AGNICO EAGLE MINES LTD
Form 20-F
March 28, 2013

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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, 2012

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

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

For the transition period from _____ to _____

Commission file number: 1-13422

AGNICO-EAGLE MINES LIMITED

(Exact name of Registrant as Specified in its Charter)

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

Ontario, Canada
(Jurisdiction of Incorporation or Organization)

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

R. Gregory Laing
145 King Street East, Suite 400
Toronto, Ontario, Canada M5C 2Y7

Telephone: 416-947-1212 Fax: 416-367-4681
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

Common Shares, without par value	**The Toronto Stock Exchange and the New York Stock Exchange**
(Title of Class)	*(Name of exchange on which registered)*

Securities registered or to be registered pursuant to Section 12(g) of the Act:
None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:
None
(Title of Class)

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

172,006,593 Common Shares as of December 31, 2012

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

Yes ý No o

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 o No ý

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 ý No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ý No o

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 ý Accelerated Filer o Non-Accelerated Filer o

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

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

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 o Item 18 o

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 o No ý

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*

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

**

The registrant provides the financial statements and related information specified in Item 18.

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PRELIMINARY NOTE

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

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

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

- the Company's outlook for 2013 and future periods;
- statements regarding future earnings, and the sensitivity of earnings to gold and other metal prices;
- anticipated levels or trends for prices of gold and byproduct metals mined by the Company or for exchange rates between currencies in which capital is raised, revenue is generated or expenses are incurred by the Company;
- estimates of future mineral production and sales;
- estimates of future costs, including mining costs, total cash costs per ounce, all-in sustaining costs, minesite costs per tonne and other expenses;
- estimates of future capital expenditure, exploration expenditure and other cash needs, and expectations as to the funding thereof;
- statements regarding the projected exploration, development and exploitation of certain ore deposits, including estimates of exploration, development and production and other capital costs and estimates of the timing of such exploration, development and production or decisions with respect thereto;
- estimates of mineral reserves, mineral resources and ore grades and statements regarding anticipated future exploration results;
- estimates of cash flow;
- estimates of mine life;
- anticipated timing of events with respect to the Company's minesites, mine construction projects and exploration projects;

estimates of future costs and other liabilities for environmental remediation;

statements regarding anticipated legislation and regulation regarding climate change and estimates of the impact on the Company; and

other anticipated trends with respect to the Company's capital resources and results of operations.

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

expansion at each of Agnico-Eagle's mines and mine development projects proceed on a basis consistent with current expectations, and that Agnico-Eagle does not change its exploration or development plans relating to such projects; that the exchange rates between the Canadian dollar, Euro, Mexican peso and the 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 out 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, all-in sustaining costs 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.

Meaning of "including" and "such as": When used in this Form 20-F, the terms "including" and "such as" mean including and such as, without limitation.

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 (the "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 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**.

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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, 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, all-in sustaining costs and minesite costs per tonne. The estimates of total cash costs per ounce, all-in sustaining costs and minesite costs per tonne are based upon the total cash costs per ounce, all-in sustaining costs and minesite costs per tonne that the Company expects to incur to mine gold at its 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, 2012 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,				
	2012	**2011**	**2010**	**2009**	**2008**
	(in thousands of U.S. dollars, US GAAP basis, other than share and per share information)				
Income Statement Data					
Revenues from mining operations	1,917,714	1,821,799	1,422,521	613,762	368,938
Production costs	897,712	876,078	677,472	306,318	186,862
Exploration and corporate development	109,500	75,721	54,958	36,279	34,704
Amortization	271,861	261,781	192,486	72,461	36,133
General and administrative	119,085	107,926	94,327	63,687	47,187
Write-down of available-for-sale securities	12,732	8,569			74,812
Loss (Gain) on derivative financial instruments	820	(3,683)	(7,612)		
Provincial capital tax	4,001	9,223	(6,075)	5,014	5,332
Interest	57,887	55,039	49,493	8,448	2,952
Interest and sundry income	(1,667)	5,188	(10,254)	(16,172)	(11,721)
Loss on Goldex mine		302,893			
Impairment loss on Meadowbank mine		907,681			
Gain on acquisition of Comaplex, net of transaction costs			(57,526)		
Gain on sale of available-for-sale-securities	(9,733)	(4,907)	(19,487)	(10,142)	(25,626)
Foreign exchange (gain) loss	16,320	(1,082)	19,536	39,831	(77,688)
Income before income and mining taxes	435,141	(778,628)	435,203	108,038	95,991

