

AGNICO EAGLE MINES LTD
Form 20-F
March 26, 2010

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[TABLE OF CONTENTS](#)

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

- o REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g)
OF THE SECURITIES EXCHANGE ACT OF 1934
OR
- ý ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2009
OR
- o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
OR
- o SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report _____

Commission file number: 1-13422

AGNICO-EAGLE MINES LIMITED

(Exact name of Registrants Specified in its Charter)

Not Applicable

(Translation of Registrant's Name into English)

Ontario, Canada

(Jurisdiction of Incorporation or Organization)

**145 King Street East, Suite 400
Toronto, Ontario, Canada M5C 2Y7**

(Address of Principal Executive Offices)

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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

Common Shares, without par value
(Title of Class)

**The Toronto Stock Exchange and
the New York Stock Exchange**
(Name of exchange on which registered)

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

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

156,625,174 Common Shares as of December 31, 2009

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Act.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one)

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

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

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):

Yes No

TABLE OF CONTENTS

	Page
<u>PRELIMINARY NOTE</u>	<u>1</u>
<u>NOTE TO INVESTORS CONCERNING ESTIMATES OF MINERAL RESOURCES</u>	<u>2</u>
<u>Cautionary Note to Investors Concerning Estimates of Measured and Indicated Mineral Resources</u>	<u>2</u>
<u>Cautionary Note to Investors Concerning Estimates of Inferred Mineral Resources</u>	<u>3</u>
<u>NOTE TO INVESTORS CONCERNING CERTAIN MEASURES OF PERFORMANCE</u>	<u>3</u>
<u>PART I</u>	
	<u>4</u>
<u>ITEM 1</u> <u>IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS</u>	<u>4*</u>
<u>ITEM 2</u> <u>OFFER STATISTICS AND EXPECTED TIMETABLE</u>	<u>4*</u>
<u>ITEM 3</u> <u>KEY INFORMATION</u>	<u>4</u>
<u>Selected Financial Data</u>	<u>4</u>
<u>Currency Exchange Rates</u>	<u>5</u>
<u>Risk Factors</u>	<u>5</u>
<u>ITEM 4</u> <u>INFORMATION ON THE COMPANY</u>	<u>15</u>
<u>History and Development of the Company</u>	<u>15</u>
<u>Business Overview</u>	<u>19</u>
<u>Mining Legislation and Regulation</u>	<u>20</u>
<u>Organizational Structure</u>	<u>23</u>
<u>Property, Plant and Equipment</u>	<u>25</u>
<u>ITEM 4A</u> <u>UNRESOLVED STAFF COMMENTS</u>	<u>73</u>
<u>ITEM 5</u> <u>OPERATING AND FINANCIAL REVIEW AND PROSPECTS</u>	<u>73</u>
<u>ITEM 6</u> <u>DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES</u>	<u>99</u>
<u>ITEM 7</u> <u>MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS</u>	<u>122</u>
<u>Major Shareholders</u>	<u>122</u>
<u>Related Party Transactions</u>	<u>123</u>
<u>ITEM 8</u> <u>FINANCIAL INFORMATION</u>	<u>123</u>
<u>Dividend Policy</u>	<u>123</u>
<u>ITEM 9</u> <u>THE OFFER AND LISTING</u>	<u>123</u>
<u>Market and Listing Details</u>	<u>123</u>
<u>ITEM 10</u> <u>ADDITIONAL INFORMATION</u>	<u>125</u>
<u>Memorandum and Articles of Incorporation</u>	<u>125</u>
<u>Disclosure of Share Ownership</u>	<u>126</u>
<u>Material Contracts</u>	<u>127</u>
<u>Exchange Controls</u>	<u>131</u>
<u>Restrictions on Share Ownership by Non-Canadians</u>	<u>131</u>
<u>Corporate Governance</u>	<u>131</u>
<u>Canadian Federal Income Tax Considerations</u>	<u>132</u>
<u>United States Federal Income Tax Considerations</u>	<u>132</u>

	Page
<u>Audit Fees</u>	<u>135</u>
<u>Documents on Display</u>	<u>136</u>
<u>ITEM 11 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	<u>136</u>
<u>ITEM 12 DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES</u>	<u>138</u>
<u>PART II</u>	
<u>ITEM 13 DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES</u>	<u>139</u>
<u>ITEM 14 MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS</u>	<u>139</u>
<u>ITEM 15 CONTROLS AND PROCEDURES</u>	<u>139</u>
<u>ITEM 15T CONTROLS AND PROCEDURES</u>	<u>140</u>
<u>ITEM 16A AUDIT COMMITTEE FINANCIAL EXPERT</u>	<u>140</u>
<u>ITEM 16B CODE OF ETHICS</u>	<u>140</u>
<u>ITEM 16C PRINCIPAL ACCOUNTANT FEES AND SERVICES</u>	<u>140</u>
<u>ITEM 16D EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES</u>	<u>140</u>
<u>ITEM 16E PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS</u>	<u>140</u>
<u>ITEM 16F CHANGES IN REGISTRANT'S CERTIFYING ACCOUNTANT</u>	<u>140</u>
<u>ITEM 16G CORPORATE GOVERNANCE</u>	<u>140</u>
<u>PART III</u>	
<u>ITEM 17 FINANCIAL STATEMENTS</u>	<u>141</u>
<u>ITEM 18 FINANCIAL STATEMENTS</u>	<u>141**</u>
<u>ITEM 19 EXHIBITS</u>	<u>178</u>
<u>EXHIBIT INDEX</u>	<u>178</u>
<u>SIGNATURES</u>	<u>180</u>

*

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

**

Pursuant to General Instruction E(c) of Form 20-F, the registrant has elected to provide the financial statements and related information specified in Item 18.

PRELIMINARY NOTE

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

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

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

the Company's outlook for 2010 and future periods;

statements regarding future earnings, and the sensitivity of earnings to gold and other metal prices;

anticipated trends for prices of gold and byproduct metals mined by the Company;

estimates of future mineral production and sales;

estimates of future costs, including mining costs, total cash costs per ounce, minesite costs per tonne and other expenses;

estimates of future capital expenditure, exploration expenditure and other cash needs, and expectations as to the funding thereof;

statements regarding the projected development of certain ore deposits, including estimates of exploration, development and production and other capital costs and estimates of the timing of such development and production or decisions with respect to such development and production;

estimates of mineral reserves, 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;

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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;

statements regarding the Company's expectations regarding the issuance of an aggregate of \$600 million of notes to institutional investors; 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

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business, economic and competitive uncertainties and contingencies. The factors and assumptions of Agnico-Eagle upon which the forward-looking statements in this Form 20-F are based, and which may prove to be incorrect, include, but are not limited to, the assumptions set out in this Form 20-F as well as: that there are no significant disruptions affecting Agnico-Eagle's operations, whether due to labour disruptions, supply disruptions, damage to equipment, natural occurrences, political changes, title issues or otherwise; that permitting, development and expansion at each of Agnico-Eagle's mines and mine development projects proceeds on a basis consistent with current expectations, and that Agnico-Eagle does not change its development plans relating to such projects; that the exchange rate between the Canadian dollar, Euro, Mexican peso and the U.S. dollar will be approximately consistent with current levels or as set out in this Form 20-F; that prices for gold, silver, zinc, copper and lead will be consistent with Agnico-Eagle's expectations; that prices for key mining and construction supplies, including labour costs, remain consistent with Agnico-Eagle's current expectations; that production meets expectations; that Agnico-Eagle's current estimates of mineral reserves, mineral resources, mineral grades and mineral recovery are accurate; that there are no material delays in the timing for completion of development projects; and that there are no material variations in the current tax and regulatory environment that affect Agnico-Eagle.

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

NOTE TO INVESTORS CONCERNING ESTIMATES OF MINERAL RESOURCES

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

The metal grades reported in the mineral reserve and mineral resource estimates represent in-place grades and do not reflect losses in the recovery process, that is, the metallurgical losses associated with processing the extracted ore. The mineral reserve figures presented herein are estimates, and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. The Company does not include equivalent gold ounces for byproduct metals contained in mineral reserves in its calculation of contained ounces.

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

This document uses the terms "measured mineral resources" and "indicated mineral resources". Investors are advised that while those terms are recognized and required by Canadian regulations, the SEC does not

recognize them. **Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into mineral reserves.**

Cautionary Note to Investors Concerning Estimates of Inferred Mineral Resources

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

NOTE TO INVESTORS CONCERNING CERTAIN MEASURES OF PERFORMANCE

This Form 20-F presents certain measures, including "total cash costs per ounce" and "minesite costs per tonne", that are not recognized measures under US GAAP. This data may not be comparable to data presented by other gold producers. For a reconciliation of these measures to the figures presented in the consolidated financial statements prepared in accordance with US GAAP see "Item 5 Operating and Financial Review and Prospects Results of Operations Production Costs". The Company believes that these generally accepted industry measures are realistic indicators of operating performance and are useful in allowing year over year comparisons. However, both of these non-US GAAP measures should be considered together with other data prepared in accordance with US GAAP, and these measures, taken by themselves, are not necessarily indicative of operating costs or cash flow measures prepared in accordance with US GAAP. This Form 20-F also contains information as to estimated future total cash costs per ounce and minesite costs per tonne for projects under development. These estimates are based upon the total cash costs per ounce and minesite costs per tonne that the Company expects to incur to mine gold at those projects and, consistent with the reconciliation provided, do not include production costs attributable to accretion expense and other asset retirement costs, which will vary over time as each project is developed and mined. It is therefore not practicable to reconcile these forward-looking non-US GAAP financial measures to the most comparable US GAAP measure.

PART I

ITEM 1 IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

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

ITEM 2 OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3 KEY INFORMATION

Selected Financial Data

The following selected financial data for each of the years in the five-year period ended December 31, 2009 are derived from the consolidated financial statements of Agnico-Eagle audited by Ernst & Young LLP. The selected financial data should be read in conjunction with the Company's operating and financial review and prospects set out in Item 5 of this Form 20-F, the consolidated financial statements and the notes thereto set out in Item 18 of this Form 20-F and other financial information included elsewhere in this Form 20-F.

	Year Ended December 31,				
	2009	2008	2007	2006	2005
	(in thousands of U.S. dollars, US GAAP basis, other than share and per share information)				
Income Statement Data					
Revenues from mining operations	613,762	368,938	432,205	464,632	241,338
Interest and sundry income	16,172	11,721	29,230	45,915	4,996
	629,934	380,659	461,435	510,547	246,334
Production costs	306,318	186,862	166,104	143,753	127,365
Loss on derivative financial instruments			5,829	15,148	15,396
Exploration and corporate development	36,279	34,704	25,507	30,414	16,581
Equity loss in junior exploration company				663	2,899
Amortization	72,461	36,133	27,757	25,255	26,062
General and administrative	63,687	47,187	38,167	25,884	11,727
Provincial capital tax	5,014	5,332	3,202	3,758	1,352
Interest	8,448	2,952	3,294	2,902	7,813
Foreign exchange gain (loss)	(39,831)	77,688	(32,297)	(2,127)	(1,860)
Income before income and mining taxes	108,038	95,991	159,278	260,643	35,279
Income and mining taxes (recoveries)	21,500	22,824	19,933	99,306	(1,715)
Net income	86,538	73,167	139,345	161,337	36,994
Net income per share basic	0.55	0.51	1.05	1.40	0.42
Net income per share diluted	0.55	0.50	1.04	1.35	0.42
Weighted average number of shares outstanding basic	155,942,151	144,740,658	132,768,049	115,461,046	89,029,754
Weighted average number of shares outstanding diluted	158,620,888	145,888,728	133,957,869	119,110,295	89,512,799
Dividends declared per common share	0.18	0.18	0.18	0.12	0.03

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	Year Ended December 31,				
	2009	2008	2007	2006	2005
	(in thousands of U.S. dollars, US GAAP basis, other than share and per share information)				
Balance Sheet Data (at end of period)					
Mining properties (net)	3,581,798	2,997,500	2,123,397	859,859	661,196
Total assets	4,247,357	3,378,824	2,735,498	1,521,488	976,069
Long-term debt	715,000	200,000			131,056
Reclamation provision and other liabilities	96,255	71,770	57,941	27,457	16,220
Net assets	2,751,761	2,517,756	2,058,934	1,252,405	655,067
Common shares	2,378,759	2,299,747	1,931,667	1,230,654	764,659
Shareholders' equity	2,751,761	2,517,756	2,058,934	1,252,405	655,067
Total common shares outstanding	156,625,174	154,808,918	142,403,379	121,025,635	97,836,954

Currency Exchange Rates

All dollar amounts in this Form 20-F are in U.S. dollars, except where otherwise indicated. The following tables set out, in Canadian dollars, the exchange rates for the U.S. dollar, based on the noon buying rate as reported by the Bank of Canada (the "Noon Buying Rate"). On March 22, 2010, the Noon Buying Rate was US\$1.00 equals C\$0.98.

