payable to a defined contribution plan in exchange for services rendered by employees as an expense, unless another policy requires or permits the inclusion of the contribution in the cost of an asset. After deducting contributions already paid, a liability is recorded throughout each period to reflect unpaid but earned contributions. If the contribution paid exceeds the contribution due for the service before the end of the reporting period, the Company recognizes that excess as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Defined Benefit Plan

Plan assets are measured at their fair value at the consolidated balance sheet date and are deducted from the present value of plan liabilities to arrive at a net defined benefit liability/asset. The defined benefit obligation reflects the expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Current service cost represents the actuarially calculated present value of the benefits earned by the active employees in each period and reflects the economic cost for each period based on current market conditions. The current service cost is based on the most recent actuarial valuation. The net interest on the net defined benefit liability/asset is the change during the period in the defined benefit liability/asset that arises from the passage of time.

Past service cost represents the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment. Past service costs from plan amendments that increase or decrease vested or unvested benefits are recognized immediately in net income (loss) at the earlier of when the related plan amendment occurs or when the entity recognizes related restructuring costs or termination benefits.

Gains or losses on plan settlements are measured as the difference in the present value of the defined benefit obligation and settlement price. This results in a gain or loss being recognized when the benefit obligation settles. Actuarial gains and losses are recorded on the consolidated balance sheets as part of the benefit plan's funded status. Gains and losses are recognized immediately in other comprehensive income (loss) and are subsequently transferred to retained earnings and are not subsequently recognized in net income (loss).

O) Contingent Liabilities and Other Provisions

Provisions are recognized when a present obligation exists (legal or constructive), as a result of a past event, for which it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the obligation at the consolidated balance sheet date, measured using the expected cash flows discounted for the time value of money. The increase in provision (accretion) due to the passage of time is recognized as a finance cost in the consolidated statements of income (loss).

Contingent liabilities are possible obligations whose existence will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the entity's control, or present obligations that are not recognized because it is not probable that an outflow of economic benefits would be required to settle the obligation or the amount cannot be measured reliably. Contingent liabilities are not recognized but are disclosed and described in the notes to the consolidated financial statements, including an estimate of their potential financial effect and uncertainties relating to the amount or timing of any outflow, unless the possibility of settlement is remote. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company, with assistance from its legal counsel, evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought.

P) Stock-based Compensation

The Company offers equity-settled awards (the employee stock option plan, incentive share purchase plan and restricted share unit plan) to certain employees, officers and directors of the Company.

Employee Stock Option Plan ("ESOP")

The Company's ESOP provides for the granting of options to directors, officers, employees and service providers to purchase common shares. 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.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 cost is recorded over the vesting period of the award to the same expense category of the award recipient's payroll costs and the corresponding entry is recorded in equity. Equity-settled awards are not remeasured subsequent to the initial grant date. The dilutive impact of stock option grants is factored into the Company's reported diluted net income (loss) per share. The stock option expense incorporates an expected forfeiture rate, estimated based on expected employee turnover.

Incentive Share Purchase Plan ("ISPP")

Under the ISPP, directors (excluding non-executive directors), officers and employees (the participants) of the Company may contribute up to 10.0% of their basic annual salaries and the Company contributes an amount equal to 50.0% of each participant's contribution. All common shares subscribed for under the ISPP are issued by the Company.

The Company records an expense equal to its cash contribution to the ISPP. No forfeiture rate is applied to the amounts accrued. Where an employee leaves prior to the vesting date, any accrual for contributions by the Company during the vesting period related to that employee is reversed.

Restricted Share Unit ("RSU") Plan

The RSU plan is open to directors and certain employees including senior executives of the Company. Common shares are purchased and held in a trust until they have vested. The cost is recorded over the vesting period of the award to the same expense category as the award recipient's payroll costs. The cost of the RSUs is recorded within equity until settled. Equity-settled awards are not remeasured subsequent to the initial grant date.

Q) Revenue Recognition

Revenue from mining operations consists of gold revenues, net of smelting, refining, transportation and other marketing charges. Revenues from by-product metal sales are shown net of smelter charges as part of revenues from mining operations.

Revenue from the sale of gold and silver is recognized when the following conditions have been met:

- The Company has transferred to the buyer the significant risks and rewards of ownership;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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 of 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 established as of the date that the concentrate is delivered to the smelter. The Company records

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

revenues under these contracts based on forward prices at the time of delivery, which is when the risks and rewards of ownership of the 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.

R) Exploration and Evaluation Expenditures

Exploration and evaluation expenditures are the costs incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. Evaluation expenditures are the costs incurred to establish the technical and commercial viability of developing mineral deposits identified through exploration activities or by acquisition.

Exploration and evaluation expenditures are expensed as incurred unless it can be demonstrated that the project will generate future economic benefit. When it is determined that a project can generate future economic benefit the costs are capitalized in the property, plant and mine development line item of the consolidated balance sheets.

The exploration and evaluation phase ends when the technical feasibility and commercial viability of extracting the mineral is demonstrable.

S) Net Income (Loss) Per Share

Basic net income (loss) per share is calculated by dividing net income (loss) for a given period by the weighted average number of common shares outstanding during that same period. Diluted net income (loss) per share reflects the potential dilution that could occur if holders with rights to convert instruments to common shares exercise these rights. Convertible debt is dilutive whenever its impact on net income (loss), including mark-to-market gains (losses), interest and tax expense, per ordinary share obtainable on conversion is less than basic net income (loss) per share. 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 the future period compensation expense on options granted are assumed to be used to purchase common shares at the average market price during the period; and
- The incremental number of common shares (the difference between the number of shares assumed issued and the number of shares assumed purchased) is included in the denominator of the diluted net income (loss) per share calculation.

T) Income Taxes

Current tax and deferred tax expenses are recognized in the consolidated statements of income (loss) except to the extent that they relate to a business combination, or to items recognized directly in equity or in other comprehensive income (loss).

Current tax expense is based on substantively enacted statutory tax rates and laws at the consolidated balance sheet date.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax basis of such assets and liabilities measured using tax rates and laws

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

that are substantively enacted at the consolidated balance sheet date and effective for the reporting period when the temporary differences are expected to reverse.

Deferred taxes are not recognized where:

- The deferred tax liability arises from the initial recognition of goodwill;
- The deferred tax asset or liability arises on the initial recognition of an asset or liability in an acquisition that is not a business combination and, at the time of the acquisition, affects neither net income (loss) nor income (loss) before income and mining taxes; and
- For temporary differences relating to investments in subsidiaries and jointly controlled entities to the extent that the Company can control the timing of the temporary difference and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognized for unused losses carried forward and deductible temporary differences to the extent that it is probable that future taxable net income will be available against which they can be utilized except as noted above.

At each reporting period, previously unrecognized deferred tax assets are reassessed to determine whether it has become probable that future taxable net income will allow the deferred tax assets to be recovered.

Recently Issued Accounting Pronouncements

IFRS 9 – Financial Instruments

In July 2014, the IASB issued IFRS 9 – *Financial Instruments* which brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 – *Financial Instruments: Recognition and Measurement*. Application of the standard is mandatory for annual periods beginning on or after January 1, 2018, with early adoption permitted. Agnico Eagle is evaluating the impact of the adoption of IFRS 9 on the Company's consolidated financial statements along with the timing of adoption.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – *Revenue from Contracts with Customers*, which establishes principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2017, with earlier adoption permitted. Agnico Eagle is evaluating the impact of the adoption of IFRS 15 on the Company's consolidated financial statements along with the timing of adoption.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Management believes that the estimates used in the preparation of the consolidated financial statements are reasonable; however, actual results may differ materially from these estimates. The key areas where significant judgments, estimates and assumptions have been made are summarized below.

Proven and Probable Mineral Reserves

Proven and probable mineral reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The estimates are based on information compiled by appropriately qualified persons as defined under the Canadian Securities Administrators' National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101"). Such an analysis relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates requires complex geological judgments to interpret the data. The estimation of recoverable proven and probable mineral reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgments made in estimating the size and grade of the ore body.

As the economic assumptions used may change and as additional geological information is acquired during the operation of a mine, estimates of proven and probable mineral reserves may change. Such changes may impact the Company's consolidated balance sheets and consolidated statements of income (loss) and comprehensive income (loss), including:

- The carrying value of the Company's property, plant and mine development and goodwill may be affected due to changes in estimated future cash flows;
- Amortization charges in the consolidated statements of income (loss) and comprehensive income (loss) may change where such charges are determined using the units-of-production method or where the useful life of the related assets change;
- Capitalized stripping costs recognized in the consolidated balance sheets as either part of mining properties or as part of inventories or charged to income may change due to changes in the ratio of ore to waste extracted; and
- Reclamation provisions may change where changes to the proven and probable mineral reserve estimates affect expectations about when such activities will occur and the associated cost of these activities.

Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment to determine whether future economic benefits are likely to arise and whether activities have reached a stage that permits a reasonable assessment of the existence of proven and probable mineral reserves.

Production Stage of a Mine

As each mine is unique in nature, significant judgment is required to determine the date that a mine enters the production stage. The Company considers the factors outlined in note 3 to these consolidated financial statements to make this determination.

Contingencies

Contingencies can be either possible assets or possible liabilities arising from past events which, by their nature, will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

impact of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events.

Reclamation Provisions

Environmental remediation costs will be incurred by the Company at the end of the operating life of the Company's mining properties. Management assesses its reclamation provision each reporting period or when new information becomes available. The ultimate environmental remediation costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of reclamation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditures differing from the amount of the current provision. As a result, there could be significant adjustments to the provisions established that would affect future financial results. The reclamation provision as at the reporting date represents management's best estimate of the present value of the future environmental remediation costs required.

Income and Mining Taxes

Management is required to make estimates regarding the tax basis of assets and liabilities and related deferred income and mining tax assets and liabilities, amounts recorded for uncertain tax positions, the measurement of income and mining tax expense, and estimates of the timing of repatriation of income. Several of these estimates require management to make assessments of future taxable profit and, if actual results are significantly different than the Company's estimates, the ability to realize the deferred income and mining tax assets recorded on the consolidated balance sheets could be affected.

Impairment of Goodwill and Non-current Assets

The Company evaluates each asset or CGU (excluding goodwill, which is assessed annually regardless of indicators) in each reporting period to determine if any indicators of impairment exist. When completing an impairment test, the Company calculates the estimated recoverable amount of CGUs, which requires management to make estimates and assumptions with respect to items such as future production levels, operating and capital costs, long-term commodity prices, foreign exchange rates, discount rates, exploration potential, and closure and environmental remediation costs. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will have an impact on these projections, which may impact the recoverable amount of assets or CGUs. Accordingly, it is possible that some or the entire carrying amount of the assets or CGUs may be further impaired or the impairment charge reduced with the impact recognized in the consolidated statements of income (loss) and comprehensive income (loss).

Joint Arrangements

Judgment is required to determine when the Company has joint control of a contractual arrangement, which requires a continuous assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. Judgment is also continually required to classify a joint arrangement as either a joint operation or a joint venture when the arrangement has been structured through a separate vehicle. Classifying the arrangement requires the Company to assess its rights and obligations arising from the arrangement. Specifically, the Company considers the legal form of the separate vehicle, the terms of the contractual arrangement and other relevant facts and circumstances. This assessment often requires significant judgment, and a different conclusion on joint control, or whether the arrangement is a joint operation or a joint venture, may have a material impact on the accounting treatment.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Management evaluated its joint arrangement with Yamana to each acquire 50.0% of the shares of Osisko under the principles of IFRS 11 *Joint Arrangements*. The Company concluded that the arrangement qualified as a joint operation upon considering the following significant factors:

- The requirement that the joint operators purchase all output from the investee and investee restrictions on selling the output to any third party;
- The parties to the arrangement are substantially the only source of cash flow contributing to the continuity of the arrangement; and
- If the selling price drops below cost, the joint operators are required to cover any obligations the entity cannot satisfy.

5. ACQUISITIONS

Cayden Resources Inc.

On November 28, 2014, the Company acquired all of the issued and outstanding common shares of Cayden Resources Inc. ("Cayden"), including common shares issuable on the exercise of Cayden's outstanding options and warrants, pursuant to a court-approved plan of arrangement under the *Business Corporations Act* (British Columbia). Cayden is an exploration company focused on the discovery of precious metals in Mexico.

The total purchase price of \$122.1 million was comprised of \$0.5 million in cash and 4,853,875 Agnico Eagle common shares issued from treasury. The Cayden acquisition was accounted for as an asset acquisition and transaction costs associated with the acquisition totaling \$3.2 million were capitalized to the mining properties acquired.

The following table sets out 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	\$ 476
Agnico Eagle common shares issued for acquisition	121,655
Total purchase price to allocate	\$122,131

Fair value of assets acquired and liabilities assumed:

Mining properties	\$117,178
Cash and cash equivalents	3,953
Trade receivables ⁽ⁱ⁾	141
Income taxes recoverable	1,942
Other current assets	129
Plant and equipment	68
Accounts payable and accrued liabilities	(1,280)
Net assets acquired	\$122,131

Note:

(i) The fair value of trade receivables approximates the gross contractual amounts receivable.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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5. ACQUISITIONS (Continued)

Osisko Mining Corporation

On June 16, 2014, Agnico Eagle and Yamana jointly acquired 100.0% of the issued and outstanding shares of Osisko by way of a court-approved plan of arrangement (the "Arrangement") under the *Canada Business Corporations Act*.