Income and mining taxes (recoveries)	124,225	(209,673)	103,087	21,500	22,824
Net income	310,916	(568,955)	332,116	86,538	73,167
Attributed to non-controlling interest		(60)			
Attributed to common shareholders	310,916	(568,895)			
Net income per share basic	1.82	(3.36)	2.05	0.55	0.51
Net income per share diluted	1.81	(3.36)	2.00	0.55	0.50
Weighted average number of shares outstanding basic	171,250,179	170,275,475	162,342,686	155,942,151	144,740,658
Weighted average number of shares outstanding diluted	171,485,615	170,275,475	165,842,259	158,620,888	145,888,728
Dividends declared per common share	1.02		0.64	0.18	0.18

Balance Sheet Data (at end of period)

Mining properties (net)	4,067,456	3,895,355	4,564,563	3,581,798	2,997,500
Total assets	5,225,842	5,034,262	5,500,351	4,247,357	3,378,824
Long-term debt	830,000	920,095	650,000	715,000	200,000
Reclamation provision and other liabilities	127,735	145,988	145,536	96,255	71,770
Net assets	3,410,212	3,215,163	3,665,450	2,751,761	2,517,756
Common shares	3,241,922	3,181,381	3,078,217	2,378,759	2,299,747
Shareholders' equity	3,410,212	3,215,163	3,665,450	2,751,761	2,517,756
Total common shares outstanding	172,296,610	170,859,604	168,720,355	156,625,174	154,808,918

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 11, 2013, the Noon Buying Rate was US$1.00 equals C$1.0268.

	Year Ended December 31,				
	2012	**2011**	**2010**	**2009**	**2008**
High	1.0418	1.0604	1.0778	1.3000	1.2969
Low	0.9710	0.9449	0.9946	1.0292	0.9719
End of Period	0.9949	1.0170	0.9946	1.0466	1.2246
Average	0.9996	0.9891	1.0299	1.1420	1.0660

	2013			**2012**			
	March (to March 11)	**February**	**January**	**December**	**November**	**October**	**September**
High	1.0314	1.0285	1.0078	0.9952	1.0028	1.0004	0.9902
Low	1.0268	0.9960	0.9839	0.9841	0.9927	0.9763	0.9710
End of Period	1.0268	1.0285	0.9992	0.9949	0.9932	0.9996	0.9837
Average	1.0290	1.0098	0.9921	0.9896	0.9970	0.9872	0.9783

On December 31, 2012 and March 11, 2013, US$1.00 equalled €0.7579 and €0.7696, respectively, as reported by the European Central Bank.

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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, copper and lead. Gold prices, which have the greatest impact on the Company's financial performance, 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, investment demand, the relative exchange rate of the U.S. dollar with other major currencies, interest rates, global and regional demand, political and economic conditions, production costs in major gold-producing regions, speculative positions taken by investors or traders in gold and changes in supply, including worldwide production levels. The aggregate effect of these factors is impossible to predict with accuracy. In addition, the price of gold has on occasion been subject to very rapid short-term changes because of speculative activities. Fluctuations in gold prices may materially adversely affect the Company's financial performance or results of operations. If the market price of gold falls below the Company's total cash costs per ounce of production at one or more of its projects at that time and remains so for any sustained period, the Company may experience losses and/or may curtail or suspend some or all of its exploration, development and mining activities at such projects or at other projects. In addition, such fluctuations may require changes to the mine plan. The Company's decisions to proceed with the operations at its currently operating mines were based on a market price of gold between $400 and $690 per ounce. If the market price of gold falls below these levels, the mines may be rendered uneconomic and production may be suspended. The Company's evaluation of the acquisition of the Meliadine project was based on an assumption of a market price of gold of $950 per ounce, the evaluation of the acquisition of the La India mine project was based on an assumption of a market price of gold of $1,150 per ounce and the decision to proceed with the development and mining of the M and E Zones at Goldex was based on a market price of gold of $1,342 per ounce. If the market price of gold falls below these respective levels, future activity at the Meliadine project, the La India mine project or the Goldex mine project may be rendered uneconomic and activities may be suspended. The Company's current mine plans are all based on a gold price of $1,342 per ounce and reserve and resource estimates are based on a gold price of $1,490 per ounce or $1,345 per ounce (see "Item 4 Information on the Company Property, Plant and Equipment Mineral Reserves and Mineral Resources Information on Mineral Reserves and Mineral Resources of the Company"); if the price of gold falls below these levels the mine plans may have to be changed, which may result in reduced production, higher costs than anticipated or both and estimates of reserves and resources may have to be reduced. Further, the prices received from the sale of the Company's byproduct metals produced at its LaRonde mine (zinc, silver, copper and lead) and its Pinos Altos mine (silver) affect the Company's ability to meet its targets for total cash costs per ounce or all-in sustaining costs of gold produced. These byproduct metal prices fluctuate widely and are also 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" or the "Board of Directors"), 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").