	Year Ended December 31,				
	2009	2008	2007	2006	2005
High	1.3000	1.2969	1.1853	1.1726	1.2704
Low	1.0292	0.9719	0.9170	1.0990	1.1507
End of Period	1.0466	1.2246	0.9881	1.1653	1.1659
Average	1.1420	1.0660	1.0748	1.1341	1.2116

	2010				2009		
	March (to March 22)	February	January	December	November	October	September
High	1.0421	1.0734	1.0657	1.0713	1.0774	1.0845	1.1065
Low	1.0113	1.0420	1.0251	1.0405	1.0460	1.0292	1.0613
End of Period	1.0193	1.0526	1.0650	1.0466	1.0574	1.0774	1.0722
Average	1.0239	1.0561	1.0429	1.0544	1.0596	1.0549	1.0818

On December 31, 2009 and March 22, 2010, US\$1.00 equaled €0.69 and €0.74, respectively, as reported by the European Central Bank.

Risk Factors

The Company's financial performance and results may fluctuate widely due to volatile and unpredictable commodity prices.

The Company's earnings are directly related to commodity prices as revenues are derived from the sale of precious metals (gold and silver), zinc and copper. Gold prices fluctuate widely and are affected by numerous factors beyond the Company's control, including central bank purchases and sales, producer hedging and de-hedging activities, expectations of inflation, the relative exchange rate of the U.S. dollar with other major currencies, global and regional demand, political and economic conditions, production costs in major gold-producing regions and worldwide production levels. The aggregate effect of these factors is impossible to predict with accuracy. In addition, the price of gold has on occasion been subject to very rapid short-term changes because of speculative activities. Fluctuations in gold prices may materially adversely affect the Company's financial performance or results of operations. If the market price of gold falls below the Company's total cash costs per ounce of production at one or more of its projects at that time and remains so for any sustained period, the Company may experience losses and/or may curtail or suspend some or all of its exploration, development and mining activities at such projects or at other projects. Also, the Company's

decisions to proceed with its current mines were based on a market price of gold between \$400 and \$450 per ounce. If the market price of gold falls below this level, the mines may be rendered uneconomic and production may be suspended. The prices received for the sale of the Company's byproduct metals produced at its LaRonde Mine (zinc, silver and copper) and its Pinos Altos Mine (silver) affect the Company's ability to meet its targets for total cash costs per ounce of gold produced. Byproduct metal prices fluctuate widely and are affected by numerous factors beyond the Company's control. The Company's policy and practice is not to sell forward its future gold production; however, under the Company's price risk management policy, approved by the Company's board of directors (the "Board"), the Company may review this practice on a project by project basis. See "Item 11 Quantitative and Qualitative Disclosures about Market Risk - Derivatives" for more details on the Company's use of derivative instruments. The Company occasionally uses derivative instruments to mitigate the effects of fluctuating byproduct metal prices; however, these measures may not be successful.

The volatility of gold prices is illustrated in the following table which sets out, for the periods indicated, the high, low and average afternoon fixing prices for gold on the London Bullion Market (the "London P.M. Fix").

	2010 (to March 22)	2009	2008	2007	2006	2005
High price (\$ per ounce)	1,153	1,212	1,011	841	725	538
Low price (\$ per ounce)	1,058	810	712	608	525	411
Average price (\$ per ounce)	1,110	972	872	695	604	444

On March 22, 2010, the London P.M. Fix was \$1,097.25 per ounce of gold.

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

Based on 2010 production estimates, the approximate sensitivities of the Company's after-tax income to a 10% change in certain metal prices from 2009 market average prices are as follows:

	Income per share
Gold	\$ 0.54
Silver	\$ 0.04
Zinc	\$ 0.03
Copper	\$ 0.01

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

The Company is largely dependent upon its mining and milling operations at the LaRonde Mine and the Goldex Mine and any adverse condition affecting those operations may have a material adverse effect on the Company.

The Company's operations at the LaRonde Mine and the Goldex Mine in the Abitibi accounted for approximately 71% of the Company's gold production in 2009 and contributed approximately 90% of the Company's operating margin, and will continue to account for a significant portion of its gold production and operating margin until the Kittila Mine, Lapa Mine, Pinos Altos Mine and Meadowbank Mine achieve their anticipated production levels. Any adverse condition affecting mining or milling conditions at the LaRonde Mine or the Goldex Mine could be expected to have a material adverse effect on the Company's financial performance and results of operations. The Company also anticipates using revenue generated by its operations at these mines to finance a substantial portion of the capital expenditures required at its mine development projects. In addition, one of the Company's major development programs is the extension of the LaRonde Mine below Level 245, referred to as the LaRonde Mine extension. This program involves the construction of infrastructure at depth and extraction of ore from new zones, and may present new challenges for the Company. Gold production at the LaRonde Mine above Level 245 has started to decline. The Kittila Mine, the Lapa Mine

and the Pinos Altos Mine commenced commercial production in 2009 and the Meadowbank Mine is expected to achieve commercial production in the first quarter of 2010; however, they are not expected to reach their full production rates until later in 2010. In addition, production from the Kittila, Lapa, Pinos Altos and Meadowbank Mines in 2010 may be lower than anticipated if there are delays in achieving full production rate, and it is possible that the anticipated full production rate cannot be achieved. Unless the Company can successfully bring operations at the Kittila, Lapa, Pinos Altos and Meadowbank Mines to their full production rates, bring into production the LaRonde Mine extension or otherwise acquire gold-producing assets, the Company will be dependent on the LaRonde and Goldex Mines for the majority of its gold production. Further, there can be no assurance that the Company's current exploration and development programs at the LaRonde or Goldex Mines will result in any new economically viable mining operations or yield new mineral reserves to replace and expand current mineral reserves at what are currently the Company's only mines operating at or above projected levels.

The Company's newly opened mines, mine construction projects and expansion projects are subject to risks associated with new mine development, which may result in delays in the start-up of mining operations, delays in existing operations and unanticipated costs.

The Company's production forecasts assume that production will commence at the Meadowbank Mine, LaRonde Mine extension and Creston Mascota deposit in the first quarters of 2010 and 2011 and during 2011, respectively, and that the Kittila Mine and the Pinos Altos Mine will reach full production rates by the first quarter of 2010. The Company's ability to achieve full production rates at its new mines on schedule is subject to a number of risks and uncertainties. Delays in commissioning the Pinos Altos Mine and the Kittila autoclave resulted in anticipated 2009 gold production being reduced by an aggregate of approximately 78,973 ounces.

The LaRonde Mine extension will be one of the deepest operations in the Western Hemisphere with an expected maximum depth of 3,110 metres. The operations of the LaRonde Mine extension will rely on new infrastructure for hauling ore and materials to the surface, including a winze (or internal shaft) and a series of ramps linking mining deposits to the Penna Shaft that services current operations at the LaRonde Mine. The depth of the operations could pose significant challenges to the Company such as geomechanical risks and ventilation and air conditioning requirements, which may result in difficulties and delays in achieving gold production objectives.

The development of the LaRonde Mine extension and the Kittila, Pinos Altos and Meadowbank Mines require the construction of significant new underground mining operations. The construction of underground mining facilities is subject to a number of risks, including unforeseen geological formations, implementation of new mining processes, delays in obtaining required construction, environmental or operating permits and engineering and mine design adjustments. These occurrences may result in delays in the planned start up dates and in additional costs being incurred by the Company beyond those budgeted. Moreover, the construction activities at the LaRonde Mine extension will take place concurrently with normal mining operations at LaRonde, which may result in conflicts with, or possible delays to, existing mining operations.

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

The Company's gold production may fall below estimated levels as a result of mining accidents such as cave-ins, rock falls, rock bursts, pit wall failures, fires or flooding or as a result of other operational problems such as a failure of a production hoist, autoclave, filter press or semi-autogenous grinding ("SAG") mill. In addition, production may be reduced if, during the course of mining, unfavourable 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. In five of the last seven years, as a result of such adverse conditions, the Company has failed to meet production forecasts due to: a rock fall, production drilling challenges and lower than planned mill recoveries in 2003; higher than expected dilution in 2004; and increased stress levels in a sill pillar requiring the temporary closure of production sublevels in 2005. In 2008, gold production was 276,762 ounces, down from the Company's initial estimate of 358,000 ounces. This reduction was primarily a result of delays in the commencement of production at the Goldex Mine and the

Kittila Mine mainly due to delays in commissioning the Goldex production hoist and the Kittila autoclave, respectively. In 2009, gold production was 492,972 ounces, down from the Company's initial estimate of 590,000 ounces, primarily as a result of delays in the commencement of production at the Kittila Mine due to issues with the autoclave and at the Pinos Altos Mine resulting from problems in commissioning the dry tailings filter presses and dilution issues at the Lapa Mine. Occurrences of this nature and other accidents, adverse conditions or operational problems in future years may result in the Company's failure to achieve current or future production estimates.

The Company's total cash costs per ounce of gold production depend, in part, on external factors that are subject to fluctuation and, if such costs increase, some or all of the Company's activities may become unprofitable.

The Company's total cash costs per ounce of gold are dependent on a number of factors, including the exchange rate between the U.S. dollar and the Canadian dollar, Euro or Mexican peso, smelting and refining charges, production royalties, the price of gold and the cost of inputs used in mining operations. At the LaRonde Mine, however, the Company's total cash costs per ounce of production are primarily affected by the prices and production levels of byproduct zinc, silver and copper, the revenue from which is offset against the cost of gold production. Total cash costs per ounce from the Company's operations at the Pinos Altos Mine are affected by the exchange rates between the U.S. dollar and the Mexican peso and the price and production level of byproduct silver, the revenue from which is offset against the cost of gold production. Total cash costs per ounce from the Company's operations at the Kittila Mine are affected by the exchange rates between the U.S. dollar and the Euro. Total cash costs per ounce at all of the Company's mines are also affected by the costs of inputs used in mining operations, including labour (including contractors), steel, chemical reagents and energy. All of these factors are beyond the Company's control. If the Company's total cash costs per ounce of gold rise above the market price of gold and remain so for any sustained period, the Company may experience losses and may curtail or suspend some or all of its exploration, development and mining activities.

Total cash costs per ounce is not a recognized measure under US GAAP, and this data may not be comparable to data presented by other gold producers. Management uses this generally accepted industry measure in evaluating operating performance and believes it to be a realistic indicator of such performance and useful in allowing year over year comparisons. The data also reflects the Company's ability to generate cash flow and operating income at various gold prices. This additional information should be considered together with other data prepared in accordance with US GAAP and is not necessarily indicative of operating costs or cash flow measures prepared in accordance with US GAAP. See "Item 5 Operating and Financial Review and Prospects Results of Operations Production Costs" for reconciliation of total cash costs per ounce and minesite costs per tonne to their closest US GAAP measure and "Note to Investors Concerning Certain Measures of Performance" for a discussion of these non-US GAAP measures.