Under the Arrangement, Agnico Eagle and Yamana each indirectly acquired 50.0% of Osisko's issued and outstanding shares. As part of the Arrangement, the Canadian Malartic mine in Quebec was transferred to the newly formed Canadian Malartic GP in which each of Agnico Eagle and Yamana have an indirect 50.0% interest. Agnico Eagle and Yamana will also jointly explore the Kirkland Lake assets, the Hammond Reef project and the Pandora and Wood-Pandora properties through their indirect joint ownership of Canadian Malartic Corporation (the successor to Osisko).

Each outstanding share of Osisko was exchanged under the Arrangement for: (i) C\$2.09 in cash (Agnico Eagle's 50.0% share was C\$1.045); (ii) 0.07264 of an Agnico Eagle common share (a value of C\$2.64 based on the closing price of C\$36.29 for Agnico Eagle common shares on the Toronto Stock Exchange as of June 16, 2014); (iii) 0.26471 of a Yamana common share; and (iv) 0.1 of one common share of Osisko Gold Royalties Ltd., a company that was newly formed in connection with the Arrangement and is now traded on the Toronto Stock Exchange.

Pursuant to the Arrangement, the following assets of Osisko were transferred to Osisko Gold Royalties Ltd.: (i) a 5.0% net smelter royalty on the Canadian Malartic mine; (ii) C\$157.0 million in cash; (iii) a 2.0% net smelter royalty on the Kirkland Lake assets, the Hammond Reef project, and certain other exploration properties retained by Canadian Malartic Corporation; (iv) all assets and liabilities of Osisko in its Guerrero camp in Mexico; and (v) certain other investments and assets.

Agnico Eagle has recognized its interest in the assets, liabilities, revenues and expenses of Osisko in accordance with the Company's rights and obligations prescribed by the Arrangement, as the joint arrangement was determined to be a joint operation under IFRS.

Agnico Eagle's transaction costs associated with the acquisition totaling \$16.7 million were expensed through the general and administrative line item of the consolidated statements of income (loss) and comprehensive income (loss) during year ended December 31, 2014.

Agnico Eagle's share of the June 16, 2014 preliminary purchase price of Osisko was comprised of the following:

Cash paid for acquisition	\$ 462,728
Agnico Eagle common shares issued for acquisition	1,135,071
Total Agnico Eagle preliminary purchase price to allocate	\$1,597,799

A fair value approach was applied by management in developing preliminary estimates of the fair value of identifiable assets and liabilities contributed to the newly formed Osisko joint operation. Preliminary estimates of fair value represent all information available as of the acquisition date. However, estimates of fair value may be materially adjusted during the measurement period as new information about the facts and circumstances that existed as of the acquisition date is obtained.

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

5. ACQUISITIONS (Continued)

The following table sets out the allocation of Agnico Eagle's share of the purchase price to attributable assets acquired and liabilities assumed pursuant to the Arrangement, based on management's preliminary estimates of fair value:

Fair value of assets acquired and liabilities assumed:

Property, plant and mine development	\$1,452,148
Goodwill ⁽ⁱ⁾	543,444
Cash and cash equivalents	59,219
Restricted cash	35,528
Trade receivables ⁽ⁱⁱ⁾	9,653
Inventories	51,477
Other current assets	11,420
Accounts payable and accrued liabilities	(49,391)
Reclamation provision	(20,776)
Long-term debt	(151,333)
Deferred income and mining tax liabilities	(343,590)
Net assets acquired	\$1,597,799

Notes:

(i) Goodwill is currently allocated to the Canadian Malartic mine segment, however the allocation of goodwill has not yet been finalized.

(ii) The fair value of trade receivables approximates the gross contractual amounts receivable.

The joint acquisition of Osisko is a strategic fit with the Company's skill set and its other operating assets in the area. The Company believes that goodwill associated with the joint acquisition of Osisko arose principally because of the following factors: (1) the value implicit in the Company's ability to sustain and/or grow its business by increasing proven and probable mineral reserves and mineral 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.

The Company's indirect 50.0% interest in Canadian Malartic GP resulted in revenues from mining operations of \$189.9 million and a net loss of \$15.8 million between the June 16, 2014 completion of the Arrangement and December 31, 2014.

AGNICO EAGLE MINES LIMITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

5. ACQUISITIONS (Continued)

Pro forma results of operations for the Company assuming the joint acquisition of Osisko described above had occurred as of January 1, 2014 are set out below:

	Year Ended December 31, 2014
<i>Pro forma</i> revenue from mining operations for the year	\$2,055,990
<i>Pro forma</i> net income for the year	\$ 41,866

The Company's *pro forma* net income for the year has been adjusted for the following material, non-recurring items: Agnico Eagle transaction costs totaling \$16.7 million expensed through the general and administrative line item of the Company; a \$79.1 million loss incurred on the transfer of assets to Osisko Gold Royalties Ltd. expensed through the other (income) expense line item of Osisko; and the deduction of acquisition-related fees totaling \$46.1 million expensed through the general and administrative line item of Osisko. All other adjustments are related to the application of preliminary estimates of fair value to Osisko assets acquired and liabilities assumed and the alignment of accounting policies consistent with those made to Osisko's results in the post-acquisition period.

Urastar Gold Corporation

On May 16, 2013, the Company completed the acquisition of all of the issued and outstanding common shares of Urastar Gold Corporation ("Urastar") pursuant to a court-approved plan of arrangement under the *Business Corporations Act* (British Columbia) for cash consideration of \$10.1 million. The Urastar acquisition was accounted for as a business combination and goodwill of \$9.8 million was recognized on the Company's consolidated balance sheets.

The transaction costs associated with the acquisition totaling \$0.7 million were expensed through the general and administrative line item of the consolidated statements of income (loss) and comprehensive income (loss) during the year ended December 31, 2013.

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

5. ACQUISITIONS (Continued)

The following table sets out 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	\$10,127
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Fair value of assets acquired and liabilities assumed:

Mining properties	\$ 1,994
Goodwill	9,802
Cash and cash equivalents	76
Trade receivables	731
Other current assets	12
Plant and equipment	2
Accounts payable and accrued liabilities	(791)
Other liabilities	(1,573)
Deferred income and mining tax liabilities	(126)
Net assets acquired	\$10,127

The Company believes that goodwill for the Urastar acquisition arose principally because of the value implicit in the Company's ability to grow its business by increasing proven and probable mineral reserves and mineral resources through new discoveries.

Pro forma results of operations for the Company assuming the acquisition of Urastar described above had occurred as of January 1, 2013 are detailed below. On a *pro forma* basis, there would have been no effect on the Company's consolidated revenues.

	Year Ended December 31, 2013
<i>Pro forma</i> net loss for the year	\$(689,199)
<i>Pro forma</i> net loss per share – basic	\$ (3.99)

6. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities for which fair value is measured or disclosed in the

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

6. FAIR VALUE MEASUREMENT (Continued)

consolidated financial statements are categorized within the fair value hierarchy, described, as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

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

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

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

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

For items that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing their classification at the end of each reporting period.

During the year ended December 31, 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

The Company's financial assets and liabilities include cash and cash equivalents, short-term investments, restricted cash, trade receivables, available-for-sale securities, accounts payable and accrued liabilities, long-term debt (including convertible debentures issued by Osisko and now an obligation of Canadian Malartic GP) and derivative financial instruments.

The fair values of cash and cash equivalents, short-term investments, restricted cash and accounts payable and accrued liabilities approximate their carrying values due to their short-term nature.

Long-term debt (excluding convertible debentures issued by Osisko and now an obligation of Canadian Malartic GP) is recorded on the consolidated balance sheets at amortized cost and the fair value is provided in note 15 to these consolidated financial statements for disclosure purposes only.

The following table sets out the Company's financial assets and liabilities measured at fair value on a recurring basis as at December 31, 2014 using the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Trade receivables	\$ –	\$59,716	\$ –	\$ 59,716
Available-for-sale securities	51,653	4,815	–	56,468
Fair value of derivative financial instruments	–	4,877	–	4,877
Total financial assets	\$51,653	\$69,408	\$ –	\$121,061
Financial liabilities:				
Convertible debentures	\$ –	\$ –	\$34,678	\$ 34,678
Fair value of derivative financial instruments	–	8,249	–	8,249
Total financial liabilities	\$ –	\$ 8,249	\$34,678	\$ 42,927

AGNICO EAGLE MINES LIMITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

6. FAIR VALUE MEASUREMENT (Continued)

The following table sets out the Company's financial assets and liabilities measured at fair value on a recurring basis as at December 31, 2013 using the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Trade receivables	\$ –	\$67,300	\$ –	\$ 67,300
Available-for-sale securities	74,581	–	–	74,581
Fair value of derivative financial instruments	–	5,590	–	5,590
Total financial assets	\$74,581	\$72,890	\$ –	\$147,471
Financial liabilities:				
Fair value of derivative financial instruments	\$ –	\$ 323	\$ –	\$ 323

The following table sets out the Company's financial assets and liabilities measured at fair value on a recurring basis as at January 1, 2013 using the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Trade receivables	\$ –	\$67,750	\$ –	\$ 67,750
Available-for-sale securities	44,719	–	–	44,719
Fair value of derivative financial instruments	–	2,112	–	2,112
Total financial assets	\$44,719	\$69,862	\$ –	\$114,581
Financial liabilities:				
Fair value of derivative financial instruments	\$ –	\$ 277	\$ –	\$ 277

Valuation Techniques

Trade Receivables

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).

Available-for-sale Securities

Available-for-sale securities representing shares of publicly traded entities are recorded at fair value using quoted market prices (classified within Level 1 of the fair value hierarchy). Available-for-sale securities representing shares of non-publicly traded entities are recorded at fair value using external broker-dealer quotations (classified within Level 2 of the fair value hierarchy).

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

6. FAIR VALUE MEASUREMENT (Continued)

Derivative Financial Instruments

Derivative financial instruments classified within Level 2 of the fair value hierarchy are recorded at fair value using external broker-dealer quotations or option pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs. Derivative financial instruments are classified as at fair value through the consolidated statements of income (loss).

Convertible Debentures

Convertible debentures issued by Osisko and now an obligation of Canadian Malartic GP are reported at fair value and classified within Level 3 of the fair value hierarchy and constitute contracts which may result in the payment of cash and issuance of publicly-traded shares. Fair value was calculated with consideration given to the influence of a variety of inputs including quoted market prices and interest rates. Convertible debentures are included in the current portion of long-term debt line item in the consolidated balance sheets.

7. 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 \$5.8 million be restricted as at December 31, 2014 (December 31, 2013 – \$6.9 million; January 1, 2013 – \$4.7 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, 2014, \$0.1 million (2013 – \$2.8 million) was withdrawn from the QET to fund the environmental remediation expenditures. As at December 31, 2014, \$15.5 million (December 31, 2013 – \$16.8 million; January 1, 2013 – \$20.7 million) remained in the QET.

At December 31, 2014, cash of \$11.8 million (December 31, 2013 – nil; January 1, 2013 – nil) was restricted representing 50.0% of amounts held by a depository to satisfy obligations in connection with the senior unsecured convertible debentures previously issued by Osisko that are now the obligation of Canadian Malartic GP.

As at December 31, 2014, cash of \$20.9 million (December 31, 2013 – nil; January 1, 2013 – nil) was restricted representing 50.0% of the deposits in respect of environmental guarantees in the Province of Quebec made by Canadian Malartic GP in connection with its ownership of the Canadian Malartic mine.

On December 30, 2013, the Company deposited \$5.0 million into a restricted account in connection with a Subscription Agreement to acquire 5,000 shares of Tocqueville Bullion Reserve, Ltd. at a price of \$1,000 per share. The acquisition was completed subsequent to year end on January 2, 2014.

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

8. INVENTORIES

	As at December 31, 2014	As at December 31, 2013	As at January 1, 2013
Ore in stockpiles and on leach pads	\$ 51,970	\$ 33,504	\$ 38,745
Concentrates and dore bars	111,912	58,419	64,728
Supplies	282,778	253,160	222,629
Total current inventories	\$446,660	\$345,083	\$326,102
Non-current ore in stockpiles and on leach pads ⁽ⁱ⁾	25,125	46,179	32,711
Total inventories	\$471,785	\$391,262	\$358,813

Note:

(i) Ore that the Company does not expect to process within 12 months is classified as long-term and is recorded in the other assets line item on the consolidated balance sheets.

During the year ended December 31, 2014, a charge of \$4.6 million (2013 – \$3.2 million) was recorded within production costs to reduce the carrying value of inventories to its net realizable value.

9. AVAILABLE-FOR-SALE SECURITIES

	As at December 31, 2014	As at December 31, 2013	As at January 1, 2013
Cost	\$ 74,928	\$111,169	\$ 59,516
Accumulated impairment losses	(30,090)	(40,653)	(7,117)
Unrealized gains in accumulated other comprehensive income (loss)	11,815	11,530	1,902
Unrealized losses in accumulated other comprehensive income (loss)	(185)	(7,465)	(9,582)
Total estimated fair value of available-for-sale securities	\$ 56,468	\$ 74,581	\$ 44,719

During the year ended December 31, 2014, the Company received proceeds of \$41.4 million (2013 – \$0.2 million) and recognized a gain before income taxes of \$5.6 million (2013 – \$0.1 million) on the sale of certain available-for-sale securities.