	2013 (to March 11)	2012	2011	2010	2009	2008
High price ($ per ounce)	1,694	1,792	1,895	1,421	1,212	1,011
Low price ($ per ounce)	1,574	1,540	1,319	1,058	810	712
Average price ($ per ounce)	1,640	1,669	1,572	1,125	972	872

On March 11, 2013, the London P.M. Fix was $1,579 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 2013 production estimates, the approximate sensitivities of the Company's after-tax income to a 10% change in certain metal prices from 2012 market average prices are as follows:

	Income per share
Gold	$0.69
Silver	$0.01
Zinc	$0.02
Copper	$0.06

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 its Meadowbank mine in Nunavut and Pinos Altos mine in Mexico, and any adverse condition affecting those operations may have a material adverse effect on the Company.

The Company's operations at the Meadowbank mine in Nunavut accounted for approximately 35% of the Company's gold production in 2012 and are expected to account for approximately 36% of the Company's gold production in 2013. The Pinos Altos mine in northern Mexico accounted for approximately 23% of the Company's gold production in 2012 and is expected to account for approximately 19% of the Company's gold production in 2013. Also, in 2012 the Meadowbank mine and the Pinos Altos mine accounted for approximately 26% and 29%, respectively, of the Company's operating margin. In 2011, gold production at the Meadowbank mine was approximately 90,000 ounces below the Company's expectation as a result of issues that included a fire that destroyed the minesite's kitchen facilities and above anticipated dilution. In addition, for the year ended December 31, 2011, the Company performed a full review of the Meadowbank mine's operation and updated the related life of mine plan. The review considered the exploration potential of the area, the current mineral reserves and resources, the projected operating costs in light of persistently high operating costs experienced since the commencement of commercial operations, metallurgical performance and gold price. The updated life of mine plan contemplated a shorter mine life and reduced reserves and resources and required the Company to incur a pre-tax asset impairment charge of $907.7 million. Any adverse condition affecting mining or milling conditions at the Meadowbank or Pinos Altos mines could be expected to have a material adverse effect on the Company's financial performance and results of operations (see " The Company's recently 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" and " 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" below). Gold production at the Meadowbank mine is also subject to risks relating to operating in a remote location (see " The Company may experience difficulties operating its Meadowbank mine and developing the Meliadine project as a result of their remote location" below). The Company also anticipates using revenue generated by its operations at the Meadowbank and Pinos Altos mines to finance a substantial portion of its capital expenditures in 2013, including projects at the Kittila and Pinos Altos mines, the Goldex and La India mine projects and the Meliadine project.

Unless the Company acquires or develops other significant gold-producing assets, the Company will continue to be dependent on its operations at the Meadowbank and Pinos Altos mines for a substantial portion of its gold production and cash flow provided by operating activities. Further, there can be no assurance that the Company's current exploration and development programs at Meadowbank or Pinos Altos will result in any new economically viable mining operations or yield new mineral reserves to replace and expand current mineral reserves.