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

The Company's operations have been expanded to include a mine in Finland and a mine in northern Mexico. These operations are exposed to various levels of political, economic and other risks and uncertainties that are different from those encountered at the Company's Canadian properties. These risks and uncertainties vary from country to country and may include: extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; risks of war or civil unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licences, permits and contracts; illegal mining; corruption; restrictions on foreign exchange and repatriation; hostage taking; and changing political conditions and currency controls. In addition, the Company must comply with multiple and potentially conflicting regulations in Canada, the United States, Europe and Mexico, including export requirements, taxes, tariffs, import duties and other trade barriers, as well as health, safety and environmental requirements.

Changes, if any, in mining or investment policies or shifts in political attitude in Finland or Mexico may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to matters including restrictions on production, price controls, export controls, currency remittance, income and other taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine

safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure could result in loss, reduction or expropriation of entitlements or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

In addition, the Company has limited operating experience outside of Canada. Finland and Mexico have significantly different laws and regulations than Canada and there exist cultural and language differences between these countries and Canada. Also, the Company faces challenges inherent in efficiently managing an increased number of employees over large geographical distances, including the challenges of staffing and managing operations in multiple international locations and implementing appropriate systems, policies, benefits and compliance programs. These challenges may divert management's attention to the detriment of the Company's operations in Canada. There can be no assurance that difficulties associated with the Company's foreign operations can be successfully managed.

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

The figures for mineral reserves and mineral resources published by the Company are estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery of gold will be realized. The ore grade actually recovered by the Company may differ from the estimated grades of the mineral reserves and mineral resources. The estimates of mineral reserves and mineral resources have been determined based on assumed metal prices, foreign exchange rates and operating costs. For example, the Company has estimated proven and probable mineral reserves on all of its properties based on, among other things, a \$848 per ounce gold price. Although monthly average gold prices have been above \$848 per ounce since January 2009 and during the period from January 2008 to July 2008, monthly average gold prices remained below \$583 per ounce for more than 25 years prior to 2006. Prolonged declines in the market price of gold (or other applicable metal prices) may render mineral reserves containing relatively lower grades of mineralization uneconomical to recover and could materially reduce the Company's mineral reserves. Should such reductions occur, the Company may be required to take a material write-down of its investment in mining properties or delay or discontinue production or the development of new projects, resulting in increased net losses and reduced cash flow. Market price fluctuations of gold (or applicable byproduct metal prices), as well as increased production costs or reduced recovery rates, may render mineral reserves containing relatively lower grades of mineralization uneconomical to recover and may ultimately result in a restatement of mineral resources. Short-term factors relating to the mineral reserve, such as the need for orderly development of orebodies or the processing of new or different grades, may impair the profitability of a mine in any particular accounting period.

Mineral resource estimates for properties that have not commenced production or at deposits that have not yet been exploited are based, in most instances, on very limited and widely spaced drill hole information, which is not necessarily indicative of conditions between and around the drill holes. Accordingly, such mineral resource estimates may require revision as more drilling information becomes available or as actual production experience is gained.

The Company may experience difficulties operating its Meadowbank Mine as a result of the mine's remote location.

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

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The remoteness of the Meadowbank Mine also necessitates its operation as a fly-in/fly-out camp operation, which may have an impact on the Company's ability to attract and retain qualified mining personnel. If the Company is unable to attract and retain sufficient personnel or sub-contractors on a timely basis, the Company's future development plans and operations at the Meadowbank Mine may be adversely affected.

The Company may experience problems in executing acquisitions or managing and integrating any completed acquisitions with its existing operations.

The Company regularly evaluates opportunities to acquire shares or assets of other mining businesses. Such acquisitions may be significant in size, may change the scale of the Company's business and may expose the Company to new geographic, political, operating, financial or geological risks. The Company's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, acquire them on acceptable terms and integrate their operations successfully with those of the Company. Any acquisition would be accompanied by risks, such as the difficulty of assimilating the operations and personnel of any acquired businesses; the potential disruption of the Company's ongoing business; the inability of management to maximize the financial and strategic position of the Company through the successful integration of acquired assets and businesses; the maintenance of uniform standards, controls, procedures and policies; the impairment of relationships with employees, customers and contractors as a result of any integration of new management personnel; and the potential unknown liabilities associated with acquired assets and businesses. In addition, the Company may need additional capital to finance an acquisition. Debt financing related to any acquisition may expose the Company to the risks related to increased leverage, while equity financing may cause existing shareholders to suffer dilution. The Company is permitted under the terms of its unsecured revolving bank credit facilities and expects that it will be permitted under the \$600 million of guaranteed senior unsecured notes referred to under the heading "Item 4 Information on the Company History and Development of the Company" to incur additional unsecured indebtedness provided, in the case of the credit facilities, that it complies with certain covenants, including that no default under the bank credit facilities has occurred and is continuing, or would occur as a result of the incurrence or assumption of such indebtedness, the terms of such indebtedness are no more onerous to the Company than those under the credit facilities and such indebtedness does not require principal payments until at least 12 months following the then existing maturity date of the credit facilities. There can be no assurance that the Company would be successful in overcoming these or any other problems encountered in connection with such acquisitions.

Fluctuations in foreign currency exchange rates in relation to the U.S. dollar may adversely affect the Company's results of operations.

The Company's operating results and cash flow are significantly affected by changes in the U.S. dollar/Canadian dollar exchange rate. All of the Company's revenues are earned in U.S. dollars but the majority of its operating costs at the LaRonde Mine, the Goldex Mine, the Lapa Mine and the Meadowbank Mine, as well the construction costs at the Meadowbank Mine, are in Canadian dollars. The U.S. dollar/Canadian dollar exchange rate has fluctuated significantly over the last several years. From January 1, 2005 to January 1, 2010, the Noon Buying Rate fluctuated from a high of C\$1.3000 per \$1.00 to a low of C\$0.9170 per \$1.00. Historical fluctuations in the U.S. dollar/Canadian dollar exchange rate are not necessarily indicative of future exchange rate fluctuations. Based on the Company's anticipated 2010 after-tax operating results, a 10% change in the U.S. dollar/Canadian dollar exchange rate from the 2009 market average exchange rate would affect net income by approximately \$0.23 per share. To attempt to mitigate its foreign exchange risk and minimize the impact of exchange rate movements on operating results and cash flow, the Company has periodically used foreign currency options and forward foreign exchange contracts to purchase Canadian dollars; however, there can be no assurance that these strategies will be effective. See "Item 5 Operating and Financial Review and Prospects Outlook Gold Production Growth" for a description of the assumptions underlying the sensitivity and the strategies used to mitigate the effects of risks. In addition, the majority of the Company's operating costs at the Kittila Mine are incurred in Euros and a portion of operating costs at the Pinos Altos Mine are incurred in Mexican pesos. Each of these currencies has fluctuated significantly against the U.S. dollar over the past several years. There can be no assurance that the Company's foreign

exchange derivatives strategies will be successful or that foreign exchange fluctuations will not materially adversely affect the Company's financial performance and results of operations.

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

The Company's unsecured revolving \$600 million bank credit facility and unsecured revolving \$300 million bank credit facility each limit and the Company anticipates the notes referred to under the heading "Item 4 Information on the Company History and Development of the Company" will limit, among other things, the Company's ability to permit the creation of certain liens, make investments in a business or carry on business unrelated to mining, dispose of the Company's material assets or, in certain circumstances, pay dividends. In addition, the bank credit facilities limit the Company's ability to incur additional indebtedness. Further, each of the bank credit facilities requires the Company to maintain specified financial ratios and meet financial condition covenants. Events beyond the Company's control, including changes in general economic and business conditions, may affect the Company's ability to satisfy these covenants, which could result in a default under one or both of the bank credit facilities or the notes, if issued. At March 22, 2010 there was approximately \$657.5 million drawn under the bank credit facilities, including \$22.5 million in letters of credit, and the Company anticipates that it will continue to draw on the bank credit facilities to fund part of the capital expenditures required in connection with its current development projects. If an event of default under one of the bank credit facilities or the notes occurs, the Company would be unable to draw down further on that facility and the lenders could elect to declare all principal amounts outstanding thereunder at such time, together with accrued interest, to be immediately due and it could cause an event of default under the other credit facility or the notes. An event of default under either of the bank credit facilities or the notes may also give rise to an event of default under existing and future debt agreements and, in such event, the Company may not have sufficient funds to repay amounts owing under such agreements.

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

The construction of mining facilities and commencement of mining operations at the LaRonde Mine extension and the Creston Mascota deposit at the Pinos Altos Mine, the construction of mining facilities at the Meadowbank Mine, the expansion of capacity at the Goldex Mine and the exploration and development of the Company's properties, including continuing exploration and development projects in Quebec, Nunavut, Finland, Mexico and Nevada, will require substantial capital expenditures. The Company estimates that capital expenditures will be approximately \$463 million in 2010 and \$178 million in 2011. As at March 22, 2010, the Company had approximately \$242.5 million available to be borrowed under its credit facilities, prior to the contemplated issuance of the \$600 million guaranteed senior unsecured notes. Based on current funding available to the Company (excluding the notes) and expected cash from operations, the Company believes it has sufficient funds available to fund its projected capital expenditures for all of its current properties. However, if cash from operations is lower than expected or capital costs at these projects exceed current estimates, or if the Company incurs major unanticipated expenses related to exploration, development or maintenance of its properties, the Company may be required to seek additional financing to maintain its capital expenditures at planned levels. In addition, the Company will have additional capital requirements to the extent that it decides to expand its present operations and exploration activities; construct additional new mining and processing operations at any of its properties; or take advantage of opportunities for acquisitions, joint ventures or other business opportunities that may arise. Additional financing may not be available when needed or, if available, the terms of such financing may not be favourable to the Company and, if raised by offering equity securities, or securities convertible into equity securities, any additional financing may involve substantial dilution to existing shareholders. Failure to obtain any financing necessary for the Company's capital expenditure plans may result in a delay or indefinite postponement of exploration, development or production on any or all of the Company's properties, which may have a material adverse effect on the Company's business, financial condition and results of operations.

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

The credit and capital markets experienced significant deterioration in 2008, including the failure of significant and established financial institutions in the United States and abroad, and continued to show weakness and uncertainty in 2009 and into 2010. These unprecedented disruptions in the credit and capital markets have negatively impacted the availability and terms of credit and capital. If uncertainties in these markets continue, or these markets deteriorate further, it could have a material adverse effect on the Company's liquidity, ability to raise capital and costs of capital. Failure to raise capital when needed or on reasonable terms may have a material adverse effect on the Company's business, financial condition and results of operations.

The exploration of mineral properties is highly speculative, involves substantial expenditures and is frequently unsuccessful.

The Company's profitability is significantly affected by the costs and results of its exploration and development programs. As mines have limited lives based on proven and probable mineral reserves, the Company actively seeks to replace and expand its mineral reserves, primarily through exploration and development as well as through strategic acquisitions. Exploration for minerals is highly speculative in nature, involves many risks and is frequently unsuccessful. Among the many uncertainties inherent in any gold exploration and development program are the location of economic orebodies, the development of appropriate metallurgical processes, the receipt of necessary governmental permits and the construction of mining and processing facilities. Substantial expenditures are required to pursue such exploration and development activities. Assuming discovery of an economic orebody, depending on the type of mining operation involved, several years may elapse from the initial phases of drilling until commercial operations are commenced and during such time the economic feasibility of production may change. Accordingly, there can be no assurance that the Company's current or future exploration and development programs will result in any new economically viable mining operations or yield new mineral reserves to replace and expand current mineral reserves.

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

There is a limited supply of desirable mineral lands available for claim staking, leasing or other acquisitions in the areas where the Company contemplates conducting exploration activities. Many companies and individuals are engaged in the mining business, including large, established mining companies with substantial capabilities and long earnings records. The Company may be at a competitive disadvantage in acquiring mining properties as it must compete with these companies and individuals, some of which have greater financial resources and larger technical staff than the Company. Accordingly, there can be no assurance that the Company will be able to compete successfully for new mining properties.