During the year ended December 31, 2014, the Company recorded an impairment loss of \$15.8 million (2013 – \$32.5 million) on certain available-for-sale securities that were determined to have an impairment that was significant or prolonged.

AGNICO EAGLE MINES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

10. OTHER ASSETS

(a) Other Current Assets

	As at December 31, 2014	As at December 31, 2013	As at January 1, 2013
Federal, provincial and other sales taxes receivable	\$ 70,143	\$ 71,053	\$36,400
Prepaid expenses	39,608	35,396	36,119
Insurance receivable	113	1,369	6,553
Receivables from employees	395	780	1,800
Retirement compensation arrangement plan refundable tax receivable	–	–	4,044
Other	13,142	8,394	8,061
Total other current assets	\$123,401	\$116,992	\$92,977

(b) Other Assets

	As at December 31, 2014	As at December 31, 2013	As at January 1, 2013
Non-current ore in stockpiles and on leach pads	\$25,125	\$46,179	\$32,711
Other assets	2,497	2,155	1,711
Total other assets	\$27,622	\$48,334	\$34,422

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

11. PROPERTY, PLANT AND MINE DEVELOPMENT

	Mining Properties	Plant and Equipment	Mine Development Costs	Construction in Progress	Total
As at January 1, 2013	\$ 1,138,680	\$ 2,189,152	\$ 695,406	\$ 197,051	\$ 4,220,289
Additions	157,511	65,069	155,022	233,958	611,560
Capitalized borrowing costs	–	–	–	3,518	3,518
Disposals	–	(15,603)	–	–	(15,603)
Acquisitions	1,994	2	–	–	1,996
Amortization	(28,342)	(245,886)	(38,447)	–	(312,675)
Impairment loss	(449,590)	(328,798)	(36,236)	–	(814,624)
Transfers between categories ⁽ⁱ⁾	–	19,966	57,252	(77,218)	–
As at December 31, 2013	820,253	1,683,902	832,997	357,309	3,694,461
Additions	94,081	203,605	163,912	43,780	505,378
Capitalized borrowing costs	–	1,056	–	650	1,706
Disposals	(2,526)	(6,142)	–	–	(8,668)
Acquisitions	904,403	664,991	–	–	1,569,394
Amortization	(79,363)	(290,530)	(90,882)	–	(460,775)
Transfers between categories ⁽ⁱ⁾	1,534	305,512	(175,889)	(131,157)	–
As at December 31, 2014	\$ 1,738,382	\$ 2,562,394	\$ 730,138	\$ 270,582	\$ 5,301,496
As at January 1, 2013:					
Cost	\$ 2,019,192	\$ 3,094,535	\$ 975,176	\$ 197,051	\$ 6,285,954
Accumulated amortization and net impairments	(880,512)	(905,383)	(279,770)	–	(2,065,665)
Net carrying amount – January 1, 2013	\$ 1,138,680	\$ 2,189,152	\$ 695,406	\$ 197,051	\$ 4,220,289
As at December 31, 2013:					
Cost	\$ 2,178,697	\$ 3,138,194	\$ 1,187,449	\$ 357,309	\$ 6,861,649
Accumulated amortization and net impairments	(1,358,444)	(1,454,292)	(354,452)	–	(3,167,188)
Net carrying amount – December 31, 2013	\$ 820,253	\$ 1,683,902	\$ 832,997	\$ 357,309	\$ 3,694,461
As at December 31, 2014:					
Cost	\$ 3,176,189	\$ 4,334,707	\$ 1,175,472	\$ 270,582	\$ 8,956,950
Accumulated amortization and net impairments	(1,437,807)	(1,772,313)	(445,334)	–	(3,655,454)
Net carrying amount – December 31, 2014	\$ 1,738,382	\$ 2,562,394	\$ 730,138	\$ 270,582	\$ 5,301,496

Note:

(i) Upon achieving commercial production at the Goldex mine's M and E Zones in October 2013 and at the La India mine in February 2014, related costs accumulated in construction in progress were reclassified.

AGNICO EAGLE MINES LIMITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

11. PROPERTY, PLANT AND MINE DEVELOPMENT (Continued)

Geographic Information:

	As at December 31, 2014	As at December 31, 2013	As at January 1, 2013
Northern Business:			
Canada	\$3,418,287	\$1,942,979	\$2,658,970
Finland	825,292	762,717	732,918
Southern Business:			
Mexico	1,047,669	978,496	817,703
United States	10,248	10,269	10,698
Total property, plant and mine development	\$5,301,496	\$3,694,461	\$4,220,289

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at December 31, 2014	As at December 31, 2013	As at January 1, 2013
Trade payables	\$ 91,120	\$ 80,242	\$ 89,289
Wages payable	36,263	35,881	35,752
Accrued liabilities	36,099	16,366	27,372
Other liabilities	42,698	40,885	32,916
Total accounts payable and accrued liabilities	\$206,180	\$173,374	\$185,329

In 2014 and 2013, the other liabilities balance consisted primarily of various employee payroll tax withholdings and other payroll taxes.

13. 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. Assumptions based on current economic conditions, which the Company believes are reasonable, have been used to estimate the reclamation provision. However, actual reclamation costs will ultimately depend on future economic conditions and costs for the necessary reclamation work. Changes in reclamation provision estimates during the period reflect changes in cash flow estimates as well as assumptions including discount and inflation rates. The discount rates used in the calculation of the reclamation provision at December 31, 2014 ranged between 1.03% and 2.54% (December 31, 2013 – between 1.40% and 3.49%).

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

13. RECLAMATION PROVISION (Continued)

The following table reconciles the beginning and ending carrying amounts of the Company's asset retirement obligations. The settlement of the obligation is estimated to occur through to 2041.

	Year Ended December 31, 2014	Year Ended December 31, 2013
Asset retirement obligations – long-term, beginning of year	\$171,472	\$173,708
Asset retirement obligations – current, beginning of year	1,029	4,630
Current year additions and changes in estimate, net	69,420	(2,868)
Current year attributable additions upon joint acquisition of Osisko	20,776	–
Current year accretion	5,173	4,456
Liabilities settled	(1,714)	(853)
Foreign exchange revaluation	(20,678)	(6,572)
Reclassification from long-term to current, end of year	(2,863)	(1,029)
Asset retirement obligations – long-term, end of year	\$242,615	\$171,472

The following table reconciles the beginning and ending carrying amounts of the Company's environmental remediation liability. The settlement of the obligation is estimated to occur through to 2020.

	Year Ended December 31, 2014	Year Ended December 31, 2013
Environmental remediation liability – long-term, beginning of year	\$12,537	\$12,033
Environmental remediation liability – current, beginning of year	2,423	12,186
Current year additions and changes in estimate, net	563	1,005
Liabilities settled	(3,202)	(9,045)
Foreign exchange revaluation	(1,113)	(1,219)
Reclassification from long-term to current, end of year	(3,906)	(2,423)
Environmental remediation liability – long-term, end of year	\$ 7,302	\$12,537

14. LEASES

(a) Finance Leases

The Company has entered into sale-leaseback agreements with third parties for various fixed and mobile equipment within Canada. These arrangements represent sale-leaseback transactions in accordance with IAS 17 – *Leases*. The sale-leaseback agreements have an average effective annual interest rate of 5.25% and the average length of the contracts is five years.

AGNICO EAGLE MINES LIMITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

14. LEASES (Continued)

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, 2014, the total net book value of assets recorded under sale-leaseback finance leases amounted to \$12.9 million (December 31, 2013 – \$29.5 million; January 1, 2013 – \$19.1 million).

The Company has agreements with third party providers of mobile equipment. These arrangements represent finance leases in accordance with the guidance in IAS 17 – *Leases*. The leases are for five to seven years and have an average effective annual interest rate of 4.4%.

As a result of its June 16, 2014 joint acquisition of Osisko, Agnico Eagle assumed indirect attributable secured finance lease obligations of C\$38.3 million (\$35.3 million) provided in separate tranches with maturities ranging between 2015 and 2019 and a 7.5% interest rate. As at December 31, 2014, the Company's attributable finance lease obligations amounted to \$31.7 million.

The following table sets out future minimum lease payments under finance leases together with the present value of the net minimum lease payments:

	As at December 31, 2014			As at December 31, 2013			As at January 1, 2013		
	Minimum Finance Lease Payments	Interest	Present Value	Minimum Finance Lease Payments	Interest	Present Value	Minimum Finance Lease Payments	Interest	Present Value
Within 1 year	\$23,587	\$1,445	\$22,142	\$12,776	\$ 741	\$12,035	\$14,052	\$1,097	\$12,955
Between 1 – 5 years	22,232	1,095	21,137	12,482	639	11,843	12,616	508	12,108
Total	\$45,819	\$2,540	\$43,279	\$25,258	\$1,380	\$23,878	\$26,668	\$1,605	\$25,063

As at December 31, 2014, the total net book value of assets recorded under finance leases, including sale-leaseback finance leases, was \$61.7 million (December 31, 2013 – \$40.0 million; January 1, 2013 – \$31.5 million). The amortization of assets recorded under finance 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).

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

14. LEASES (Continued)

(b) Operating Leases

The Company has a number of operating lease agreements involving office facilities. 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 are as follows:

	As at December 31, 2014	As at December 31, 2013	As at January 1, 2013
Within 1 year	\$1,051	\$1,783	\$1,434
Between 1 – 3 years	1,619	1,854	1,850
Between 3 – 5 years	1,452	1,652	1,635
Thereafter	1,549	2,470	3,473
Total	\$5,671	\$7,759	\$8,392

During the year ended December 31, 2014, \$1.2 million (year ended December 31, 2013 – \$1.6 million) of operating lease payments were recognized in the consolidated statements of income (loss).

15. LONG-TERM DEBT

	As at December 31, 2014	As at December 31, 2013	As at January 1, 2013
Credit Facility ⁽ⁱ⁾	\$ 492,470	\$192,611	\$ 20,190
2012 Notes ⁽ⁱ⁾	198,549	198,378	198,207
2010 Notes ⁽ⁱ⁾	596,966	596,367	595,767
Attributable convertible debentures ⁽ⁱⁱ⁾	34,679	–	–
Other attributable debt instruments	51,979	–	–
Total debt	1,374,643	987,356	814,164
Less: current portion	52,182	–	–
Total long-term debt	\$1,322,461	\$987,356	\$814,164

(i) Inclusive of deferred financing costs.

(ii) Attributable convertible debentures have a contractual maturity in 2017 but are included in the current portion of long-term debt on the consolidated balance sheets.

The fair value of long-term debt (excluding convertible debentures issued by Osisko that are now an obligation of Canadian Malartic GP) is determined by applying a discount rate, reflecting the credit spread based on the Company's credit rating, to future related cash flows. As at December 31, 2014, the Company's long-term debt had a fair value of \$1,498.4 million (December 31, 2013 – \$1,103.9 million; January 1, 2013 – \$968.7 million).

AGNICO EAGLE MINES LIMITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

15. LONG-TERM DEBT (Continued)

Scheduled Debt Principal Repayments

	2015	2016	2017	2018	2019	2020 and Thereafter	Total
Credit Facility	\$ –	\$ –	\$ –	\$ –	\$500,000	\$ –	\$ 500,000
2012 Notes	–	–	–	–	–	200,000	200,000
2010 Notes	–	–	115,000	–	–	485,000	600,000
Attributable convertible debentures	–	–	32,325	–	–	–	32,325
Other attributable debt instruments	17,503	17,238	17,238	–	–	–	51,979
Total	\$17,503	\$17,238	\$164,563	\$ –	\$500,000	\$685,000	\$1,384,304

Credit Facility

On June 22, 2010, the Company amended and restated one of its two unsecured revolving bank credit facilities (the “Credit Facility”) and terminated its other unsecured revolving bank credit facility, increasing the amount available from an aggregate \$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 amending pricing terms.

On September 5, 2014, the Company further amended the Credit Facility, extending the maturity date from June 22, 2017 to June 22, 2019 and amending pricing terms.

At December 31, 2014, the Credit Facility was drawn down by \$500.0 million (December 31, 2013 – \$200.0 million; January 1, 2013 – \$30.0 million). Amounts drawn down, together with outstanding letters of credit under the Credit Facility, resulted in Credit Facility availability of \$699.0 million at December 31, 2014.

2012 Notes

On July 24, 2012, the Company closed a \$200.0 million private placement of guaranteed senior unsecured notes (the “2012 Notes”) which, on issuance, had a weighted average maturity of 11.0 years and weighted average yield of 4.95%.

The following table sets out details of 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
Total	\$200,000		

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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15. LONG-TERM DEBT (Continued)

2010 Notes

On April 7, 2010, the Company closed a \$600.0 million private placement of guaranteed senior unsecured notes (the "2010 Notes") which, on issuance, had a weighted average maturity of 9.84 years and weighted average yield of 6.59%.