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

The Company's Meadowbank mine is located in the Kivalliq District of Nunavut in northern Canada, approximately 70 kilometres north of Baker Lake. The closest major city is Winnipeg, Manitoba, approximately 1,500 kilometres to the south. The Company constructed a 110-kilometre all-weather road from Baker Lake, which provides summer shipping access via Hudson Bay to the Meadowbank mine. However, the Company's operations are constrained by the remoteness of the mine, particularly as the port of Baker Lake is only accessible approximately 2.5 months per year. Most of the materials that the Company requires for the operation of the Meadowbank mine must be transported through the port of

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Baker Lake during this shipping season, which may be further truncated due to weather conditions. If the Company is unable 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. For example, the March 2011 fire at the kitchen facilities of the Meadowbank mine required operations to be reduced at the mine, which resulted in lower gold production at the mine.

The Company's Meliadine project, 290 kilometres southeast of the Meadowbank mine, is also located in the Kivalliq District of Nunavut, approximately 25 kilometres northwest of the hamlet of Rankin Inlet on the west coast of Hudson Bay. Access to the property is by helicopter from Rankin Inlet year-round and by tracked vehicles overland on a winter road from approximately late December to mid-May. The Company's operations at the Meliadine project may be constrained by its remoteness and, if the all-weather access road from Rankin Inlet is not completed as scheduled in mid-2013, lack of access if the winter road season is shortened by permit delays or unusually warm weather. Most of the materials that the Company requires to operate the advanced exploration program, and may require if it determines to build a mine in the future, must be transported through the port of Rankin Inlet during its six-week shipping season. If the Company cannot identify and procure suitable equipment and materials within a timeframe that permits transporting them to the project within this shipping season, it could result in delays and/or cost increases in the exploration program and, if the Company determines to build a mine, any construction or development on the property.

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

The Company's recently 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 are based on full production being achieved at all of its mines, and the Company's ability to achieve and maintain full production rates at these mines is subject to a number of risks and uncertainties. Production from these mines in 2013 may be lower than anticipated if the anticipated full production rate cannot be achieved.

The LaRonde mine extension, which commenced operation in late 2011, is one of the deepest operations in the Western Hemisphere with an expected maximum depth of 3,110 metres. The operations of the LaRonde mine extension rely on new infrastructure for hauling ore and materials to the surface, including a winze (or internal shaft) and a series of ramps linking mining deposits to the Penna Shaft that services current operations at the LaRonde mine. The depth of the operations poses 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. In 2012, challenges associated with excess heat and congestion at the lower parts of the mine delayed the ramp up of production. While production in 2012 was not reduced, the Company has reduced its annual production forecast for 2013 and 2014 due to these factors.

The further development of the Kittila and Pinos Altos mines, as well as the development of the M Zone and E Zone at the Goldex mine project, requires the construction and operation of new underground mining operations and the development of the La India mine project requires the construction and operation of open pit and heap leach facilities. The construction and operation of underground mining facilities and open pit and heap leach facilities are 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.

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

The Company's gold production may fall below estimated levels as a result of mining accidents such as cave-ins, rock falls, rock bursts, pit wall failures, fires or flooding or as a result of other operational problems such as a failure of a production hoist, autoclave, filter press or semi-autogenous grinding ("SAG") mill. In addition, production may be reduced if, during the course of mining or processing, unfavourable weather conditions, ground conditions or seismic activity are encountered, ore grades are lower than expected, the physical or metallurgical characteristics of the ore are less amenable

than expected to mining or treatment, dilution increases, electrical power is interrupted or heap leach processing results in containment discharge. While the Company met production forecasts in 2012, it failed to do so in seven of the last ten years primarily due to: a rock fall, production drilling challenges and lower than planned mill recoveries in 2003; higher than expected dilution in 2004; increased stress levels in a sill pillar requiring the temporary closure of production sublevels in 2005; and delays in the commissioning of the Goldex production hoist and the Kittila autoclave in 2008. In 2009, gold production was 492,972 ounces, down from the Company's initial estimate of 590,000 ounces, primarily as a result of delays in the commencement of production at the Kittila mine due to issues with the autoclave, at the Pinos Altos mine resulting from problems in commissioning the dry tailings filter presses and at the Lapa mine resulting from dilution issues. In 2010, gold production of 987,607 ounces was below the initial anticipated range of 1 million to 1.1 million ounces primarily as a result of lower throughput at the Meadowbank mine mill due to a bottleneck in the crushing circuit and because there were autoclave issues at the Kittila mine in the first half of the year. In 2011, gold production of 985,460 ounces was below the initial anticipated range of 1.13 to 1.23 million ounces primarily as a result of suspension of mining operations at the Goldex mine due to geotechnical concerns with the rock above the mining horizon, a fire in the Meadowbank mine kitchen complex which negatively impacted production and lower than expected grades at the Meadowbank and LaRonde mines. Although gold production of 1,043,811 ounces exceeded estimates in 2012, a movement of leached ore from the upper lifts of the Creston Mascota deposit at Pinos Altos phase one leach pad on September 30, 2012 suggested that the integrity of the phase one leach pad liner had been compromised and caused the suspension of active leaching in the fourth quarter. Occurrences of this nature and other accidents, adverse conditions or operational problems in future years may result in the Company's failure to achieve current or future production estimates.