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

The business of gold mining is generally subject to risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected rock formations, changes in the regulatory environment, cave-ins, rock bursts, rock falls, pit wall failures and flooding and gold bullion losses. Such occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. The Company carries insurance to protect itself against certain risks of mining and processing in amounts that it considers to be adequate but which may not provide adequate coverage in certain unforeseen circumstances. The Company may also become subject to liability for pollution, cave-ins or other hazards against which it cannot insure or against which it has elected not to insure because of high premium costs or other reasons, or the Company may become subject to liabilities which exceed policy limits. In these circumstances, the Company may be required to incur significant costs that could have a material adverse effect on its financial performance and results of operations.

The Company's operations are subject to numerous laws and extensive government regulations which may cause a reduction in levels of production, delay or the prevention of the development of new mining properties or otherwise cause the Company to incur costs that adversely affect the Company's results of operations.

The Company's mining and mineral processing operations and exploration activities are subject to the laws and regulations of federal, provincial, state and local governments in the jurisdictions in which the Company operates. These laws and regulations are extensive and govern prospecting, exploration, development, production, exports, taxes, labour standards, occupational health and safety, waste disposal, toxic substances, environmental protection, mine safety and other matters. Compliance with such laws and regulations increases the costs of planning, designing, drilling, developing, constructing, operating, closing, reclaiming and rehabilitating mines and other facilities. New laws or regulations, amendments to current laws and regulations governing operations and activities of mining companies or more stringent implementation or interpretation thereof could have a material adverse impact on the Company, cause a reduction in levels of production and delay or prevent the development of new mining properties.

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

The Company operates in a number of jurisdictions in which regulatory requirements have been introduced or are being contemplated to monitor, report and/or reduce greenhouse gas emissions. Under the Copenhagen Accord, Canada has committed to reducing greenhouse gas emissions by 17%, relative to 2005 levels, by 2020, but this commitment is subject to future alignment with reduction targets in the United States. Canada is currently developing new regulatory requirements to address greenhouse gas emissions. Similarly, the Province of Quebec has passed legislation enabling the establishment of a greenhouse gas emissions registry, greenhouse gas reduction targets and a cap-and-trade system to achieve Quebec's commitment to reduce greenhouse gas emissions by 20%, relative to 1990 levels, by 2020. The Company's operations in Quebec use primarily hydroelectric power and as a consequence are not large producers of greenhouse gases. Except for the Meadowbank Mine, which produces its own electricity from diesel-power generation, none of the Company's operations are large producers of greenhouse gases. New regulatory requirements and the additional costs required to comply are not expected to have a material effect on the Company's operations and financial condition.

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

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

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

Production at the Company's mines and mine projects is dependent on the efforts of the Company's employees and contractors. Relationships between the Company and its employees may be affected by changes in the scheme of labour relations that may be introduced by relevant government authorities in the jurisdictions that the Company operates. Changes in applicable legislation or in the relationship between the Company and its employees or contractors may have a material adverse effect on the Company's business, results of operations and financial condition.

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

part on the efforts of these individuals. The Company faces significant competition for qualified personnel and there can be no assurance that the Company will be able to attract and retain such personnel.

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

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

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

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

changes in the market price of gold or other byproduct metals the Company sells;

current events affecting the economic situation in Canada, the United States and elsewhere;

trends in the mining industry and the markets in which the Company operates;

changes in financial estimates and recommendations by securities analysts;

acquisitions and financings;

quarterly variations in operating results;

the operating and share price performance of other companies that investors may deem comparable; and

purchases or sales of blocks of the Company's common shares or securities convertible into or exchangeable for the Company's common shares.

Wide price swings are currently common in the markets on which the Company's securities trade. This volatility may adversely affect the prices of the Company's common shares and the securities convertible into or exchangeable for the Company's common shares regardless of the Company's operating performance.

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

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Section 404 of the Sarbanes-Oxley Act of 2002 ("SOX") requires an annual assessment by management of the effectiveness of the Company's internal control over financial reporting. Section 404 of SOX also requires an annual attestation report by the Company's independent auditors addressing the effectiveness of the Company's internal control over financial reporting. The Company has completed its Section 404 assessment and received the auditors' attestation as of December 31, 2009.

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If the Company fails to maintain the adequacy of its internal control over financial reporting, as such standards are modified, supplemented or amended from time to time, the Company may not be able to conclude that it has effective internal control over financial reporting in accordance with Section 404 of SOX. The Company's failure to satisfy the requirements of Section 404 of SOX on an ongoing, timely basis could result in the loss of investor confidence in the reliability of its financial statements, which in turn could harm the Company's business and negatively impact the trading price of its common shares and securities convertible or exchangeable for common shares. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's operating results or cause it to fail to meet its reporting obligations. Future acquisitions of companies may provide the Company with challenges in implementing the required processes, procedures and controls in its acquired operations. Acquired companies may not have disclosure controls and procedures or internal control over financial reporting that are as thorough or effective as those required by securities laws currently applicable to the Company.

No evaluation can provide complete assurance that the Company's internal control over financial reporting will detect or uncover all failures of persons within the Company to disclose material information otherwise required to be reported. The effectiveness of the Company's controls and procedures could also be limited by simple errors or faulty judgments. In addition, as the Company continues to expand, the challenges involved in maintaining adequate internal control over financial reporting will increase and will require that the Company continue to improve its internal control over financial reporting. Although the Company intends to devote substantial time and incur substantial costs, as necessary, to ensure ongoing compliance, the Company cannot be certain that it will be successful in continuing to comply with Section 404 of SOX.

Potential unenforceability of civil liabilities and judgments.

The Company is incorporated under the laws of the Province of Ontario, Canada. A majority of the Company's directors and officers as well as the experts named in this Form 20-F are residents of Canada. Also, almost all of the Company's assets and the assets of these persons are located outside of the United States. As a result, it may be difficult for shareholders to initiate a lawsuit within the United States against these non-U.S. residents, or to enforce U.S. judgments against the Company or these persons. The Company's Canadian counsel has advised the Company that a monetary judgment of a U.S. court predicated solely upon the civil liability provisions of U.S. federal securities laws would likely be enforceable in Canada if the U.S. court in which the judgment was obtained had a basis for jurisdiction in the matter that was recognized by a Canadian court for such purposes. The Company cannot provide assurance that this will be the case. It is less certain that an action could be brought in Canada in the first instance on the basis of liability predicated solely upon such laws.

ITEM 4 INFORMATION ON THE COMPANY

History and Development of the Company

The Company is an established Canadian-based international gold producer with mining operations in northwestern Quebec, northern Mexico, northern Finland and Nunavut and exploration activities in Canada, Europe, Latin America and the United States. The Company's operating history includes over three decades of continuous gold production primarily from underground operations. Since its formation on June 1, 1972, the Company has produced almost 5.5 million ounces of gold. For definitions of certain technical terms used in the following discussion, see "Property, Plant and Equipment Glossary of Selected Mining Terms".

The Company's strategy is to focus on the continued exploration, development and expansion of its properties in politically stable jurisdictions. The Company has spent over \$2 billion on the development of five new mines over the last three years. Through this development program, the Company transformed itself from a regionally focused, one mine producer to a multi-mine international gold producer with five operating, 100% owned mines (with one additional operating mine expected by the first quarter of 2010).

Since 1988, the LaRonde Mine, in the Abitibi region of Quebec, has been the Company's flagship operation, producing approximately 4 million ounces of gold as well as valuable byproducts. The Goldex Mine is 60 kilometres east of the LaRonde Mine, and the Lapa Mine, the Company's highest grade mine, is

11 kilometres east of the LaRonde Mine. The synergies between these sites contribute to the Company's status as a low cost producer. The Kittila Mine, in Finland, achieved commercial production in May 2009, has a long reserve life and has significant production expansion potential. The Pinos Altos Mine, in Mexico, achieved commercial production in November 2009 and also has significant production expansion potential. Commissioning of the Company's sixth mine, Meadowbank, in Nunavut, is currently underway and the Company had its first dore bar pour at the Meadowbank Mine in February 2010. In addition, the Company plans to pursue opportunities for growth in gold production and gold reserves through the prudent acquisition or development of exploration properties, development properties, producing properties and other mining businesses in the Americas and Europe.

The Company believes that its total cash costs per ounce place it among the lowest quartile of producers in the gold mining industry. In 2009, the Company produced 492,972 ounces of gold at total cash costs per ounce of \$347 net of revenues from byproduct metals. For 2010, the Company expects to produce 1,057,200 ounces of gold at a total cash costs per ounce of gold produced of approximately \$399 net of byproduct revenue. These expected higher total cash costs compared to 2009 reflect the commencement of mining operations at the Meadowbank Mine, which is expected to have higher total cash costs per ounce compared to the Company's average; higher costs associated with the transition to underground mining operations at the Pinos Altos Mine and the Kittila Mine; and increased production from the Company's mines and mine projects that do not contain byproduct metals. In addition, the higher total cash costs per ounce also reflect the Canadian dollar strengthening against the U.S. dollar, recent escalations in labour, shipping and transportation costs and the ramp-up of operations at the Pinos Altos Mine during 2010. See "Note to Investors Concerning Certain Measures of Performance" for a discussion of the use of the non-US GAAP measure total cash costs per ounce. The Company has traditionally sold all of its production at the spot price of gold due to its general policy not to sell forward its future gold production.

The Company operates through four segments: Canada, Europe, Latin America and the United States.

The Quebec Region includes the LaRonde Mine, the LaRonde Mine extension project, the Goldex Mine and the Lapa Mine, each of which is held directly by the Company. In 2009, the Quebec Region accounted for 82.2% of the Company's gold production, comprised of 41.3% from the LaRonde Mine, 30.2% from the Goldex Mine and 10.7% from the Lapa Mine. In 2010, the Company anticipates that the Quebec Region will account for 43.4% of the Company's gold production, of which 17.0%, 15.5% and 10.9% of the Company's gold production will come from the LaRonde Mine, the Goldex Mine and the Lapa Mine, respectively.

The Company's operations in the European Region are conducted through its indirect subsidiary, Agnico-Eagle AB, which owns the Kittila Mine in Finland. In 2009, the Kittila Mine accounted for 14.6% of the Company's gold production and the Company anticipates that in 2010 the Kittila Mine will account for 13.9% of the Company's gold production.

The Company's operations in the Latin American Region are conducted through its subsidiary, Agnico Eagle Mexico S.A. de C.V., which owns the Pinos Altos Mine and the Creston Mascota deposit. In 2009, the Pinos Altos Mine accounted for 3.3% of the Company's gold production and the Company anticipates that in 2010 the Pinos Altos Mine will account for 14.3% of the Company's gold production.

The Nunavut Region is comprised of the Meadowbank Mine, which is held directly by the Company. The Meadowbank Mine, which is expected to achieve commercial production in the first quarter of 2010, will account for approximately 28% of the Company's 2010 gold production. In addition, the Company has an international exploration office in Reno, Nevada.

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

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

Notes:

- (1) Date when 100% ownership was acquired.
- (2) Anticipated.

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

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

In the second quarter of 2004, the Company acquired an approximate 14% ownership interest in Riddarhyttan Resources AB ("Riddarhyttan"), a Swedish precious and base metals exploration and development company that was at the time listed on the Stockholm Stock Exchange. In November 2005, the Company completed a tender offer (the "Riddarhyttan Offer") for all of the issued and outstanding shares of Riddarhyttan that it did not own. The Company issued 10,023,882 of its common shares and paid and committed an aggregate of \$5.1 million cash as consideration to Riddarhyttan shareholders in connection with the Riddarhyttan Offer. The Company, through wholly-owned subsidiaries, currently holds 100% of Riddarhyttan. Riddarhyttan, through its wholly-owned subsidiary, Agnico-Eagle AB, is the 100% owner of the Kittila Mine, located approximately 900 kilometres north of Helsinki near the town of Kittila in Finnish Lapland.