The following table sets out details of the individual series of the 2010 Notes:

	Principal	Interest Rate	Maturity Date
Series A	\$115,000	6.13%	4/7/2017
Series B	360,000	6.67%	4/7/2020
Series C	125,000	6.77%	4/7/2022
Total	\$600,000		

Acquisition of Osisko

In connection with its joint acquisition of Osisko on June 16, 2014, Canadian Malartic GP was assigned and assumed certain outstanding debt obligations of Osisko relating to the Canadian Malartic mine. Agnico Eagle's indirect attributable share of such debt instruments is as follows:

- A secured loan facility in the principal amount of C\$75.0 million (\$69.1 million) with scheduled C\$20.0 million repayments on June 30, 2015, June 30, 2016 and June 30, 2017 and a 6.875% per annum interest rate. A scheduled repayment of C\$15.0 million (\$14.1 million) was made subsequent to the June 16, 2014 acquisition date, resulting in attributable outstanding principal of \$51.7 million as at December 31, 2014. On September 29, 2014, Canadian Malartic GP amended the acquired secured loan facility (the "CMGP Loan") with no change to maturity or pricing terms.
- Senior unsecured convertible debentures with principal outstanding of C\$37.5 million (\$34.6 million), a November 2017 maturity date and a 6.875% interest rate. As at the June 16, 2014 acquisition date, the convertible debentures had an attributable fair value of \$44.9 million. As at December 31, 2014, the convertible debentures had principal outstanding of \$32.3 million and an attributable fair value of \$34.7 million. An \$8.0 million mark-to-market gain was recorded in the other (income) expenses line item of the consolidated statements of income (loss) related to the convertible debentures between the June 16, 2014 acquisition date and December 31, 2014.
- A loan with principal outstanding of C\$2.1 million (\$2.0 million) with monthly repayments scheduled through the first quarter of 2015 and a 0.0% interest rate. As at December 31, 2014, the Company's attributable loan principal outstanding amounted to \$0.3 million.

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 and sell material assets.

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, carry on a business other than one related to mining and the ability of the Guarantors to incur indebtedness.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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15. LONG-TERM DEBT (Continued)

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.

The CMGP Loan requires Canadian Malartic GP to maintain a minimum EBITDA to interest expense ratio and a maximum debt to EBITDA ratio.

The Company was in compliance with all covenants contained in the Credit Facility, 2012 Notes and 2010 Notes as at December 31, 2014. Canadian Malartic GP was in compliance with all CMGP Loan covenants as at December 31, 2014.

Interest on Long-term Debt

Total long-term debt interest costs incurred during the year ended December 31, 2014 were \$56.9 million (2013 – \$58.0 million).

Total borrowing costs capitalized to property, plant and mine development during the year ended December 31, 2014 were \$1.7 million (2013 – \$3.5 million) at a capitalization rate of 1.28% (2013 – 1.48%).

During the year ended December 31, 2014, cash interest paid on the Credit Facility was \$7.5 million (2013 – \$1.8 million), cash standby fees paid on the Credit Facility were \$5.1 million (2013 – \$4.8 million) and cash interest paid on the 2010 Notes and 2012 Notes was \$49.4 million (2013 – \$49.4 million).

16. OTHER LIABILITIES

Other liabilities consist of the following:

	As at December 31, 2014	As at December 31, 2013	As at January 1, 2013
Long-term portion of capital lease obligations (note 14(a))	\$21,137	\$11,843	\$12,108
Pension benefit obligations (note 16(a))	17,507	15,278	13,808
Other	159	268	140
Total other liabilities	\$38,803	\$27,389	\$26,056

(a) *Pension Benefit Obligations*

Executives Plan

Agnico Eagle provides the Executives Plan for certain current and former senior officers. It is considered a defined benefit plan as defined in IAS 19 – *Employee Benefits* with a pension formula based on final average earnings in excess of the amounts payable from the registered plan. Assets for the Executives Plan consist of deposits on hand with regulatory authorities that are refundable when benefit payments are made or on the ultimate wind-up of the plan. The estimated average remaining service life of the plan at December 31, 2014 is 4.0 years. The funded status of the Executives Plan is based on actuarial valuations performed as of December 31, 2014.

AGNICO EAGLE MINES LIMITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

16. OTHER LIABILITIES (Continued)

The funded status of the Executives Plan for 2014 and 2013 is as follows:

	Year Ended December 31,	
	2014	2013
Reconciliation of the Executives Plan assets:		
Executives Plan assets, beginning of year	\$ 2,346	\$ 2,373
Agnico Eagle's contributions	372	374
Benefit payments	(239)	(244)
Interest on Executives Plan assets	111	92
Net return on Executives Plan assets excluding interest	(111)	(92)
Effect of exchange rate changes	(201)	(157)
Executives Plan assets, end of year	2,278	2,346
Reconciliation of Executives Plan defined benefit obligation:		
Defined benefit obligation, beginning of year	11,298	10,818
Service cost	470	456
Benefit payments	(239)	(244)
Interest cost	550	431
Actuarial losses (gains) arising from changes in economic assumptions	1,581	(1,569)
Actuarial (gains) losses arising from changes in demographic assumptions	(164)	779
Actuarial (gains) losses arising from Executives Plan experience	(584)	1,363
Effect of exchange rate changes	(1,017)	(736)
Defined benefit obligation, end of year	11,895	11,298
Net defined benefit liability, end of year	\$ 9,617	\$ 8,952

The components of Agnico Eagle's pension expense recognized in the consolidated statements of income (loss) relating to the Executives Plan are as follows:

	Year Ended December 31,	
	2014	2013
Service cost	\$ 470	\$457
Interest cost on defined benefit obligation	550	431
Interest on Executives Plan assets	(111)	(92)
Pension expense	\$ 909	\$796

AGNICO EAGLE MINES LIMITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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16. OTHER LIABILITIES (Continued)

The remeasurements of the net defined benefit liability recognized in other comprehensive income (loss) relating to the Executives Plan are as follows:

	Year Ended December 31,	
	2014	2013
Actuarial losses relating to the defined benefit obligation	\$833	\$573
Net return on Executives Plan assets excluding interest	111	92
Total remeasurements of the net defined benefit liability	\$944	\$665

In 2015, the Company expects to make contributions of \$0.3 million and benefit payments of \$0.1 million related to the Executives Plan.

The following table sets out significant weighted average assumptions used in measuring the Company's Executives Plan defined benefit obligation:

	As at December 31,	
	2014	2013
Assumptions:		
Rate of return on Executives Plan assets	4.9%	4.0%
Discount rate – beginning of year	4.9%	4.0%
Discount rate – end of year	4.0%	4.9%
Rate of compensation increase	3.0%	3.0%

The discount rate was modified between periods to reflect the change in market interest rates prevailing on high quality corporate bonds. Other assumptions are the same as those used as at December 31, 2013.

The following is a summary of the effect of changes in significant actuarial assumptions on the Company's Executives Plan defined benefit obligation:

	As at December 31, 2014
Change in assumption:	
0.5% increase in discount rate	\$(851)
0.5% decrease in discount rate	943
0.5% increase in the rate of compensation increase	110
0.5% decrease in the rate of compensation increase	(109)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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16. OTHER LIABILITIES (Continued)

The summary of the effect of changes in significant actuarial assumptions was prepared using the same methods and actuarial assumptions as those used for the calculation of the Executives Plan defined benefit obligation as at the end of the fiscal year, except for the change in the single actuarial assumption being evaluated. The modification of several actuarial assumptions at the same time could lead to different results.

Other Plans

In addition to the Executives Plan, the Company maintains the Basic Plan and the Supplemental Plan. Under the Basic Plan, Agnico Eagle contributes 5.0% of certain employees' base employment compensation to a defined contribution plan. In 2014, \$11.1 million (2013 – \$12.5 million) was contributed to the Basic Plan, \$0.1 million of which related to contributions for key management personnel (2013 – \$0.1 million). Effective January 1, 2008, the Company adopted the Supplemental Plan for designated executives at the level of Vice-President or above. The Supplemental Plan is funded by the Company through notional contributions equal to 10.0% of the designated executive's earnings for the year (including salary and short-term bonus). In 2014, the Company made \$1.5 million (2013 – \$1.2 million) in notional contributions to the Supplemental Plan, \$0.1 million (2013 – \$0.1 million) of which related to contributions for key management personnel. The Supplemental Plan is accounted for as a cash balance plan.

17. EQUITY

Common Shares

The Company's authorized share capital includes an unlimited number of common shares with no par value. As at December 31, 2014, Agnico Eagle's issued common shares totaled 215,192,887 (December 31, 2013 – 174,181,163; January 1, 2013 – 172,296,610), less 956,653 common shares held in a trust or by a depository to satisfy obligations in connection with the senior unsecured convertible debentures previously issued by Osisko that are now the obligation of Canadian Malartic GP (December 31, 2013 – 227,188 common shares held in a trust; January 1, 2013 – 193,740 common shares held in a trust).

84,973 common shares are held in a trust in connection with the Company's restricted share unit ("RSU") plan (December 31, 2013 – 227,188 common shares held in a trust). The trust has been evaluated under IFRS 10 – *Consolidated Financial Statements* and is consolidated in the accounts of the Company, with shares held in trust offset against the Company's issued shares in its consolidated financial statements. The common shares purchased and held in a trust are excluded from the basic net income (loss) per share calculations until they have vested. All of the non-vested common shares held in a trust are included in the diluted net income (loss) per share calculations, unless the impact is anti-dilutive.

As part of the Company's joint acquisition of Osisko on June 16, 2014 (see note 5 to these consolidated financial statements for details), 871,680 Agnico Eagle common shares are held by a depository to satisfy obligations under the senior unsecured convertible debentures previously issued by Osisko (now an obligation of Canadian Malartic GP) if converted in the future. These Agnico Eagle common shares held by a depository are not currently considered outstanding as they will not be voted and as accrued dividends may, at Agnico Eagle's discretion, revert back to the Company. These common shares are excluded from the calculation of basic net income (loss) per share and are included in the calculation of diluted net income (loss) per share, unless the impact is anti-dilutive.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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17. EQUITY (Continued)

The following table sets out the maximum number of common shares that would be outstanding if all dilutive instruments outstanding at December 31, 2014 were exercised:

Common shares outstanding at December 31, 2014	214,236,234
Employee stock options	11,913,210
Common shares held in a trust in connection with the RSU plan (note 19(c))	84,973
Common shares held by a depositary relating to convertible debentures previously issued by Osisko (note 5)	871,680
Total	227,106,097

Net Income (Loss) Per Share

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

	Year Ended December 31,	
	2014	2013
Net income (loss) for the year – basic	\$ 82,970	\$(686,705)
Net income (loss) for the year – diluted	\$ 75,625	\$(686,705)
Weighted average number of common shares outstanding – basic (in thousands)	195,223	172,893
Add: Dilutive impact of common shares held by a depositary relating to convertible debentures previously issued by Osisko	475	–
Add: Dilutive impact of common shares related to the RSU plan	259	–
Add: Dilutive impact of employee stock options	244	–
Weighted average number of common shares outstanding – diluted (in thousands)	196,201	172,893
Net income (loss) per share – basic	\$ 0.43	\$ (3.97)
Net income (loss) per share – diluted	\$ 0.39	\$ (3.97)

Diluted net income (loss) per share have been calculated using the treasury stock method. In applying the treasury stock method, outstanding employee stock options 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 would be anti-dilutive.

The dilutive impact of convertible debentures previously issued by Osisko, including both their impact on diluted net income and the dilutive impact of related common shares held by a depositary in connection with any conversion thereof, has been included in the calculation of net income per share for the year ended December 31, 2014.

For the year ended December 31, 2014, 9,102,210 employee stock options were excluded from the calculation of diluted net income per share as their impact would have been anti-dilutive.

For the year ended December 31, 2013, the impact of any additional shares issued under the employee stock option plan or shares related to the RSU plan were excluded from the calculation of net loss per share as their impact would have been anti-dilutive due to the net loss recorded for the year.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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18. REVENUES FROM MINING OPERATIONS AND TRADE RECEIVABLES

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 by-product metals. The revenue from by-product metals is primarily generated by production at the LaRonde mine in Canada (silver, zinc and copper) and the Pinos Altos mine in Mexico (silver).

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 and copper. The prices of these metals can fluctuate significantly and are affected by numerous factors beyond the Company's control.

During the year ended December 31, 2014, three customers each contributed more than 10.0% of total revenues from mining operations for a combined total of approximately 65.0% of revenues from mining operations in the Northern and Southern business units. 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. As at December 31, 2014, the Company had \$59.7 million (December 31, 2013 – \$67.3 million; January 1, 2013 – \$67.8 million) in receivables relating to provisionally priced concentrate sales. For the year ended December 31, 2014, the Company recognized mark-to-market losses of \$0.8 million (2013 – \$0.3 million) on concentrate receivables.

	Year Ended December 31,	
	2014	2013
Revenues from mining operations:		
Gold	\$1,807,927	\$1,500,354
Silver	62,466	100,895
Zinc	9,901	16,685
Copper	16,479	20,653
Lead ⁽ⁱ⁾	(7)	(181)
Total revenues from mining operations	\$1,896,766	\$1,638,406

Note:

(i) Lead concentrate revenues of \$0.1 million in 2014 (2013 – \$0.9 million) are netted against direct fees of \$0.1 million (2013 – \$1.1 million). Other metal revenues derived from lead concentrate in 2014 included gold revenue of nil (2013 – \$7.9 million) and silver revenue of nil (2013 – \$2.8 million). Other metal revenues derived from lead concentrate are included in their respective metal categories in the above table.

In 2014, precious metals (gold and silver) accounted for 98.6% of Agnico Eagle's revenues from mining operations (2013 – 97.7%). The remaining revenues from mining operations consisted of net by-product metal revenues. In 2014, these net by-product metal revenues as a percentage of total revenues from mining operations were 0.5% from zinc (2013 – 1.0%) and 0.9% from copper (2013 – 1.3%).

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19. STOCK-BASED COMPENSATION

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

The Company's ESOP provides for the grant 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 5.0% 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 2013, the shareholders approved a resolution to increase the number of common shares reserved for issuance under the ESOP to 27,800,000.

Of the 3,187,500 stock options granted under the ESOP in 2014, 796,875 stock options vested immediately. The remaining stock options, all of which expire in 2019, vest in equal installments on each anniversary date of the grant over a three-year period. Of the 2,803,000 stock options granted under the ESOP in 2013, 700,750 stock options vested immediately. The remaining stock options, all of which expire in 2018, 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 common shares from treasury to settle the obligation.

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

	Year Ended December 31, 2014		Year Ended December 31, 2013	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price
Outstanding, beginning of year	11,283,535	C\$56.02	10,587,126	C\$56.60
Granted	3,187,500	28.07	2,803,000	52.13
Exercised	(582,925)	31.46	(213,500)	37.06
Forfeited	(250,750)	53.08	(540,206)	58.15
Expired	(1,724,150)	62.64	(1,352,885)	54.67
Outstanding, end of year	11,913,210	C\$48.84	11,283,535	C\$56.02
Options exercisable, end of year	7,503,335	C\$55.98	7,248,295	C\$59.39

The average share price of Agnico Eagle's common shares during the year ended December 31, 2014 was C\$34.83 (2013 – C\$33.72)

The weighted average grant date fair value of stock options granted in 2014 was C\$6.53 (2013 – C\$10.63).

AGNICO EAGLE MINES LIMITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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19. STOCK-BASED COMPENSATION (Continued)

The following table sets out information about Agnico Eagle's stock options outstanding and exercisable at December 31, 2014:

Range of Exercise Prices:	Stock Options Outstanding			Stock Options Exercisable	
	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
C\$28.03 – C\$59.71	9,725,131	2.45 years	C\$42.66	5,315,256	C\$47.61
C\$60.72 – C\$83.08	2,188,079	1.01 years	76.31	2,188,079	76.31
C\$28.03 – C\$83.08	11,913,210	2.18 years	C\$48.84	7,503,335	C\$55.98

The weighted average remaining contractual term of stock options exercisable at December 31, 2014 was 1.5 years.

The Company has reserved for issuance 11,913,210 common shares in the event that these stock options are exercised.

The number of common shares available for the grant of stock options under the ESOP as at December 31, 2014 and December 31, 2013 was 3,595,276 and 4,807,876, respectively.

Subsequent to the year ended December 31, 2014, 3,048,010 stock options were granted under the ESOP, of which 683,998 stock options vested within 30 days of the grant. The remaining stock options, all of which expire in 2020, 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:

	Year Ended December 31,	
	2014	2013
Risk-free interest rate	1.52%	1.40%
Expected life of stock options (in years)	2.6	2.5
Expected volatility of Agnico Eagle's share price	42.5%	35.7%
Expected dividend yield	3.82%	1.82%

The Company uses historical volatility to estimate 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 total compensation expense for the ESOP recorded in the general and administrative line item of the consolidated statements of income (loss) and comprehensive income (loss) for 2014 was \$20.8 million (2013 – \$24.6 million). Of the total compensation cost for the ESOP, \$0.8 million was capitalized as part of the property, plant and mine development line item of the consolidated balance sheets in 2014 (2013 – \$3.3 million).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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19. STOCK-BASED COMPENSATION (Continued)

(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 10.0% of their basic annual salaries and the Company contributes an amount equal to 50.0% of each Participant's contribution. All common shares subscribed for under the Purchase Plan are issued by the Company. The total compensation cost recognized in 2014 related to the Purchase Plan was \$5.2 million (2013 – \$7.8 million).

In 2014, 517,721 common shares were subscribed for under the Purchase Plan (2013 – 812,946) for a value of \$15.5 million (2013 – \$23.4 million). In May 2014, the Company's shareholders approved an increase in the maximum number of common shares reserved for issuance under the Purchase Plan to 6,100,000 from 5,000,000. As at December 31, 2014, Agnico Eagle has reserved for issuance 1,412,186 common shares (2013 – 829,907) under the Purchase Plan.

(c) Restricted Share Unit Plan

In 2009, the Company implemented the RSU plan for certain employees. Effective January 1, 2012, the RSU plan was amended to include directors and senior executives of the Company.

A deferred compensation balance is recorded for the total grant date value on the date of each RSU plan grant. The deferred compensation balance is recorded as a reduction of equity and is amortized as compensation expense over the applicable vesting period of two to three years.

In 2014, 298,877 (2013 – 425,114) RSUs were granted with a grant date fair value of \$28.62 (2013 – \$48.25). In 2014, the Company funded the RSU plan by transferring \$7.5 million (2013 – \$19.0 million) to an employee benefit trust that then purchased common shares of the Company in the open market. The grant date fair value of the RSUs generally approximates the cost of purchasing the shares in the open market. Once vested, the common shares in the trust are distributed to settle the obligation along with a cash payment reflecting the accumulated amount that would have been paid as dividends had the common shares been outstanding.

Compensation expense related to the RSU plan was \$12.8 million in 2014 (2013 – \$12.1 million). Compensation expense related to the RSU plan is included as part of the general and administrative line item of the consolidated statements of income (loss) and comprehensive income (loss).

Subsequent to the year ended December 31, 2014, 377,000 RSUs were granted under the RSU plan which vest in 2018.

20. CAPITAL AND FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk, commodity price risk and foreign currency risk), credit risk, and liquidity risk. The Company's overall risk management policy is to support the delivery of the Company's financial targets while minimizing the potential adverse effects on the Company's performance.

Risk management is carried out by a centralized treasury department under policies approved by the Board of Directors. The Company ensures that financial activities are governed by policies and procedures and that financial risks are identified, measured and managed in accordance with its policies and risk tolerance.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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20. CAPITAL AND FINANCIAL RISK MANAGEMENT (Continued)

a) Market Risk

Market risk is the risk that changes in market factors, such as interest rates, commodity prices and foreign exchange rates, will affect the value of Agnico Eagle's financial instruments. The Company can choose to either accept market risk or mitigate it through the use of derivatives and other economic hedging strategies.

i. Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations which have floating interest rates.

The following table shows the impact of a 1.0% increase or decrease in interest rates on income (loss) before income and mining taxes. The impact on equity is the same as the impact on income (loss) before income and mining taxes.

	Year Ended December 31,	
	2014	2013
1.0% Increase	\$(3,548)	\$(966)
1.0% Decrease	\$ 3,548	\$ 966

ii. Commodity Price Risk

a. Metal Prices

Agnico Eagle's revenues from mining operations and net income (loss) are sensitive to metal prices. Changes in the market price of gold may 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 by-product metals (silver, zinc and copper) may be attributed to factors such as demand and global mine production levels.

In order to mitigate the impact of fluctuating by-product metal prices, the Company occasionally enters into derivative financial instrument contracts under its Risk Management Policies and Procedures, approved by the Board. The Company has a long-standing policy of no forward gold sales. However, the policy does allow the Company to use other economic hedging strategies where appropriate to mitigate by-product metal pricing risks. The Company occasionally buys put options, enters into price collars and enters into forward contracts to protect minimum by-product 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 by-product metal prices. The Company's policy does not allow speculative trading.

b. Fuel

To mitigate the risks associated with fluctuating diesel fuel prices, the Company uses derivative financial instruments as economic hedges of the price risk on a portion of its diesel fuel costs (refer to note 21 to these consolidated financial statements for further details on derivative financial instruments).

iii. Foreign Currency Risk

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

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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20. CAPITAL AND FINANCIAL RISK MANAGEMENT (Continued)

Company enters into currency economic hedging transactions under the Company's Foreign Exchange Risk Management Policies and Procedures, 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 financial instrument strategy includes the use of purchased puts, sold calls, collars and forwards that are not held for speculative purposes (refer to note 21 to these consolidated financial statements for further details on the Company's derivative financial instruments).

The following table sets out the translation impact on income before income and mining taxes and equity for the year ended December 31, 2014 of a 10.0% change in the exchange rate of the US dollar relative to the Canadian dollar, Euro and Mexican peso, with all other variables held constant.

	Impact on Income Before Income and Mining Taxes and Equity	
	10.0% Strengthening of the US Dollar	10.0% Weakening of the US Dollar
Canadian dollar	\$ 22,147	\$ (22,147)
Euro	\$ 5,249	\$ (5,249)
Mexican peso	\$ 2,471	\$ (2,471)

b) Credit Risk

Credit risk is the risk that a third party might fail to fulfill its obligations under the terms of a financial instrument. Credit risk arises from cash and cash equivalents, short-term investments, restricted cash, trade receivables and derivative financial instruments. The Company holds its cash and cash equivalents, restricted cash and short-term investments in highly rated financial institutions resulting in a low level of credit risk. For trade receivables and derivative financial instruments, historical levels of default have been negligible, resulting in a low level of credit risk. The Company mitigates credit risk by dealing with recognized credit worthy counterparties and limiting concentration risk. For derivative financial instrument liabilities, the Company assumes no credit risk when the fair value of an instrument is negative. The maximum exposure to credit risk is equal to the carrying amount of the instruments as follows:

	As at December 31, 2014	As at December 31, 2013	As at January 1, 2013
Cash and cash equivalents	\$177,537	\$139,101	\$298,068
Short-term investments	4,621	2,217	8,490
Restricted cash	54,021	28,723	25,450
Trade receivables	59,716	67,300	67,750
Derivative financial instrument assets	4,877	5,590	2,112
Total	\$300,772	\$242,931	\$401,870

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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20. CAPITAL AND FINANCIAL RISK MANAGEMENT (Continued)

c) *Liquidity Risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company monitors its risk of a shortage of funds by monitoring its debt rating and projected cash flows taking into account the maturity dates of existing debt and other payables. The Company manages exposure to liquidity risk by maintaining cash balances, having access to undrawn credit facilities and access to public debt markets. Contractual maturities relating to finance lease obligations are detailed in note 14 to these consolidated financial statements and contractual maturities relating to long-term debt are detailed in note 15 to these consolidated financial statements. Other financial liabilities, including accounts payable and accrued liabilities and derivative financial instruments, have maturities within one year of December 31, 2014.

d) *Capital Risk Management*

The Company's primary capital management objective is to maintain an optimal capital structure to support current and long-term business activities and to provide financial flexibility in order to maximize value for equity holders.

Agnico Eagle's capital structure comprises a mix of long-term debt and total equity as follows:

	As at December 31, 2014	As at December 31, 2013	As at January 1, 2013
Long-term debt	\$1,374,643	\$ 987,356	\$ 814,164
Total equity	4,068,490	2,717,406	3,433,202
Total	\$5,443,133	\$3,704,762	\$4,247,366

The Company manages its capital structure and makes adjustments to it based on changes in economic conditions and the requirements of financial covenants. To effectively manage its capital requirements, Agnico Eagle has in place a rigorous planning, budgeting and forecasting process to ensure it has the appropriate liquidity to meet its operating and growth objectives. The Company has the ability to adjust its capital structure by various means.

See note 15 to these consolidated financial statements for details related to Agnico Eagle's compliance with its long-term debt covenants.

21. DERIVATIVE FINANCIAL INSTRUMENTS

Currency Risk Management

The Company utilizes foreign exchange economic hedges to reduce the variability in expected future cash flows arising from changes in foreign currency exchange rates. The Company is primarily exposed to currency fluctuations relative to the US Dollar as a portion of the Company's operating costs and capital expenditures are denominated in foreign currencies; primarily the Canadian dollar, the Euro and the Mexican Peso. These potential currency fluctuations increase the volatility of, and could have a significant impact on, the Company's production costs. The economic hedges relate to a portion of the foreign currency denominated cash outflows arising from foreign currency denominated expenditures. The Company does not apply hedge accounting to these arrangements.

As at December 31, 2014, the Company had outstanding foreign exchange zero cost collars. The purchase of US dollar put options was financed through selling US dollar call options at a higher level such that the net premium payable to the different counterparties by the Company was nil. At December 31, 2014, the zero cost collars related to \$24.0 million of 2015 expenditures and the Company recognized mark-to-market adjustments in the loss on derivative financial instruments line item of the consolidated statements of income (loss) and comprehensive income (loss). 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 applicable foreign currency to calculate fair value.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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21. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The Company's other foreign currency derivative strategies in 2014 and 2013 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 for Canadian dollars. All of these derivative transactions expired prior to year end such that no derivatives were outstanding as at December 31, 2014 or December 31, 2013. The call option premiums were recognized in the loss on derivative financial instruments line item of the consolidated statements of income (loss) and comprehensive income (loss).

Commodity Price Risk Management

To mitigate the risks associated with fluctuating diesel fuel prices, the Company uses derivative financial instruments as economic hedges of the price risk on a portion of diesel fuel costs associated with the Meadowbank mine's diesel fuel exposure as it relates to operating costs. There were derivative financial instruments outstanding at December 31, 2014 relating to 14.0 million gallons of heating oil. Derivative financial instruments that expired in 2013 and totaled 10.5 million gallons of heating oil were entered into at an average price of \$2.99 per gallon, which was approximately 55.0% of the Meadowbank mine's expected 2013 diesel fuel operating costs. The related mark-to-market adjustments prior to settlement were recognized in the loss on derivative financial instruments line item of the consolidated statements of income (loss) and comprehensive income (loss). No heating oil derivative financial instruments were outstanding at December 31, 2013. The Company does not apply hedge accounting to these arrangements.