In the first quarter of 2005, the Company entered into an exploration and option agreement with Industrias Penoles S.A. de C.V. ("Penoles") to acquire the Pinos Altos property in northern Mexico. The Pinos Altos property is comprised of approximately 11,000 hectares in the Sierra Madre gold belt, approximately 225 kilometres west of the city of Chihuahua in the state of Chihuahua in northern Mexico. In February 2006, the Company exercised its option and acquired the Pinos Altos property on March 15, 2006. Under the terms of the exploration and option agreement, the purchase price of \$66.8 million was comprised of \$32.5 million in cash and 2,063,635 common shares of the Company.

In February 2007, the Company made an exchange offer for all of the outstanding shares of Cumberland Resources Ltd. ("Cumberland") not already owned by the Company. At the time, Cumberland was a pre-production development stage company listed on the Toronto Stock Exchange (the "TSX") and American Stock Exchange. In May 2007, the Company acquired approximately 92% of the issued and outstanding shares of Cumberland that it did not previously own and, in July 2007, the Company completed the acquisition of all Cumberland shares by way of a compulsory acquisition. The Company issued 13,768,510 of its common shares and paid \$9.6 million in cash as consideration to Cumberland shareholders in connection with its acquisition of Cumberland.

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In 2009, the Company's capital expenditures were \$657 million. The 2009 capital expenditures included \$76 million at the LaRonde Mine (which included approximately \$39 million of expenditures relating to the LaRonde Mine extension), \$22 million at the Goldex Mine, \$90 million at the Kittila Mine (which included \$36 million of expenditures on construction of the underground mine), \$47 million at the Lapa Mine (which included \$22 million on construction of the mine), \$133 million at the Pinos Altos Mine and \$288 million at the Meadowbank Mine. In addition, the Company spent \$36 million on exploration activities at the Company's grassroots exploration properties. Budgeted 2010 exploration and capital expenditures of \$478 million include \$96 million at the LaRonde Mine (including \$67 million on the LaRonde Mine extension), \$14 million at the Goldex Mine, \$29 million at the Lapa Mine, \$92 million at the Pinos Altos Mine (including \$54 million on the construction and development at the Creston Mascota deposit), \$59 million at the Kittila Mine, \$112 million at the Meadowbank Mine (including \$10.5 million on the construction of the mine) and \$37 million in capitalized exploration expenditures. In addition, the Company plans exploration expenditures on grassroots exploration projects of approximately \$39 million. Depending on the success of the exploration programs at these and other properties, the Company may be required to make additional capital expenditures for exploration, development and pre-production.

The financing for the expenditures set out above is expected to be from internally generated cash flow from operations, from the Company's existing cash balances and from drawdowns of the Company's bank credit facilities. In addition, on March 19, 2010 the Company announced it had received non-binding commitments from institutional investors in the United States and Canada to purchase in a private placement \$600 million of guaranteed senior unsecured notes due in 2017, 2020 and 2022 (the "Notes"). The Notes are expected to have a weighted average maturity of 9.84 years, weighted average yield of 6.59% and restrictive covenants and events of default substantially similar to the Company's bank credit facilities. Proceeds from the offering of the Notes will be used to repay amounts under the Company's bank credit facilities. Closing of the transaction is expected to occur in April 2010. Based on current funding available to the Company (excluding the Notes) and expected cash flows from operations, the Company believes it has sufficient funds available to fund its projected capital expenditures for all its properties.

Capital expenditures by the Company in 2008 and 2007 were \$909 million and \$523 million, respectively. The 2008 capital expenditures included \$75 million at the LaRonde Mine (which was comprised of \$38 million of sustaining capital expenditures and \$37 million comprised primarily of expenditures on the LaRonde Mine extension), \$53 million at the Goldex Mine, \$196 million at the Kittila Mine, \$89 million at the Lapa Mine, \$176 million at the Pinos Altos Mine and \$314 million at the Meadowbank Mine. In addition, the Company spent \$35 million on exploration activities at the Company's grassroots exploration properties. The 2007 capital expenditures included \$87 million at the LaRonde Mine (which was comprised of \$34 million of sustaining capital expenditures and \$53 million comprised primarily of expenditures on the LaRonde Mine extension and the ramp below Level 215), \$105 million at the Goldex Mine, \$94 million at the Kittila Mine, \$29 million at the Lapa Mine and \$170 million at the Meadowbank Mine.

The Company was formed by articles of amalgamation under the laws of the Province of Ontario on June 1, 1972, as a result of the amalgamation of Agnico Mines Limited ("Agnico Mines") and Eagle Gold Mines Limited ("Eagle"). Agnico Mines was incorporated under the laws of the Province of Ontario on January 21, 1953 under the name "Cobalt Consolidated Mining Corporation Limited". Eagle was incorporated under the laws of the Province of Ontario on August 14, 1945.

On December 19, 1989, Agnico-Eagle acquired the remaining 57% interest in Dumagami Mines Limited not already owned by it, as a consequence of the amalgamation of Dumagami Mines Limited with a wholly-owned subsidiary of Agnico-Eagle, to continue as one company under the name Dumagami Mines Inc. ("Dumagami"). On December 29, 1992, Dumagami transferred all of its property and assets, including the LaRonde Mine, to Agnico-Eagle and was subsequently dissolved.

On December 8, 1993, the Company acquired the remaining 46.3% interest in Goldex Mines Limited not already owned by it, as a consequence of the amalgamation of Goldex Mines Limited with a wholly-owned subsidiary of the Company, to continue as one company under the name Goldex Mines Limited. On January 1, 1996, the Company amalgamated with two wholly-owned subsidiaries, including Goldex Mines Limited.

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In October 2001, under a plan of arrangement, the Company amalgamated with an associated corporation, Mentor Exploration and Development Co., Limited ("Mentor"). In connection with the arrangement, the Company issued 369,348 of its common shares in consideration for the acquisition of all of the issued and outstanding shares of Mentor that it did not already own.

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

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

Business Overview

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

Growth Profile. The Company has a proven track record of increasing production capacity at existing operations through a combination of acquisitions, operational improvements, expansions and development. The Company anticipates increasing its production to over 1.0 million ounces of gold in 2010 with continued growth to 2014. The Company's production growth in 2010 is expected to come principally from the Meadowbank Mine, which achieved commercial production in the first quarter of 2010, as well as from the continued operational improvements at the Kittila, Lapa and Pinos Altos Mines. Over the last three years, the Company has spent over \$2 billion on the development of five new mines, and its significant extension of the LaRonde Mine at depth. With the large majority of mine development projects complete and with five mines expected to achieve steady state operational status, capital expenditures are expected to decline materially from 2010 onward, significantly increasing free cash flow. The remaining capital expenditure is primarily for incremental expansion projects and completion of the Meadowbank Mine.

Operations in Politically Stable, Mining-Friendly Regions. The Company and its predecessors have over three decades of continuous gold production experience and expertise in metals mining. The Company's operations and exploration and development projects are located in regions that are supportive of the mining industry. Three of the Company's producing mines and one of its construction projects are located in northwestern Quebec, one of North America's principal gold-producing regions. The Province of Quebec had the highest "policy potential index" for any mining jurisdiction in the world in the Fraser Institute's 2008-2009 survey of mining companies. The policy potential index measures the effects on exploration of a variety of government policies related to the mining industry. The Company's Kittila Mine in northern Finland, Pinos Altos Mine in northern Mexico and Meadowbank Mine in Nunavut are located in regions which the Company believes are also supportive of the mining industry.

Low-Cost, Efficient Operations. The Company believes that its total cash costs per ounce place it among the lowest quartile of producers in the gold mining industry, with total cash costs per ounce of gold produced at \$347 for 2009 and \$162 per ounce for 2008. These relatively low cash costs are attributable to the economies of scale afforded by the Company's mining operations, as well as byproduct revenues from the LaRonde and Pinos Altos Mines and sharing of resources among its three operating mines in northwestern Quebec. In addition, the Company believes its highly motivated work force contributes significantly to continued operational improvements and to the Company's low-cost producer status.

Strong Operating Base. Through its acquisition, exploration and development program, the Company has been transformed from a regionally focused, single mine producer to a multi-mine international gold producer with six operating, 100% owned mines. The Company's existing operations at the LaRonde Mine provide a strong economic base for additional mineral reserve and production development at the property and in the Abitibi region of northwestern Quebec and for the development of its mines and projects in Nunavut, Finland and Mexico. The experience gained through building and operating the LaRonde Mine has assisted with the Company's development of its other mine projects. In addition, the extensive infrastructure associated with the

LaRonde Mine supports the nearby Goldex and Lapa Mines, and the construction of infrastructure to access the deposits at the LaRonde Mine extension.

Highly Experienced Management Team. The Company's senior management team has an average of over 20 years of experience in the mining industry. Management's significant experience has underpinned the Company's historical growth and provides a solid base upon which to expand the Company's operations.

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

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

Leverage Mining Experience. The Company believes it can benefit not only from the existing infrastructure at its mines but also from the geological knowledge that it has gained in mining and developing its properties. The Company's strategy is to capitalize on its mining expertise to exploit fully the potential of its properties.

Expand Gold Reserves. The Company is conducting drilling programs at all of its properties with a goal of further increasing its gold reserves. In 2009, on a contained gold ounces basis, the Company increased its gold reserves to 18.4 million ounces (162.4 million tonnes grading 3.52 grams of gold per tonne), an increase of 2% over December 31, 2008 levels, including the replacement of 492,972 ounces of gold mined.

Growth Through Primary Exploration and Acquisitions. The Company's growth strategy has been to pursue the expansion of its development base through the acquisition of additional properties in the Americas and Europe. Historically, the Company's producing properties have resulted from a combination of investments in advanced exploration companies and primary exploration activities. By investing in pre-development stage companies, the Company believes that it has been able to acquire control of projects at favourable prices and reasonable valuations. The Company's property acquisition strategy has evolved more recently to include joint ventures and partnerships and the acquisition of development and producing properties.

Mining Legislation and Regulation

Canada

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

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

Quebec

In Quebec, mining rights are governed by the *Mining Act* (Quebec) and, subject to limited exceptions, are owned by the province. A mining claim entitles its holder to explore for minerals on the subject land. It remains

in force for a term of two years from the date it is registered and may be renewed indefinitely subject to continued exploration works in relation thereto. In order to retain title to mining claims, in addition to paying a small bi-annual rental fee currently ranging from C\$26 to C\$120 per claim depending on its location of area (as set by Quebec government regulations), exploration work (or an equivalent value cash payment) has to be completed in advance (either on the claim or on adjacent mining claims, concessions or leases) and filed with the Ministry of Natural Resources and Wildlife (Quebec). The amount of exploration work required bi-annually currently ranges from C\$48 to C\$3,600 per claim depending on its location, area and period of validity (as set by Quebec government regulations). In 1966, the mining concession system set out for lands containing mineralized zones in the *Mining Act* (Quebec) was replaced by a system of mining leases but the mining concessions sold prior to such replacement remain in force. A mining lease entitles its holder to mine and remove valuable mineral substances from the subject land, provided it pays the annual rent set by Quebec government regulations, which currently ranges from C\$21 per hectare (on privately held land) to C\$43 per hectare (on land owned by the province). Leases are granted initially for a term of 20 years and are renewable up to three times, each for a duration of ten years. After the third renewal, the Minister of Natural Resources and Wildlife (Quebec) may grant an extension thereof on the conditions, for the rental and for the term he or she determines.

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

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

Nunavut

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

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

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

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

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

Finland

Mining legislation in Finland consists of the Mining Act and the Mining Decree, which are currently being amended. Initial proposed amendments to the Mining Act were released in October 2008 with the aim that a revised Mining Act would come into force in January 2011. The Council of State introduced the proposal for a revised Mining Act (the "Proposal") to Parliament on December 22, 2009, which may be amended during its reading in Parliament. Unless otherwise stated below, this summary reflects the Mining Act as currently in force.

In Finland, any corporation having its principal place of business or central administration within the European Economic Area is entitled to the same rights to carry out prospecting, to stake a claim and to exploit a deposit, as any Finnish citizen or corporation.