Mark-to-market gains (losses) related to heating oil derivative financial instruments are based on broker-dealer quotations that utilize year end forward pricing to calculate fair value.

As at December 31, 2014 and December 31, 2013, there were no metal derivative positions. The Company may from time to time utilize short-term financial instruments as part of its strategy to minimize risks and optimize returns on its by-product metal sales.

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

	Year Ended December 31,	
	2014	2013
Premiums realized on written foreign exchange call options	\$ 2,725	\$ 3,375
Realized loss on warrants	(4,263)	(2,827)
Unrealized gain (loss) on warrants ⁽ⁱ⁾	3,426	(488)
Realized gain on currency and commodity derivatives	20	60
Unrealized loss on currency and commodity derivatives ⁽ⁱ⁾	(8,064)	(388)
Total loss on derivative financial instruments	\$(6,156)	\$ (268)

Note:

(i) Unrealized gains and losses on financial instruments that did not qualify for hedge accounting are recognized through the loss 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 flows.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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22. 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 Operating Decision Maker ("CODM"), the Chief Executive Officer for the purpose of allocating resources and assessing performance and that represent more than 10.0% of the combined revenue from mining operations, income or loss or total assets of all operating segments. Each of the Company's significant operating mines and projects are considered to be separate operating segments. Certain operating segments that do not meet the quantitative thresholds are still disclosed when the Company believes that the information is useful. The CODM also reviews segment income (defined as revenues from mining operations less production costs, exploration and corporate development expenses and impairment losses) on a mine-by-mine basis. The following are the Company's reportable segments organized according to their relationship with the Company's three business units and reflect how the Company manages its business and how it classifies its operations for planning and measuring performance:

Northern Business:	LaRonde mine, Lapa mine, Goldex mine, Meadowbank mine, Canadian Malartic mine, Meliadine project and Kittila mine
Southern Business:	Pinos Altos mine, Creston Mascota deposit at Pinos Altos and La India mine
Exploration:	United States Exploration office, Europe Exploration office, Canada Exploration offices, Latin America Exploration office and Cayden acquisition assets

Revenues from mining operations and production costs for the reportable segments are reported net of intercompany transactions.

Corporate and other assets and specific income and expense items are not allocated to reportable segments.

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22. SEGMENTED INFORMATION (Continued)

Year Ended December 31, 2014:	Revenues from Mining Operations	Production Costs	Exploration and Corporate Development	Segment Income (Loss)
Northern Business:				
LaRonde mine	\$ 308,794	\$ (188,736)	\$ –	\$ 120,058
Lapa mine	115,254	(61,056)	–	54,198
Goldex mine	125,574	(64,836)	–	60,738
Meadowbank mine	575,856	(270,824)	–	305,032
Canadian Malartic mine (note 5)	189,900	(113,916)	–	75,984
Kittila mine	176,520	(116,893)	–	59,627
Total Northern Business	1,491,898	(816,261)	–	675,637
Southern Business:				
Pinos Altos mine	251,783	(123,342)	–	128,441
Creston Mascota deposit at Pinos Altos	59,573	(28,007)	–	31,566
La India mine	93,512	(36,949)	–	56,563
Total Southern Business	404,868	(188,298)	–	216,570
Exploration	–	–	(56,002)	(56,002)
Segments totals	\$1,896,766	\$(1,004,559)	\$(56,002)	\$ 836,205
Total segments income				\$ 836,205
Corporate and other:				
Amortization of property, plant and mine development				(433,628)
General and administrative				(118,771)
Impairment loss on available-for-sale securities				(15,763)
Finance costs				(73,393)
Loss on derivative financial instruments				(6,156)
Gain on sale of available-for-sale securities				5,635
Environmental remediation				(8,214)
Foreign currency translation loss				(3,781)
Other income				7,004
Income before income and mining taxes				\$ 189,138

AGNICO EAGLE MINES LIMITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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December 31, 2014

22. SEGMENTED INFORMATION (Continued)

Year Ended December 31, 2013:	Revenues from Mining Operations	Production Costs	Exploration and Corporate Development	Impairment Loss	Segment Income (Loss)
Northern Business:					
LaRonde mine	\$ 329,900	\$(228,640)	\$ –	\$ –	\$ 101,260
Lapa mine	141,167	(69,371)	–	(67,894)	3,902
Goldex mine	21,418	(15,339)	–	–	6,079
Meadowbank mine	591,473	(318,414)	–	(307,503)	(34,444)
Meliadine project	–	–	–	(639,291)	(639,291)
Kittila mine	209,723	(97,934)	–	–	111,789
Total Northern Business	1,293,681	(729,698)	–	(1,014,688)	(450,705)
Southern Business:					
Pinos Altos mine	303,203	(116,959)	–	–	186,244
Creston Mascota deposit at Pinos Altos	41,522	(19,425)	–	–	22,097
Total Southern Business	344,725	(136,384)	–	–	208,341
Exploration	–	–	(44,236)	–	(44,236)
Segments totals	\$1,638,406	\$(866,082)	\$(44,236)	\$(1,014,688)	\$ (286,600)
Total segments loss					\$ (286,600)
Corporate and other:					
Amortization of property, plant and mine development					(313,890)
General and administrative					(113,809)
Impairment loss on available-for-sale securities					(32,476)
Finance costs					(62,455)
Loss on derivative financial instruments					(268)
Gain on sale of available-for-sale securities					74
Environmental remediation					(3,698)
Foreign currency translation loss					(1,769)
Other expenses					(3,396)
Loss before income and mining taxes					\$ (818,287)

AGNICO EAGLE MINES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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December 31, 2014

22. SEGMENTED INFORMATION (Continued)

	Total Assets as at		
	December 31, 2014	December 31, 2013	January 1, 2013
Northern Business:			
LaRonde mine	\$ 856,489	\$ 842,856	\$ 829,491
Lapa mine	74,131	77,667	167,948
Goldex mine	205,101	220,438	166,503
Meadowbank mine	660,278	711,746	1,016,924
Canadian Malartic mine (note 5)	2,099,815	–	–
Meliadine project	487,901	438,837	1,015,578
Kittila mine	931,335	863,933	860,314
Total Northern Business	5,315,050	3,155,477	4,056,758
Southern Business:			
Pinos Altos mine	573,786	551,537	625,821
Creston Mascota deposit at Pinos Altos	84,176	86,839	69,649
La India mine	543,297	525,089	377,080
Total Southern Business	1,201,259	1,163,465	1,072,550
Exploration	144,580	21,686	20,122
Corporate and other	179,649	239,453	219,541
Total assets	\$6,840,538	\$4,580,081	\$5,368,971

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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December 31, 2014

22. SEGMENTED INFORMATION (Continued)

The following table sets out the changes in the carrying amount of goodwill by segment for the year ended December 31, 2013:

	Meliadine Project	La India Mine	Total
Cost:			
Balance at January 1, 2013	\$ 200,064	\$29,215	\$ 229,279
Acquisition of Urastar (note 5)	–	9,802	9,802
Balance at December 31, 2013	200,064	39,017	239,081
Accumulated impairment:			
Balance at January 1, 2013	–	–	–
Impairment loss	(200,064)	–	(200,064)
Balance at December 31, 2013	(200,064)	–	(200,064)
Carrying amount at December 31, 2013	\$ –	\$39,017	\$ 39,017

The following table sets out the changes in the carrying amount of goodwill by segment for the year ended December 31, 2014:

	Meliadine Project	La India Mine	Canadian Malartic Mine	Total
Cost:				
Balance at December 31, 2013	\$ 200,064	\$39,017	\$ –	\$ 239,081
Joint acquisition of Osisko (note 5)	–	–	543,444	543,444
Balance at December 31, 2014	200,064	39,017	543,444	782,525
Accumulated impairment:				
Balance at December 31, 2013	(200,064)	–	–	(200,064)
Balance at December 31, 2014	(200,064)	–	–	(200,064)
Carrying amount at December 31, 2014	\$ –	\$39,017	\$543,444	\$ 582,461

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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22. SEGMENTED INFORMATION (Continued)

The following table sets out capital expenditures by segment:

	Capital Expenditures Year Ended December 31,	
	2014	2013
Northern Business:		
LaRonde mine	\$ 76,651	\$ 84,292
Lapa mine	20,198	22,738
Goldex mine	34,330	65,063
Meadowbank mine	65,883	109,290
Canadian Malartic mine	36,083	—
Meliadine project	48,270	61,412
Kittila mine	106,220	83,770
Total Northern Business	387,635	426,565
Southern Business:		
Pinos Altos mine	48,365	52,862
Creston Mascota deposit at Pinos Altos	10,852	17,823
La India mine	22,692	116,786
Total Southern Business	81,909	187,471
Corporate and other	5,868	6,500
Total capital expenditures	\$475,412	\$620,536

The following table sets out revenues from mining operations by geographic area:

	Year Ended December 31,	
	2014	2013
Canada	\$1,315,378	\$1,083,958
Mexico	404,868	344,725
Finland	176,520	209,723
Total revenues from mining operations	\$1,896,766	\$1,638,406

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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December 31, 2014

22. SEGMENTED INFORMATION (Continued)

The following table sets out non-current assets by geographic area:

	Non-current Assets as at		
	December 31, 2014	December 31, 2013	January 1, 2013
Canada	\$3,986,008	\$1,950,706	\$2,869,024
Mexico	1,095,160	1,029,139	861,707
Finland	841,062	791,698	742,561
United States	10,248	10,269	10,698
Total non-current assets	\$5,932,478	\$3,781,812	\$4,483,990

23. IMPAIRMENT LOSSES AND REVERSALS

Impairment Losses

The Company performs goodwill impairment tests on an annual basis as at December 31 each year. In addition, the Company assesses for indicators of impairment at each reporting period end and if an indicator of impairment is identified, goodwill and non-current assets are tested for impairment at that time. If an indicator of impairment exists, the recoverable amount of the asset is calculated in order to determine if any impairment loss is required. An impairment loss is recognized for any excess of the carrying amount of the asset over its recoverable amount.

The estimated recoverable amount of the Canadian Malartic CGU as at December 31, 2014 was determined on the basis of fair value less costs to dispose of the mine. The estimated recoverable amount of the Canadian Malartic mine was calculated by discounting the estimated future net cash flows over the estimated life of the mine using a discount rate of 7.6%, commensurate with the estimated level of risk associated with the Canadian Malartic mine. The recoverable amount calculation was based on an estimate of future production levels applying gold prices of \$1,300 per ounce (in real terms), foreign exchange rates of US\$0.88:C\$1.00 to US\$0.91:C\$1.00, an inflation rate of 2.0%, and capital, operating and reclamation costs based on applicable life-of-mine plans. The Canadian Malartic mine's estimated recoverable amount exceeded its carrying amount at December 31, 2014. The discounted cash flow approach uses significant unobservable inputs and is therefore considered a Level 3 fair value measurement under the fair value hierarchy.

As at December 31, 2013, the Company identified the continued decline in the market price of gold as an indicator of potential impairment for the Company's long-lived assets. As a result of the identification of this indicator, the Company estimated the recoverable amounts of all CGUs using updated assumptions and estimates and concluded that the Lapa mine, Meadowbank mine and Meliadine project were impaired.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

23. IMPAIRMENT LOSSES AND REVERSALS (Continued)

The following impairment losses were recorded as at December 31, 2013 as a result of the impairment evaluation:

	As at December 31, 2013		
	Pre-impairment Carrying Value	Impairment Loss	Post-impairment Carrying Value
Property, plant and mine development:			
Lapa mine	\$ 136,618	\$ (67,894)	\$ 68,724
Meadowbank mine	770,733	(307,503)	463,230
Meliadine project	841,932	(439,227)	402,705
Total	\$1,749,283	\$ (814,624)	\$934,659
Goodwill:			
Meliadine project	\$ 200,064	\$ (200,064)	\$ –
Total impairment loss		\$(1,014,688)	

The estimated recoverable amount of the Lapa mine CGU was \$74.0 million as at December 31, 2013, representing the fair value less costs to dispose of the mine. The estimated recoverable amount of the Lapa mine was calculated by discounting the estimated future net cash flows over the estimated life of the mine using a discount rate of 5.5% (in nominal terms), commensurate with the estimated level of risk associated with the Lapa mine. The recoverable amount calculation was based on an estimate of future production levels applying gold prices of \$1,238 to \$1,300 per ounce (in real terms), foreign exchange rates of US\$0.90:C\$1.00 to US\$0.93:C\$1.00, an inflation rate of 2.0%, an average gold recovery rate of 78.3% and capital, operating and reclamation costs based on applicable life-of-mine plans. As the Lapa mine's carrying amount exceeded its estimated recoverable amount at December 31, 2013, an impairment loss of \$67.9 million was recognized. The Lapa mine impairment loss was allocated \$7.2 million to mining properties, \$24.4 million to plant and equipment and \$36.3 million to mine development costs. The discounted cash flow approach uses significant unobservable inputs and is therefore considered a Level 3 fair value measurement under the fair value hierarchy.