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

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

Mining operations must be carried out in accordance with laws and regulations concerning conservation and environmental protection issues. Under the Environmental Protection Act, mining activities require an environmental permit which may be issued either for a definite or indefinite period of time. The Environmental Protection Act is based on the principles of prevention and minimization of damages and hazards, application of the best available technology, application of the best environmental practice and "polluter pays".

The Act on Compensation for Environmental Damage includes provisions on the compensation for damage to a person or a property resulting from pollution of water, air or soil, noise, vibration, radiation, light, heat or smell, or other similar nuisances, caused by an activity carried out at a fixed location. This act is based on the principle of strict liability.

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

According to the Act on Environmental Impact Assessment Procedure, certain projects require compliance with an environmental impact assessment procedure. These include major projects with a considerable impact on the environment, such as the excavation, enrichment and handling of metals and other minerals in cases where the excavated material is estimated to exceed 550,000 tonnes annually. A permit authority may not give its approval to an activity covered by the scope of the Act on the Environmental Impact Assessment Procedure without having taken an environmental impact assessment report into consideration.

Mexico

Mining in Mexico is subject to the Mining Law, a federal law. Under the Mexican Constitution, all minerals belong to the Mexican Nation. Private parties may explore and extract minerals pursuant to mining concessions granted by the executive branch of the Mexican government, as a general rule to whoever first claims them. While the Mining Law touches briefly upon labour, occupational and worker health and safety standards, these are primarily dealt with by the Federal Labour Law. The Mining Law also briefly addresses environmental matters, which are primarily regulated by the General Law of Ecological Balance and Protection of the Environment, also of federal jurisdiction.

The primary agencies with jurisdiction over mining activities are the Ministry of the Economy, the Ministry of Labor and Social Welfare and the Ministry of the Environment and Natural Resources. The National Water Commission has jurisdiction regarding the granting of water rights and the Ministry of Defense with respect to the use of explosives.

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

Organizational Structure

The Company's significant subsidiaries (all of which are wholly-owned, unless otherwise indicated) are Ridrarhyttan, 1715495 Ontario Inc., which owns all of the shares of Agnico-Eagle Sweden AB, a Swedish company through which the Company holds its interest in Ridrarhyttan, and Agnico-Eagle AB, a Swedish company through which Ridrarhyttan holds its interest in the Kittila Mine. In addition, the Company's interest in the Pinos Altos Mine in northern Mexico is held through its wholly-owned Mexican subsidiary, Agnico Eagle Mexico S.A. de C.V., which is owned, in part, by 1641315 Ontario Inc. The Company's only other significant subsidiaries are Agnico-Eagle (Delaware) LLC, Agnico-Eagle (Delaware) II LLC and Agnico-Eagle (Delaware) III LLC, each a limited liability company organized under the laws of Delaware. The LaRonde Mine (including the LaRonde Mine extension), the Goldex Mine, the Lapa Mine and the Meadowbank Mine are owned directly by the Company.

The Company's wholly-owned subsidiaries, Servicios Agnico Eagle Mexico, S.A. de C.V. and Servicios Pinos Altos, S.A. de C.V., provide services in connection with the Company's operations in Mexico. Ridrarhyttan Resources Oy provides services in connection with the Company's operations at the Kittila Mine in Finland. The Company's operations in the United States are conducted through Agnico-Eagle (USA) Limited.

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The following chart sets out the corporate structure of the Company, each of its significant subsidiaries and certain other subsidiaries, together with the jurisdiction of organization of the Company and each such subsidiary as at March 22, 2010:

Agnico-Eagle Organizational Chart

Property, Plant and Equipment

Location Map of the Abitibi Region

LaRonde Mine

The LaRonde Mine is situated approximately 60 kilometres west of the City of Val d'Or in northwestern Quebec (approximately 470 kilometres northwest of Montreal, Quebec) in the municipalities of Preissac and Cadillac. At December 31, 2009, the LaRonde Mine was estimated to contain proven mineral reserves of approximately 358,000 ounces of gold comprised of 4.8 million tonnes of ore grading 2.34 grams per tonne and probable mineral reserves of 4.5 million ounces of gold comprised of 29.6 million tonnes of ore grading 4.72 grams per tonne. The Company's LaRonde Mine consists of the LaRonde property and the adjacent El Coco and Terrex properties, each of which is 100% owned and operated by the Company. The LaRonde Mine can be accessed either from Val d'Or in the east or from Rouyn-Noranda in the west, which are located approximately 60 kilometres from the LaRonde Mine via Quebec provincial highway No. 117. The LaRonde Mine is situated approximately two kilometres north of highway No. 117 on Quebec regional highway No. 395. The Company has access to the Canadian National Railway at Cadillac, Quebec, approximately six kilometres from the LaRonde Mine. The elevation is 337 metres above sea level. The LaRonde property is relatively flat with a maximum relief of approximately 40 metres. The topography gently slopes down from north to south and is characterized by boreal-type forest on LaRonde and the nearby properties. All of the LaRonde Mine's power requirements are supplied by Hydro-Quebec through connections to its main power transmission grid. Water used in the LaRonde Mine's operations is sourced from Lake Preissac and is transported approximately four kilometres to the minesite through a surface pipeline.

The LaRonde Mine operates under mining leases obtained from the Ministry of Natural Resources and Wildlife (Quebec) and under certificates of approval granted by the Ministry of Sustainable Development, Environment and Parks (Quebec). The LaRonde property consists of 35 contiguous mining claims and one provincial mining lease and covers in total 1,044.9 hectares. The El Coco property consists of 22 contiguous mining claims and one provincial mining lease and covers in total 356.7 hectares. The Terrex property consists of 21 mining claims that cover in total 424.4 hectares. The mining leases on the LaRonde and El Coco properties expire in 2018 and 2021, respectively, and are automatically renewable for three further ten-year terms upon payment of a small fee. The Company also has two surface rights leases that cover in total approximately 122.3 hectares that relate to the water pipeline right of way from Lake Preissac and the eastern extension of the LaRonde tailings pond #7 on the El Coco property. The surface rights leases are renewable annually.

Location Map of the LaRonde Mine

The LaRonde Mine includes underground operations at the LaRonde and El Coco properties that can both be accessed from the Penna Shaft, a mill, a treatment plant, a secondary crusher building and related facilities. The El Coco property is subject to a 50% net profits interest in favour of Barrick Gold Corporation ("Barrick") on future production from approximately 500 metres east of the LaRonde property boundary. The remaining 1,500 metres is subject to a 4% net smelter return royalty. This area of the property is now substantially mined out and the Company has not paid royalties since 2004 and does not expect to pay royalties in 2010. In 2003, exploration work started to extend outside of the LaRonde property on to the Terrex property where a down-plunge extension of Zone 20 North was discovered. The Terrex property is subject to a 5% net profits royalty to Delfer Gold Mines Inc. and a 2% net smelter return royalty to Barrick. The Company does not expect to pay royalties on this part of the property in 2010. In addition, the Company owns 100% of the Sphinx property immediately to the east of the El Coco property.

In 2010, payable gold production at the LaRonde Mine is expected to decline to approximately 180,000 ounces, and total cash costs per ounce are expected to be approximately \$227.

The Abitibi region has a continental climate with average annual rainfall of 64 centimetres and average annual snowfall of 318 centimetres. The average monthly temperatures range from a minimum of -23 degrees Celsius in January to a maximum of 23 degrees Celsius in July. Under normal circumstances, mining operations are conducted year round without interruption due to weather conditions. The Company believes that the Abitibi region of northwestern Quebec has sufficient experienced mining personnel to staff its operations in the Abitibi region.

Mining and Milling Facilities

Surface Plan of the LaRonde Mine

The LaRonde Mine was originally developed utilizing a 1,207-metre shaft (Shaft #1) and an underground ramp access system. The ramp access system is available down to the Level 25 of Shaft #1 and then continues down to Level 248 at the Penna Shaft. The mineral reserve accessible from Shaft #1 was depleted in September 2000 and Shaft #1 is no longer in use. A second production shaft (Shaft #2), located approximately 1.2 kilometres to the east of Shaft #1, was completed in 1994 to a depth of 525 metres and was used to mine Zones 6 and 7. Both ore zones were depleted in March 2000 and the workings were allowed to flood up to Level 6 (approximately 280 metres). A third shaft (the Penna Shaft), located approximately 800 metres to the east of Shaft #1, was completed down to a depth of 2,250 metres in March 2000. The Penna Shaft is used to mine Zones 20 North, 20 South, 6 and 7. In 2009, as part of the LaRonde Mine extension, the Company completed construction of an 823-metre internal shaft from Level 206 to access the ore below Level 245, approximately 2,858 metres below surface.

Mining Methods

Four mining methods have historically been used at the LaRonde Mine: open pit for the three surface deposits; sublevel retreat; longitudinal retreat with cemented backfill; and transverse open stoping with both cemented and unconsolidated backfill. The primary source of ore at the LaRonde Mine continues to be from underground mining methods. During 2009, two mining methods were used: longitudinal retreat with cemented backfill and transverse open stoping with both cemented and unconsolidated backfill. In the underground mine, sublevels are driven at 30-metre and 40-metre vertical intervals, depending on the depth. Stopes are undercut in 15-metre panels. In the longitudinal method, panels are mined in 15-metre sections and backfilled with 100% cemented rock fill or paste fill from the paste backfill plant completed in 2000 and located on the surface at the processing facility. In the transverse open stoping method, 50% of the ore is mined in the first pass and filled with cemented rock fill or paste fill. On the second pass, the remainder of the ore is mined and filled with unconsolidated waste rock fill or cemented paste backfill.

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Surface Facilities

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

Annual production at the LaRonde mill consists of approximately 63,000 tonnes of copper concentrate, up to 2,800 tonnes of lead concentrate and 147,000 tonnes of zinc concentrate. Gold recovery at the LaRonde Mine is distributed approximately 70% in the copper concentrate, 5% in the lead concentrate, 4.25% in the zinc concentrate and 13% in the refinery.

Mineral Recoveries

During 2009, gold and silver recovery averaged 90.3% and 87.7%, respectively. Zinc recovery averaged 87.7% with a concentrate quality of 54.2% zinc. Copper recovery averaged 86.2% with a concentrate quality of 11.6% copper. Approximately 2.55 million tonnes of ore were processed averaging 6,975 tonnes of ore per day at 93.6% of available time.

The following table sets out the metal recoveries, concentrate grades and contained metals for the 2.55 million tonnes of ore extracted by the Company at the LaRonde Mine in 2009.

	Copper Concentrate (63,353 tonnes produced)			Zinc Concentrate (121,160 tonnes produced)		Lead Concentrate (427 tonnes produced)		Dore Produced	Overall Metal Recoveries	Payable Production
	Head Grades	Grade	Recovery	Grade	Recovery	Grade	Recovery			
Gold	2.75 g/t	77.5 g/t	70.14%	3.03 g/t	5.28%	52.5 g/t	0.18%	32,849 oz	90.32%	203,494 oz
Silver	62.98g/t	1,547 g/t	61.14%	178.0 g/t	13.54%	2,066 g/t	0.55%	642,304 oz	87.70%	3,919,055 oz
Copper	0.34%	11.61%	86.17%						86.17%	6,671 t
Lead	0.31%					50.85%	2.75%		2.75%	207 t
Zinc	2.96%			54.25%	87.74%				87.74%	56,186 t

Environmental Matters

Currently, water is treated at various facilities at the LaRonde Mine operations. Water contained in the tailings to be used as underground backfill is treated to degrade cyanide using a sulphur dioxide and air process. The tailings entering the tailings pond are first decanted and the clear water subjected to natural cyanide degradation. This water is then transferred to sedimentation pond #1 to undergo a secondary treatment at a plant located between sedimentation ponds #1 and #2 that uses a peroxy-silica process to destroy cyanide, lime and coagulant to precipitate metals. The tailings pond occupies an area of about 120 hectares. Waste rock that is not used underground for backfill is brought up to the surface and stored in close proximity to the tailings pond to be used to build coffer dams inside the pond. A waste rock pile containing approximately one million tonnes of waste and occupying about nine hectares is located west of the mill.

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

Capital Expenditures

In 2006, the Company initiated construction to extend the infrastructure at the LaRonde Mine to access the ore below Level 245, referred to as the LaRonde Mine extension. The LaRonde Mine extension is expected to begin contributing to production in 2011. The LaRonde Mine extension infrastructure includes a new 823-metre internal shaft (completed in November 2009) starting from Level 203, to a total depth of 2,858 metres. A ramp will be used to access the lower part of the orebody (to 3,110 metres in depth). The internal winze system will be used to hoist ore from depth to facilities on Level 215, approximately 2,150 metres below surface, where it will be transferred to the Penna Shaft hoist. Excavation of the underground mining facilities is in progress.

Capital expenditures at the LaRonde Mine during 2009 were approximately \$76 million, which included \$37 million on sustaining capital expenditures and \$39 million comprised primarily of expenditures on the LaRonde Mine extension. Budgeted 2010 capital expenditures at the LaRonde Mine are \$96 million, including \$29 million on sustaining capital expenditures and \$67 million on the LaRonde Mine extension. At the end of 2009, the project capital cost of construction of the LaRonde Mine extension is estimated to be \$230 million, of which the Company had incurred \$124 million as of the end of 2009. Total capital expenditures for the LaRonde Mine and the LaRonde Mine extension are estimated at \$403 million from 2009 to 2024.

Development

In 2009, a total of 12,256 metres of lateral development was completed. Development was focused on stope preparation of mining blocks for production in 2009 and 2010, especially the preparation of the lower mine production horizon. A total of 2,004 metres of development work was completed for the LaRonde Mine extension mainly for ventilation infrastructure. This development work also included construction work on the ramp to access the LaRonde Mine extension.

A total of 14,400 metres of lateral development is planned for 2010. The main focus of development work continues to be stope preparation. The Company plans to develop and prepare the access to Zone 20 South down to Level 245. For the LaRonde Mine extension, a total of 5,365 metres of development is planned mainly to develop the ramp access from the new shaft to the orebody and to complete infrastructure around the new shaft and for future ventilation infrastructure. At the same time, development work will continue to prepare for mining below Level 245.

Geology, Mineralization and Exploration

Geology

The LaRonde property is located near the southern boundary of the Archean-age (2.7-billion years old) Abitibi Subprovince and the Pontiac Subprovince within the Superior Geological Province of the Canadian Shield. The most important regional structure is the Cadillac-Larder Lake (CLL) fault zone marking the contact between the Abitibi and Pontiac Subprovinces, located approximately two kilometres to the south of the LaRonde property.

The geology that underlies the LaRonde Mine consists of three east-west-trending, steeply south-dipping and generally south-facing regional groups of rock formations. From north to south, they are: (i) 400 metres (approximate true thickness) of the Kewagama Group, which is made up of a thick band of interbedded wacke; (ii) 1,500 metres of the Blake River Group, a volcanic assemblage that hosts all the known economic mineralization on the property; and (iii) 500 metres of the Cadillac Group, made up of a thick band of wacke interbedded with pelitic schist and minor iron formation.

Zones of strong sericite and chlorite alteration that enclose massive to disseminated sulphide mineralization (including the ore that is mined for gold, silver, zinc, copper and lead at the LaRonde Mine) follow steeply dipping, east-west-trending, anastomosing shear zone structures within the Blake River Group volcanic units across the property. These shear zones are part of the larger Doyon-Dumagami Structural Zone that hosts several important gold occurrences (including the Doyon gold mine and the former Bousquet mines) and has been traced for over ten kilometres within the Blake River Group, from the LaRonde Mine westward to the Mouska gold mine.

Mineralization

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

These historical relationships, which were noted at LaRonde Shaft #1's Main Zone, are maintained at the Penna Shaft zones. The zinc-silver (*i.e.*, Zone 20 North) mineralization with lower gold values, common in the upper mine, grades into gold-copper mineralization within the lower mine. Gold value enhancement associated with crosscutting north-south fractures also occurs within the LaRonde Mine. The predominant base metal sulphides within the LaRonde Mine are chalcopyrite (copper) and sphalerite (zinc).

The Company believes that Zone 20 North is one of the largest gold-bearing massive sulphide mineralized zones known in the world and one of the largest mineralized zones known in the Abitibi region of Ontario and Quebec. Zone 20 North contains the majority of the mineral reserves and resources at the LaRonde Mine, including 32,467,717 tonnes of proven and probable mineral reserves grading 4.46 grams of gold per tonne, representing 94% of the total proven and probable mineral reserve at LaRonde, 5,280,356 tonnes of indicated mineral resource grading 1.68 grams of gold per tonne, representing 81% of the total measured and indicated mineral resource at LaRonde, and 10,322,738 tonnes of inferred mineral resource grading 4.00 grams of gold per tonne, representing 94% of the total inferred mineral resource at LaRonde.

The depth of Zone 20 North extends between 700 metres below surface and 3,500 metres below surface, and possibly lower. With increased access on the lower levels of the mine (*i.e.*, Levels 215, 224, 239 and 245), the transformation from a "zinc/silver" orebody to a "gold/copper" deposit is expected to continue during 2010.

Zone 20 North can be divided into an upper zinc/silver-enriched zone and a lower gold/copper-enriched zone. The zinc zone has been traced over a vertical distance of 1,700 metres and a horizontal distance of 570 metres, with thicknesses approaching 40 metres. The gold zone has been traced over a vertical distance of over 2,200 metres and a horizontal distance of 900 metres, with thicknesses varying from 3 to 40 metres. The zinc zone consists of massive zinc/silver mineralization containing 50% to 90% massive pyrite and 10% to 50% massive light brown sphalerite. The gold zone mineralization consists of 30% to 70% finely disseminated to massive pyrite containing 1% to 10% chalcopyrite veinlets, minor disseminated sphalerite and rare specks of visible gold. Gold grades are generally related to the chalcopyrite or copper content. At depth, the massive sulphide lens becomes richer in gold and copper. During 2009, 2.4 million tonnes of ore grading 2.63 grams of gold per tonne, 63.5 grams of silver per tonne, 2.98% zinc, 0.33% copper and 0.32% lead were mined from Zone 20 North.

Exploration

The combined tonnage of proven and probable mineral reserves at the LaRonde Mine for year-end 2009 is 34.4 million tonnes which represents a 3% increase in the amount compared to year-end 2008. This mineral reserve includes the replacement of 2.5 million tonnes of ore that were mined in 2009. The Company's ability to sustain its level of proven and probable mineral reserves was primarily due to continued successful exploration results at depth as well as the increase in the three-year average gold price used for the year-end 2009 estimates.

An exploration program was initiated in 2009 to investigate the ultimate depth of Zone 20 North. The first hole of this program was completed at the end of 2009 with a final depth of 1,852 metres and intersected Zone 20 North at a depth of 3,520 metres below surface, which is approximately 410 metres below the current reserves envelope. The intersection returned 14.3 metres (true length) grading 3.03 grams of gold per tonne. This program was conducted from the Level 215 exploration drift, approximately 2,150 metres below the surface, and drilling will continue in 2010.

In 2009, a total of 268 holes were drilled on the LaRonde property for a total length of 30,699 metres, compared to 245 holes for a total length of 28,039 metres in 2008. Of the drilling in 2009, 140 holes (8,272 metres) were for production stope delineation, 114 holes (17,024 metres) were definition drilling and 14 holes (5,403 metres) were for exploration. In 2008, 178 holes (10,323 metres) were for production stope

delineation, 53 holes (7,628 metres) were definition drilling and 14 holes (10,088 metres) were for deep exploration (below Level 245). Expenditures on diamond drilling at the LaRonde Mine during 2009 were approximately \$3.3 million, including \$1.9 million in definition and delineation drilling expenses charged to operating costs at the LaRonde Mine. Expenditures on exploration in 2009 were \$1.3 million, and are expected to be \$3.8 million in 2010.

In addition, some definition and delineation drilling was completed to assist in final mining stope design, mainly of Zone 20 North and Zone 20 South. Zone 20 North was the main focus of the definition drilling completed in 2009. The results of infill drilling in 2009 in Zone 20 North from Level 260 to Level 215, combined with the higher gold price used for the 2009 year-end mineral reserve and resource estimates, contributed to an increase of mineral reserves of 57,000 ounces of gold (729,000 tonnes of ore grading 2.43 grams of gold per tonne). Another focus of definition drilling in 2009 was Zone 20 South. This zone was intersected from Level 170 to Level 152 when there were no reserves in 2008 year-end estimates. This represents a net gain of 38,400 ounces of probable mineral reserves (363,000 tonnes grading 3.29 grams of gold per tonne).

Goldex Mine

The Goldex Mine, which achieved commercial production in August 2008, is located in the City of Val d'Or, Quebec, approximately 60 kilometres east of the LaRonde Mine. At December 31, 2009, the Goldex Mine was estimated to have proven mineral reserves of approximately 338,858 ounces of gold comprised of 5.2 million tonnes of ore grading 2.02 grams gold per tonne and probable mineral reserves of 1.29 million ounces of gold comprised of 19.5 million tonnes of ore grading 2.06 grams gold per tonne.

Location Map of the Goldex Mine

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The Goldex Mine is accessible by provincial highway. The elevation is approximately 302 metres above sea level. All of the Goldex Mine's power requirements are supplied by Hydro-Quebec through connections to its main power transmission grid. All of the water required at the Goldex Mine is sourced directly by aqueduct from the Thompson River immediately adjacent to the minesite or through recirculation of water from the surface pond and the auxiliary tailings pond. For additional information regarding the Abitibi region in which the Goldex Mine is located, see " Property, Plant and Equipment LaRonde Mine".

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

The Goldex Mine includes underground operations that can be accessed from two shafts, a processing plant, an ore storage facility and other related facilities. The Goldex Extension Zone ("GEZ"), which is the gold deposit on which the Company is currently focusing its production efforts, was discovered in 1989 on the Goldex Extension block (although the Company believes a small portion of the GEZ occurs on the Dalton and Probe blocks). Probe Mines Ltd. holds a 5% net smelter return royalty interest on the Probe block. In 2009, exploration work on the Main zone located on the Probe block to the west of the current mining area continued.

In late 1997, the Company completed a mining study that indicated the deposit was not economically viable to mine at the then-prevailing gold price (approximately \$323 per ounce of gold) using the mining approach chosen and drill-hole-indicated grade. The property was placed on care and maintenance and the workings were allowed to flood. In February 2005, a new mineral reserve and resource estimate was completed for the GEZ which, coupled with a feasibility study, led to a probable mineral reserve estimate of 1.6 million ounces of gold contained in 20.1 million tonnes of ore grading 2.54 grams of gold per tonne. The GEZ resource model was revised and, in March 2005, the Company approved a feasibility study and the construction of the Goldex Mine. The mine achieved commercial production on August 1, 2008 and has consistently operated at or above the designed rate of 6,900 tonnes per day.

The Goldex Mine produced 148,849 ounces of gold in 2009 at total cash costs of \$365 per ounce. It is anticipated to produce approximately 169,000 ounces of gold in 2010 at estimated total cash costs per ounce of approximately \$325.

Based on the results of a scoping study completed in July 2009, the Company determined to expand the mine and mill operations at the Goldex Mine to 8,000 tonnes per day. This project is expected to be completed in early 2011. Capital costs in connection with the expansion total \$10 million, which are expected to be incurred in 2010.

Mining and Milling Facilities

Surface Plan of the Goldex Mine

At the time the Company commenced construction of the Goldex Mine, the surface facilities included a headframe, a hoistroom, a surface building containing a mechanical shop, a warehouse and an office. In addition, the Goldex property had a 790-metre deep shaft (Shaft #1), which provided access to underground workings. Shaft #1 is predominantly used to hoist waste rock from development activities.