The estimated recoverable amount of the Meadowbank mine CGU was \$490.0 million as at December 31, 2013, representing the fair value less costs to dispose of the mine. The estimated recoverable amount of the Meadowbank mine was calculated by discounting the estimated future net cash flows over the estimated life of the mine using a discount rate of 6.5% (in nominal terms), commensurate with the estimated level of risk associated with the Meadowbank mine. The recoverable amount calculation was based on an estimate of future production levels applying gold prices of \$1,238 to \$1,300 per ounce (in real terms), foreign exchange rates of US\$0.90:C\$1.00 to US\$0.93:C\$1.00, an inflation rate of 2.0%, an average gold recovery rate of 92.3% and capital, operating and reclamation costs based on applicable life-of-mine plans. As the Meadowbank mine's carrying amount exceeded its estimated recoverable amount at December 31, 2013, an impairment loss of \$307.5 million was recognized. The Meadowbank mine impairment loss was allocated \$3.1 million to mining properties and \$304.4 million to plant and equipment. The discounted cash flow approach uses significant unobservable inputs and is therefore considered a Level 3 fair value measurement under the fair value hierarchy.

Estimated after-tax discounted future net cash flows of reporting units with goodwill, including the Meliadine and La India projects, were calculated as at December 31, 2013. The estimated recoverable amount of the Meliadine project was \$400.0 million as at December 31, 2013, representing the fair value less costs to dispose of the project. The estimated recoverable amount for the Meliadine project was calculated by discounting the estimated future net cash flows over the

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

23. IMPAIRMENT LOSSES AND REVERSALS (Continued)

estimated life-of-mine using a discount rate of 8.0% (in nominal terms), commensurate with the estimated level of risk associated with the Meliadine project. The recoverable amount calculation was based on an estimate of future production levels applying gold prices of \$1,238 to \$1,300 per ounce (in real terms), foreign exchange rates of US\$0.90:C\$1.00 to US\$0.93:C\$1.00, an inflation rate of 2.0%, an average gold recovery rate of 95.1% and capital, operating and reclamation costs based on applicable life-of-mine plans. As the Meliadine project's carrying amount exceeded its estimated recoverable amount at December 31, 2013, an impairment loss of \$639.3 million was recognized, of which \$200.1 million was allocated to write down goodwill to nil with the balance allocated to mining properties. No goodwill impairment loss was required relating to the La India project as at December 31, 2013. The discounted cash flow approach uses significant unobservable inputs and is therefore considered a Level 3 fair value measurement under the fair value hierarchy.

Estimated after-tax discounted future net cash flows of reporting units with goodwill were calculated as at January 1, 2013. The estimated recoverable amount for the Meliadine project was calculated by discounting the estimated future net cash flows over the estimated life-of-mine using a discount rate of 6.8% (in nominal terms), commensurate with the estimated level of risk associated with the Meliadine project. The recoverable amount calculation was based on an estimate of future production levels applying gold prices of \$1,400 per ounce (in real terms), foreign exchange rates of US\$0.94:C\$1.00 to US\$1.00:C\$1.00, an inflation rate of 2.0%, an average gold recovery rate of 95.0% and capital, operating and reclamation costs based on applicable life-of-mine plans. The estimated recoverable amount exceeded the carrying amount at January 1, 2013. The discounted cash flow approach uses significant unobservable inputs and is therefore considered a Level 3 fair value measurement under the fair value hierarchy.

Discount rates were based on each asset group's weighted average cost of capital, of which the two main components are the cost of equity and the after-tax cost of debt. Cost of equity was calculated based on the capital asset pricing model, incorporating the risk-free rate of return based on Government of Canada marketable bond yields as at the valuation date, the Company's beta coefficient adjustment to the market equity risk premium based on the volatility of the Company's return in relation to that of a comparable market portfolio, plus a size premium and Company-specific risk factor. Cost of debt was determined by applying an appropriate market indication of the Company's borrowing capabilities and the corporate income tax rate applicable to each asset group's jurisdiction.

Impairment Reversals

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. As a result, the Company undertook immediate investigation and remediation efforts. As at September 30, 2011, the Company recognized an impairment loss of \$237.1 million relating to the value of property, plant and mine development assets and \$16.6 million relating to the underground ore stockpile. Additionally, the remaining proven and probable mineral reserves were reclassified as mineral resources. Operations in the Goldex Extension Zone ("GEZ") remain suspended indefinitely.

Exploration drilling continued on several mineralized zones on the Goldex mine property near the GEZ after mining operations were suspended in October 2011. 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 preliminary economic assessment, Agnico Eagle's Board of Directors approved the M and E Zones for development on July 25, 2012. A NI 43-101 compliant technical report and a feasibility study supporting the exploitation of the M and E Zones at the Goldex mine was prepared by Agnico Eagle in the fourth quarter of 2012. The feasibility study supported the first proven and probable mineral reserves at the Goldex mine since the suspension of operations at the GEZ. Commercial production was achieved at the Goldex mine's M and E Zones in October 2013.

The Company completed a comparison of the carrying amount versus the recoverable amount of the Goldex mine at its IFRS transition date of January 1, 2013. IAS 36 – *Impairment of Assets* indicates that an impairment loss recognized in a prior

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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23. IMPAIRMENT LOSSES AND REVERSALS (Continued)

period can be reversed only if there is a change in the estimates used to determine the mine's recoverable amount since the last impairment loss was recognized. Consequently, the reversal of an impairment loss should reflect an increase in the service potential of an asset since the date the entity last recorded an impairment loss.

The identification of ore bodies at the Goldex mine that may be successfully mined and are supported by feasibility studies are indicators for the reversal (or partial reversal) of the impairment loss recognized in 2011. The feasibility study represents an observable indication that the value of related assets has increased significantly and a favourable change to the extent and manner in which the asset is expected to be used. There is significant judgment involved in the determination of whether a previously recognized impairment loss should be reversed.

The Company recognized an impairment loss on the Goldex mine as no future value could be attributed to its assets beyond their residual values as at September 30, 2011. Accordingly, the capitalized costs associated with the mine site and the related property, plant and mine development assets were written down to their residual values. Upon reviewing the assets that were previously impaired, the Company determined that certain property, plant and mine development assets would be used to generate cash inflows at the newly developed M and E Zones.

The estimated recoverable amount of the Goldex mine CGU was determined as at January 1, 2013 using a discounted cash flow analysis to estimate fair value less costs to dispose of the mine. Significant assumptions used to estimate the recoverable amount of the Goldex mine included a discount rate of 5.0% (in nominal terms), gold prices of \$1,473 to \$1,665 per ounce (in real terms), foreign exchange rates of US\$0.90:C\$1.00 to US\$0.93:C\$1.00, an inflation rate of 2.0%, an average gold recovery rate of 93.0% and capital, operating and reclamation costs based on updated life-of-mine plans. As the Goldex mine CGU's estimated recoverable amount exceeded the previous carrying amount less amortization that would have been recognized had the assets not been impaired, an impairment reversal of \$109.7 million was recognized to increase the carrying amount of related plant and equipment to an amortized cost of \$163.8 million.

24. INCOME AND MINING TAXES

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

	Year Ended December 31,	
	2014	2013
Current income and mining taxes	\$ 69,110	\$ 52,394
Deferred income and mining taxes:		
Origination and reversal of temporary differences	37,058	(236,975)
Imposition of new tax laws	–	52,999
Total income and mining taxes expense (recovery)	\$106,168	\$(131,582)

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

24. INCOME AND MINING TAXES (Continued)

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:

	Year Ended December 31,	
	2014	2013
Combined federal and composite provincial tax rates	26.0%	26.3%
Expected income tax expense (recovery) at statutory income tax rate	\$ 49,082	\$ (215,455)
Increase (decrease) in income and mining taxes resulting from:		
Mining taxes	28,857	(38,203)
Tax law changes	—	52,999
Impact of foreign tax rates	(7,462)	(8,421)
Permanent differences	14,042	83,672
Impact of foreign exchange on deferred income tax balances	21,649	(6,174)
Total income and mining taxes expense (recovery)	\$ 106,168	\$ (131,582)

The statutory rate is lower in 2014 than in 2013 due to a change in the provincial allocation arising from operations.

The following table sets out the components of Agnico Eagle's net deferred income and mining tax liabilities:

	As at December 31, 2014	As at December 31, 2013	As at January 1, 2013
Mining properties	\$1,084,758	\$ 658,662	\$ 810,219
Net operating and capital loss carry forwards	(123,933)	(114,142)	(100,399)
Mining taxes	(54,643)	(42,394)	(37,694)
Reclamation provisions and other liabilities	(73,981)	(48,715)	(39,263)
Total deferred income and mining tax liabilities	\$ 832,201	\$ 453,411	\$ 632,863

AGNICO EAGLE MINES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

24. INCOME AND MINING TAXES (Continued)

	Year Ended December 31,	
	2014	2013
Deferred income and mining tax liabilities – beginning of year	\$453,411	\$ 632,863
Income and mining tax impact recognized in net income (loss)	33,884	(179,452)
Income tax impact recognized in other comprehensive income	1,316	–
Attributable deferred income and mining tax liabilities jointly acquired from Osisko	343,590	–
Deferred income and mining tax liabilities – end of year	\$832,201	\$ 453,411

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

The deductible temporary differences and unused tax losses in respect of which a deferred tax asset has not been recognized in the consolidated balance sheets are as follows:

	As at December 31, 2014	As at December 31, 2013	As at January 1, 2013
Net capital loss carry forwards	\$ 83,353	\$ 56,500	\$ 55,940
Other deductible temporary differences	204,293	205,360	131,491
Unrecognized deductible temporary differences and unused tax losses	\$287,646	\$261,860	\$187,431

Capital loss carry forwards and other deductible temporary differences have no expiry date.

Income taxes of \$2,648.5 million have not been recorded for undistributed income as at December 31, 2014 (December 31, 2013 – \$2,124.5 million; January 1, 2013 – \$1,967.7 million) as the Company is able to control the timing of the remittance, and it is probable there will be no remittance in the foreseeable future.

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

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

25. EMPLOYEE BENEFITS AND COMPENSATION OF KEY MANAGEMENT PERSONNEL

During the year ended December 31, 2014, employee benefits expense was \$493.3 million (2013 – \$503.2 million). Included within this amount is compensation for key management personnel. There were no material related party transactions in 2014 or 2013 other than compensation of key management personnel. Key management personnel include the members of the Board of Directors and the senior leadership team. Compensation for key management personnel was as follows:

	Year ended December 31,	
	2014	2013
Salaries, short-term incentives and other benefits	\$ 6,629	\$ 7,131
Post-employment benefits	2,009	1,619
Share-based payments	4,688	8,756
Total	\$13,326	\$17,506

26. 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, 2014, the total amount of these guarantees was \$172.3 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 the Kittila mine's operations commenced, the Company has been required to pay 2.0% on net smelter returns, defined as revenue less processing costs. The royalty is paid on an annual basis in the following year.
- The Company is committed to pay a royalty on production from certain properties in Quebec, Canada. The type of royalty agreements include, but are not limited to, net profits interest royalties and net smelter return royalties, with percentages ranging from 2.5% to 5.0%.
- The Company is committed to pay a royalty on production from certain properties in Mexico. 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 3.5%.

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

AGNICO EAGLE MINES LIMITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

26. COMMITMENTS AND CONTINGENCIES (Continued)

The Company had the following purchase commitments as at December 31, 2014, of which \$2.8 million related to capital expenditures:

	Purchase Commitments
2015	\$15,873
2016	9,946
2017	7,294
2018	5,864
2019	5,172
Thereafter	27,878
Total	\$72,027

27. SUBSEQUENT EVENTS

Dividends Declared

On February 11, 2015, Agnico Eagle announced that the Board approved the payment of a quarterly cash dividend of \$0.08 per common share (a total value of approximately \$17.1 million), paid on March 16, 2015 to holders of record of the common shares of the Company on March 2, 2015.

Sale of Probe Mines Limited Common Shares and Warrants

On January 27, 2015, the Company completed the sale of 7,320,200 common shares and 2,347,951 common share purchase warrants of Probe Mines Limited ("Probe") pursuant to a previously announced purchase agreement. Total proceeds of C\$43.4 million were comprised of cash consideration of C\$5.00 per Probe common share and C\$2.90 per Probe common share purchase warrant and a total gain on sale of C\$33.6 million was recognized. Upon the closing of the transaction, Agnico Eagle holds no common shares and 3,277,049 common share purchase warrants of Probe.

Malartic CHL Prospect

On February 22, 2015, Agnico Eagle entered into a binding letter of intent (the "LOI") with Canadian Malartic GP, Yamana and Abitibi Royalties Inc. ("Abitibi") regarding the Malartic CHL prospect, adjacent to the Canadian Malartic mine. Pursuant to the LOI, and subject to certain conditions, Abitibi agreed to sell its 30.0% interest in the Malartic CHL prospect to the purchasers in exchange for 459,197 Agnico Eagle common shares and 3,549,695 Yamana common shares for total consideration of approximately C\$35.0 million (based on the respective closing prices of such shares on the Toronto Stock Exchange on February 20, 2015, the date immediately prior to the public announcement by Abitibi of entering into the LOI) and 3.0% net smelter return royalties to Abitibi and Osisko Gold Royalties Ltd. on the Malartic CHL prospect. The completion of the transactions contemplated under the LOI was conditional upon, among other things, the execution of a definitive acquisition agreement and the termination, settlement and release of all prior agreements, claims and proceedings relating to the Malartic CHL prospect, including the proceedings previously instituted by Abitibi against Osisko (the predecessor to Canadian Malartic Corporation). Subsequently, Abitibi and the purchasers entered into a definitive acquisition agreement dated March 19, 2015, completed the transactions with Abitibi on the terms contemplated under the LOI. In accordance with the terms of a Release, Discharge and Transaction Agreement dated March 19, 2015 entered into concurrent with the

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

27. SUBSEQUENT EVENTS (Continued)

closing of the transactions by Abitibi, Agnico Eagle, Yamana, Canadian Malartic GP and Canadian Malartic Corporation (as the successor to Osisko), each of the parties released and discharged the others with respect to all proceedings previously commenced by Abitibi with respect to the Malartic CHL prospect, all without admission of any liability by any party.

28. ONGOING LITIGATION

Securities Class Action Lawsuits

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, some of whom also are or were directors of the Company. 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. On April 17, 2013 an Order was granted on consent certifying the action and granting leave for the claims under Section 138 of the *Securities Act* (Ontario) to proceed. The Company intends to vigorously defend the action on the merits. No amounts have been recorded for any potential liability arising from this matter.

On March 28, 2012, the Company and certain of its current and former officers, some of whom also are or were directors of the Company, were named as respondents in 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 with fewer than 50 employees resident 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. On October 1, 2013, the Quebec court certified the class action on terms identical to those set out in the consent Order granted in Ontario on April 17, 2013. No date has been set for the hearing to argue the class action on the merits. The Company intends to vigorously defend the action on the merits. No amounts have been recorded for any potential liability arising from this matter.

Canadian Malartic Corporation Litigation

On June 6, 2014, Clifton Star Resources Inc. ("Clifton") instituted proceedings against Osisko (now Canadian Malartic Corporation) seeking, among other things, an order that Osisko pay Clifton C\$22.5 million in damages. In the proceedings, Clifton alleged, among other things, that Osisko was obligated to lend Clifton C\$22.5 million (the "Loan") on or around December 1, 2002 pursuant to a December 10, 2009 commitment letter and a December 10, 2009 Duparquet Mining Camp Option and Joint Venture Agreement, each between Clifton and Osisko, and that Osisko's failure to advance the Loan resulted in damages to Clifton. Clifton further alleged that the Loan was intended to be used to make payments under certain option agreements between Clifton and third parties which entitled Clifton to acquire shares of such third parties that owned interests in the concessions comprising the Duparquet Project. Following the joint acquisition of Osisko by Agnico Eagle and Yamana on June 16, 2014, Agnico Eagle and Yamana engaged in discussions with Clifton to advance the settlement of such claims. Effective March 2, 2015, Canadian Malartic Corporation ("CMC") (the successor to Osisko) entered into a settlement agreement with Clifton, pursuant to which CMC paid Clifton approximately C\$5.3 million in consideration for a full and final release of all claims arising from the facts described in the Clifton proceedings, the whole without any admission of liability by CMC. Concurrently, under two separate non-brokered private placements, each of Agnico Eagle and Yamana subscribed for 4,772,786 common shares of Clifton at a price of C\$0.60 per share, for total proceeds to Clifton of approximately

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

28. ONGOING LITIGATION (Continued)

C\$5.7 million. As a result of the closing of the private placement, Agnico Eagle now holds 4,772,786 common shares of Clifton representing, as of March 2, 2015, approximately 9.9% of Clifton's issued and outstanding common shares.

29. TRANSITION TO IFRS

Agnico Eagle has adopted IFRS effective July 1, 2014. The Company's transition date is January 1, 2013 (the "transition date") and has prepared its opening IFRS consolidated balance sheet as at that date. These consolidated financial statements have been prepared in accordance with the accounting policies described in note 3 to these consolidated financial statements.

(a) *Optional Exemptions from Retrospective Application*

In preparing these consolidated financial statements in accordance with IFRS 1, the Company has applied certain of the optional exemptions from full retrospective application of IFRS. The optional exemptions applied are described below.

Business Combinations

IFRS 3 – *Business Combinations* has not been applied to acquisitions of subsidiaries, which are considered businesses for IFRS, that occurred before January 1, 2013. Accordingly, the Company has not restated business combinations that took place prior to the transition date.

Leases

The Company has applied the transitional provision in IFRIC 4 – *Determining Whether an Arrangement Contains a Lease* and has assessed all arrangements based upon the conditions in place as at January 1, 2013.

Share-based Payment

IFRS 2 – *Share-based Payment* has not been applied to equity instruments in share-based payment transactions that were granted on or before November 7, 2002, nor has it been applied to equity instruments granted after November 7, 2002 that vested before January 1, 2013.

Cumulative Translation Difference

The Company has elected to set the previous accumulated cumulative translation amount, which was included in accumulated other comprehensive loss, to zero as at January 1, 2013 and absorbed the balance into retained earnings.

Reclamation Provision

The Company has elected to take a simplified approach to calculate and record the reclamation provision related asset on its January 1, 2013 transition date IFRS consolidated balance sheet. The reclamation provision as at the transition date has been measured in accordance with IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*. The reclamation provision calculated on the transition date was discounted back to the date when each first arose, at which date the corresponding asset was set up and then amortized to its carrying amount as at January 1, 2013.

Borrowing Costs

IAS 23 – *Borrowing Costs* has been applied prospectively from the transition date. As a result, the Company has not restated for borrowing costs capitalized under US GAAP on qualifying assets prior to the date of transition to IFRS.

AGNICO EAGLE MINES LIMITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

29. TRANSITION TO IFRS (Continued)

Stripping Costs

As at January 1, 2013, any previously recognized asset balance that resulted from stripping activity undertaken during the production phase (predecessor stripping asset) was reclassified as a part of an existing asset to which the stripping activity related, to the extent that there remained an identifiable component of the ore body with which the predecessor stripping asset could be associated. If there was no identifiable component of the ore body to which the predecessor stripping asset related, it was recognized in opening retained earnings.

(b) Reconciliations of Equity Between US GAAP and IFRS

The following reconciliations summarize the impact on the Company's US GAAP financial statements as a result of adopting IFRS. Explanations of the impact of the adjustments are provided in the explanatory notes following the reconciliations.

The following table sets out a reconciliation of the Company's total equity reported in accordance with US GAAP to its total equity reported in accordance with IFRS as at January 1, 2013:

	References	Common Shares	Stock Options	Warrants	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
Equity as reported under US GAAP		\$3,241,922	\$148,032	\$24,858	\$15,665	\$ 7,046	\$(27,311)	\$3,410,212
Adjustments to reported equity:								
Property, plant and mine development	(i)	–	–	–	–	(13,542)	–	(13,542)
Reclamation provisions	(iii)	–	–	–	–	(42,190)	–	(42,190)
Reversal of impairments	(v)	–	–	–	–	109,684	–	109,684
Cumulative translation adjustment	(vi)	–	–	–	–	(16,244)	16,244	–
Share-based payments	(vii)	–	9,843	–	–	(9,843)	–	–
Income and mining taxes	(viii)	–	–	–	–	(27,216)	–	(27,216)
Other, net	(ix)	–	–	–	–	(7,103)	3,357	(3,746)
Equity as reported under IFRS		\$3,241,922	\$157,875	\$24,858	\$15,665	\$ 592	\$(7,710)	\$3,433,202

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

29. TRANSITION TO IFRS (Continued)

The following table sets out a reconciliation of the Company's total equity reported in accordance with US GAAP to its total equity reported in accordance with IFRS as at December 31, 2013:

	References	Common Shares	Stock Options	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income (Loss)	Total Equity
Equity as reported under US GAAP		\$3,294,007	\$174,470	\$37,254	\$(513,441)	\$(15,141)	\$2,977,149
Adjustments to reported equity:							
Property, plant and mine development	(i)	–	–	–	(10,172)	–	(10,172)
Production stripping costs	(ii)	–	–	–	45,372	–	45,372
Reclamation provisions	(iii)	–	–	–	(44,941)	–	(44,941)
Impairment of assets	(iv)	–	–	–	(480,035)	–	(480,035)
Reversal of impairments	(v)	–	–	–	101,977	–	101,977
Cumulative translation adjustment	(vi)	–	–	–	(16,244)	16,244	–
Share-based payments	(vii)	–	9,608	–	(9,465)	–	143
Income and mining taxes	(viii)	–	–	–	134,503	–	134,503
Other, net	(ix)	–	–	–	(7,628)	1,038	(6,590)
Equity as reported under IFRS		\$3,294,007	\$184,078	\$37,254	\$(800,074)	\$ 2,141	\$2,717,406

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

29. TRANSITION TO IFRS (Continued)

(c) Reconciliation of Net Loss Between US GAAP and IFRS

The following table sets out a reconciliation of the Company's net loss reported in accordance with US GAAP to its net loss reported in accordance with IFRS for the year ended December 31, 2013:

	References	Year Ended December 31, 2013
Net loss as reported under US GAAP		\$(406,526)
Adjustments to reported net loss:		
Property, plant and mine development	(i)	3,370
Production stripping costs	(ii)	45,372
Reclamation provisions	(iii)	(2,753)
Impairment of assets	(iv)	(480,035)
Reversal of impairments	(v)	(7,707)
Share-based payments	(vii)	378
Income and mining taxes	(viii)	161,719
Other, net	(ix)	(523)
Net loss as reported under IFRS		\$(686,705)

(d) Reconciliation of Other Comprehensive Income Between US GAAP and IFRS

The following table sets out a reconciliation of the Company's other comprehensive income reported in accordance with US GAAP to its other comprehensive income reported in accordance with IFRS for the year ended December 31, 2013:

	Reference	Year Ended December 31, 2013
Other comprehensive income as reported under US GAAP		\$12,170
Adjustments to reported other comprehensive income:		
Other, net	(ix)	(2,319)
Other comprehensive income as reported under IFRS		\$ 9,851

(e) Consolidated Statements of Cash Flows Between US GAAP and IFRS

The adoption of IFRS did not have a material impact on the Company's consolidated statements of cash flows reported in accordance with IFRS as compared to US GAAP. However, cash flows related to production stripping costs were reclassified between operating activities and investing activities on the Company's consolidated statements of cash flows.

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

29. TRANSITION TO IFRS (Continued)

(f) References

(i) Property, Plant and Mine Development

Revenues, net of certain costs, earned as a part of the Company's testing and commissioning of property, plant and mine development were previously recognized in income in accordance with US GAAP. Under the principles of IFRS, this income is recognized as a reduction to the cost of the related items of property, plant and mine development to which the testing and commissioning activities relate.

(ii) Production Stripping Costs

Under IFRS, production phase stripping costs for open pit mines are capitalized to property, plant and mine development if the stripping activities provide a probable future economic benefit, a component of ore body can be identified, and the costs related to the stripping activity can be measured reliably. Under US GAAP, stripping costs were recognized to inventories and subsequently included in production costs. Capitalized stripping costs also resulted in an adjustment to the amortization of property, plant and mine development.

(iii) Reclamation Provisions

Under IFRS, reclamation provisions are remeasured each reporting period for changes in discount rates and exchange rates in addition to changes in the estimated timing or amount of future cash flows. Under US GAAP, the Company's reclamation provisions were updated only as a result of changes in the estimated timing or amount of future cash flows to settle the obligations.

(iv) Impairment of Assets

As at December 31, 2013, an additional impairment charge of \$38,234 was recognized for the Meadowbank mine to impair assets as a result of IFRS adjustments, which brought the total impairment loss to \$307,503 for the year ended December 31, 2013. As a result of changes in methodology for the recognition of impairment losses under IFRS, an impairment loss of \$439,227 was recognized to impair the property, plant and mine development assets of the Meliadine project. Please see Note 23 to these consolidated financial statements for further detail.

(v) Reversal of Impairments

Under IFRS, an entity is required to assess whether there are indicators for the reversal of previously recognized impairment charges to long-lived assets, other than goodwill. On transition to IFRS, the Company concluded that a reversal of impairment losses on certain items of property, plant and mine development in operation at the Goldex mine was required. Please see Note 23 to these consolidated financial statements for further detail.

(vi) Cumulative Translation Adjustment

The Company has elected to set the cumulative translation adjustment, which was included in accumulated other comprehensive loss, to zero as at January 1, 2013, absorbing the balance into retained earnings.

(vii) Share-based Payments

Under US GAAP, stock options that vested in equal increments over a three-year period were treated as a single grant for the purposes of valuation. The value of the grant was then amortized evenly over the vesting period. IFRS 2 – *Share-Based Payment* has been applied to stock options that had not vested prior to January 1, 2013. Where stock options issued under the Company's share-based compensation plan vest over a number of periods, each vesting amount is valued as a separate tranche and each tranche is amortized over

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2014

29. TRANSITION TO IFRS (Continued)

its individual vesting period. The result of the treatment of share-based payments under IFRS as compared with US GAAP is to accelerate the recognition of compensation costs.

(viii) Income and Mining Taxes

There are differences between IFRS and US GAAP regarding the accounting for income taxes that resulted in an adjustment with respect to the recognition and measurement of deferred income and mining taxes on transition to IFRS. Further, as summarized above, the carrying amounts of assets and liabilities for financial reporting purposes have been adjusted on conversion to IFRS resulting in a change to deferred taxes recognized previously under US GAAP.

(ix) Other, Net

The other, net amount contains individually insignificant adjustments relating to pension benefits, hedge accounting, available-for-sale securities and underground ore stockpiles.

Shareholder Information

AUDITORS

Ernst & Young LLP

SOLICITORS

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

LISTINGS

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, May 1, 2015, at 11:00 AM
Sheraton Centre Hotel
(Dominion Ballroom)
123 Queen Street West
Toronto, Ontario, Canada
M5H 2M9

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Trust Respect Equality Family Responsibility

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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