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

Mining Method

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

Surface Facilities

Plant construction at the Goldex Mine commenced in the second quarter of 2006 and was completed in the first quarter of 2008. The plant reached design capacity in the second quarter of 2009. Grinding at the Goldex mill is done through a two-stage circuit comprised of a SAG mill and a ball mill. As part of the 2009 expansion project a surface crusher was added to reduce the size of ore transferred to the surface from

150 millimetres to

50 millimetres. Approximately two-thirds of the gold is recovered through a gravity circuit, passed over shaking tables and smelted on site. The remainder of the gold and pyrite is recovered by a flotation process. The concentrate is then thickened and trucked to the mill at the LaRonde Mine where it is further treated by cyanidation. Gold recovered is consolidated with precious metals from the LaRonde and Lapa Mines. The Company is targeting an average gold recovery of 92.1%.

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

Mineral Recoveries

During 2009, the Goldex mill processed approximately 2.61 million tonnes of ore, averaging approximately 7,163 tonnes of ore treated per day and operating at approximately 95% of available time. The following table sets out the metal recoveries at the Goldex Mine in 2009.

	Head Grades	Gravity Recovery	Flotation-Cyanidation Recovery		Global Recovery	Payable Production
Gold	1.98 g/t	107,232 oz	64.10%	41,617 oz	24.9%	148,849 oz

Environmental Matters

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

In November 2006, the Company and the Quebec government signed an agreement permitting the Company to dispose of the Goldex tailings at the Manitou minesite, a tailings site formerly used by an unrelated third party and abandoned to the Quebec government. The Manitou tailings site has issues relating to acid drainage and the construction of tailings facilities by the Company and the deposit of tailings from the Goldex plant on the Manitou tailings site was accepted by the Ministry of Sustainable Development, Environment and Parks (Quebec) as a valid rehabilitation plan to address the acid generation problem at Manitou. Under the agreement, the Company managed the construction and operation of the tailings facilities and the Quebec government paid all additional costs above the Company's budget for tailings facilities set out in the Goldex feasibility study. The Quebec government retains responsibility for all environmental contamination at the Manitou tailings site and for final closure of the facilities. In addition, the Company has built a separate tailings deposition area (auxiliary tailings pond) near the Goldex Mine. Environmental permits for the construction and operation of the auxiliary tailings pond at the Goldex Mine were received in March 2007. In 2009, 6,000 tonnes of Goldex tailings were discharged to the auxiliary pond for a total to date of 493,000 tonnes. At the Manitou site, 2.57 million tonnes of Goldex tailings were discharged for a total to date of 3.2 million tonnes.

Capital Expenditures

Capital expenditures at the Goldex Mine in 2009 were approximately \$24 million, which included \$4 million on sustaining capital expenditures, \$9 million for the mill expansion project, \$2 million for exploration, \$8 million in deferred development expenses and \$1 million for other projects. Sustaining capital expenditures are expected to be \$4.5 million in 2010 and \$17.6 million over the period from 2010 through 2014.

Development

During 2009, approximately 5,000 metres of lateral and vertical development were completed at a cost of \$12 million. For 2010, 3,115 metres of development is planned with a budget of \$10 million (including \$9 million for deferred development). In addition, ramp access from Level 49 to Level 37 will be completed in 2010.

Geology, Mineralization and Exploration

Geology

Geologically, the Goldex property is similar to the LaRonde property and is located near the southern boundary of the Archean-age (2.7 billion years old) Abitibi Subprovince, a typical granite-greenstone terrane located within the Superior Province of the Canadian Shield. The southern contact of the Abitibi Subprovince with the Pontiac Subprovince is marked by the east-southeast trending CLL Fault Zone, the most important regional structural feature. The Goldex deposit is hosted within a quartz diorite sill, the Goldex Granodiorite, located in a succession of mafic to ultramafic volcanic rocks that are all generally oriented west-northwest.

The GEZ, which hosts all of the current mineral reserves, extends from 500 to 800 metres below the surface and is entirely hosted by the Goldex Granodiorite. The limits of the zone are defined by the intensity of the quartz vein stockwork envelope and by gold assays. The zone is almost egg-shaped; it is over 300 metres tall by 450 metres long (in a west-northwest direction) and its thickness increases rapidly from 25 metres along the east-west edges to almost 150 metres in the centre.

Mineralization

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

Strong albite-sericite alteration of the host-rock quartz diorite surrounds the quartz-tourmaline-pyrite veins and covers almost 80% of the mineralized zone; outside of the envelopes, prior chlorite alteration affects the quartz diorite and gives it a darker grey-green colour. Occasionally, enclaves of relatively unaltered medium grey-green-coloured quartz diorite (with no veining or gold) are found within the GEZ; they are included exceptionally as internal waste to allow for a smooth shape, required for mining purposes.

Most of the gold occurs as microscopic particles that are almost always associated with pyrite, generally adjacent to grains and crystals but also 20% included within the pyrite. The gold-bearing pyrite occurs in the quartz-tourmaline veins and in narrow fractures in the sericite-albite-altered quartz diorite (generally immediately adjacent to the veins). Less than 1.5% of the gold occurs as the mineral calaverite, a gold telluride.

Exploration

In 2009, 52 holes for a total length of 8,917 metres were drilled at the Goldex Mine with 212 metres of lateral development on Level 84 for exploration purposes. Four zones, all located in the Goldex Granodiorite intrusive, have been drilled. Thirty-three holes for 5,014 metres were drilled in the M-zone (a zone similar to the GEZ located 150 metres above the western end of the GEZ); M-zone is the main contributor to the increase in mineral reserves during 2009. Thirteen holes for 2,275 metres were drilled to define the western end of the S-zone, located 40 metres above the GEZ. Six holes were drilled in the E-zone to initiate the E-zone conversion program (including one hole drilled at depth below the E-zone (GEZ Deep)). Results of the 2009 exploration program converted 3.6 million tonnes of mineral resources at year-end 2008 into 3.2 million tonnes of probable mineral reserves at year-end 2009 and redefined the inferred mineral resources of the S-zone from 0.6 million tonnes at year-end 2008 to 1.5 million tonnes at year-end 2009.

More exploration is needed to define the possible extension or repetition of the zone at depth and in its east-west extensions. The inferred mineralization in the eastern portion of the property extends 175 metres east and 125 metres below the current envelope of probable mineral reserves. The zone is open above Level 73 to the east-southeast for approximately 300 metres.

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The 2010 exploration program is projected to include 28,206 metres of drilling. The primary target is GEZ Deep below the actual production levels. The remainder of drilling will be dedicated to conversion of the E-zone resources to reserves and to explore to the west and east of the GEZ and the south zones.

Kittila Mine

The Kittila Mine, which commenced commercial production in May 2009, is located approximately 900 kilometres north of Helsinki and 50 kilometres northeast of the town of Kittila in northern Finland. At December 31, 2009, the Kittila Mine was estimated to contain probable mineral reserves of 4.0 million ounces of gold comprised of 26.0 million tonnes of ore grading 4.83 grams per tonne. The Kittila Mine is accessible by paved road from the village of Kiistala, which is located on the southern portion of the main claim block. The gold deposit is located near the small village of Rouravaara, approximately ten kilometres north of the village of Kiistala, accessible via a paved road. The property is close to infrastructure, including hydro power, an airport and the town of Kittila. The project also has access to a qualified labour force, including mining and construction contractors.

The total landholdings surrounding and including the Kittila Mine comprise one mining licence covering an area of approximately 847 hectares, 130 individual tenements (valid claims) covering approximately 11,130 hectares and 152 claim applications covering approximately 13,730 hectares. The mineral titles form a continuous block around the Kittila mining licence. The block has been divided into the Suurikuusikko area, the Suurikuusikko West area and the Kittila mining licence centred at 25.4110 degrees longitude east and 67.9683 degrees latitude north.

The boundary of the mining licence is determined by ground-surveyed points whereas the boundaries of the other tenements are not required to be surveyed. All of the tenements in the Kittila Mine are registered in the name of Agnico-Eagle AB, an indirect, wholly-owned subsidiary of the Company. According to the Finnish government's land tenure records, all tenements are in good standing. The expiry dates of the tenements vary from April 2010 up to June 2014. Tenements are valid between three and five years, provided a small annual fee is paid to maintain title, and extensions can be granted for three years or more. Agnico-Eagle AB also holds the mining licence in respect of the Kittila Mine. The mine is subject to a 2.0% net smelter return royalty payable to the Republic of Finland starting in 2011.

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

The mine is located within the Arctic Circle but the climate is moderated by the Gulf Stream off the coast of Norway such that northern Finland's climate is comparable to that of eastern Canada. Winter temperatures range from -10 to -30 degrees Celsius, whereas summer temperatures range from 10 degrees Celsius to the mid-20s. Exploration and mining work can be carried out year round. Because of its northern latitude, winter days are extremely short with a brief period of 24-hour darkness around the winter solstice. Conversely, summer days are very long with a brief period of 24-hour daylight in early summer around the summer solstice. Annual precipitation varies between five and 50 centimetres, one-third of which falls as snow. Snow accumulation usually begins in November and remains until March or April.

Location Map of the Kittila Mine

The Company acquired its 100%, indirect interest in the Kittila Mine through the acquisition of Riddarhyttan completed in November 2005. See " History and Development of the Company". In June 2006, on the basis of an independently reviewed feasibility study, the Company approved construction of the Kittila Mine. The Kittila Mine is currently an open pit mining operation with underground mining via ramp access expected to be gradually phased in over three years. The initial underground stope was mined in early 2010. Ore is processed in a 3,000-tonne per day surface processing plant that was commissioned in late 2008. Limited gold concentrate production started in September 2008 and gold dore bar production commenced in January 2009. The Kittila Mine is anticipated to produce approximately 147,000 ounces of gold in 2010 at estimated total cash costs per ounce of approximately \$502. Over the period of 2010 to 2023, total average gold production of approximately 150,000 ounces annually is anticipated. A scoping study is underway to assess the feasibility of significantly increasing the annual gold production. This could involve sinking a new shaft and expanding the Kittila mill.

Mining and Milling Facilities

Surface Plan of the Kittila Mine

The orebodies at Kittila are being mined initially from two open pits, followed by underground operations to mine the deposits at depth. Additional, smaller open pits will be used to mine any remaining mineral reserves close to the surface in the future. Open pit mining started in May 2008 and the extracted ore was stockpiled. As of December 2009, a total of 862,000 tonnes of ore have been processed, 263,234 tonnes of ore stockpiled and 16.9 million tonnes of waste rock had been excavated. Work on the ramp to access the underground reserves continued and total underground development to date is approximately 9,500 metres.

Mining Methods

The Kittila Mine currently mines the Suurikuusikko orebody with a 160-metre deep open pit. Ore is mined in 7.5-metre benches together with waste rock using buffer blasting techniques and is loaded selectively to minimize dilution and maximize ore recovery. Hydraulic excavators load ore into 100-tonne trucks that haul the ore to the crusher and the waste rock to the waste disposal area. Approximately 3,000 tonnes of ore per day are fed to the concentrator. Surface mining is expected to continue through 2013, during which time the ramp access to the underground mine will continue to be developed.

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

Surface Facilities

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

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

Mineral Recoveries

In 2009, the Kittila mill processed 750,660 tonnes of ore with an availability of 80% for an average throughput of 2,570 tonnes per day. Low mill availability was caused by maintenance issues associated with the autoclave, mainly leaking seals on valves and blocked air pipes caused by continuous start-stop cycles. During the last quarter of 2009, there were very few autoclave stoppages and leaking seals and blocked pipes were not an issue. Mill availability in the fourth quarter of 2009 was 84% with a total throughput of 250,964 tonnes.

The following table sets out the gold production at the Kittila Mine in 2009:

	Head Grade	Dore Produced	Overall Metal Recovery	Payable Production
Gold	5.02 g/t	72,207 oz	59.60%	71,838 oz

Optimization of flotation recoveries has gone well and recoveries in the latter part of the year were consistently greater than 91%. Trials are still in progress with the aim to increase the flotation recovery even further. Batch laboratory flotation test-work is underway to optimize this process.

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