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

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

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

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

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

Changes, if any, in mining or investment policies or shifts in political attitude in Finland or Mexico may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to matters including restrictions on production, price controls, export controls, currency controls or restrictions, 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, 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 employees over large geographical distances, including the challenges of staffing and managing operations in several international locations and implementing appropriate systems, policies, benefits and compliance programs. These challenges may divert management's attention to the detriment of the Company's operations in Canada. There can be no assurance that difficulties associated with the Company's foreign operations can be successfully managed.

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

The figures for mineral reserves and mineral resources published by the Company are estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery of gold will be realized. Mineral reserve and resource estimates are based on gold recoveries in small scale laboratory tests and may not be indicative of the mineralization in the entire orebody and the Company may not be able to achieve similar results in larger scale tests under on-site conditions or during production. 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 its LaRonde, Kittila, Pinos Altos, La India and Tarachi properties based on, among other things, a $1,345 per ounce gold price. Estimated proven and probable reserves on the Company's other properties (including the Creston Mascota deposit at Pinos Altos) are based on a $1,490 per ounce gold price. Monthly average gold prices have been above $1,345 per ounce since November 2010; however, prior to that time, monthly average gold prices were below $1,345 per ounce. Prolonged declines in the market price of gold (or applicable byproduct metal prices) may render mineral reserves containing relatively lower grades of mineralization uneconomical to recover and could materially reduce the Company's mineral reserves. Should such reductions occur, the Company may be required to take a material write-down of its investment in mining properties, reduce the carrying value of one or more of its assets or delay or discontinue production or the development of new projects, resulting in increased net losses and reduced cash flow. Market price fluctuations of gold (or applicable byproduct metal prices), as well as increased production costs or reduced recovery rates, may render mineral reserves containing relatively lower grades of mineralization uneconomical to recover and may ultimately result in a restatement of mineral resources. Short-term factors relating to the mineral reserve, such as the need for orderly development of orebodies or the processing of new or different grades, may impair the profitability of a mine in any particular accounting period.

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

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

The Company regularly evaluates opportunities to acquire securities or assets of other mining businesses. Such acquisitions may be significant in size, may change the scale of the Company's business and may expose the Company to new geographic, political, operating, financial or geological risks. The Company's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, acquire them on acceptable terms and integrate their operations successfully with those of the Company. Any acquisition would be accompanied by risks, such as the difficulty of assimilating the operations and personnel of any acquired businesses; the potential disruption of the Company's ongoing business; the inability of management to maximize the financial and strategic position of the Company through the successful integration of acquired assets and businesses; the maintenance of uniform standards, controls,

procedures and policies; the impairment of relationships with employees, customers and contractors as a result of any integration of new management personnel; and the potential unknown liabilities associated with acquired assets and businesses. In addition, the Company may need additional capital to finance an acquisition. Debt financing related to any acquisition may expose the Company to the risks related to increased leverage, while equity financing may cause existing shareholders to suffer dilution. The Company is permitted under the terms of its unsecured revolving bank credit facility and its guaranteed senior unsecured notes referred to under "Item 10 Additional Information Material Contracts" to incur additional unsecured indebtedness, provided that it maintains certain financial ratios and meets financial condition covenants and, in the case of the bank credit facility, that it complies with certain covenants. These covenants include that no event of default under the bank credit facility has occurred and is continuing, or would occur as a result of the incurrence or assumption of such indebtedness, the terms of such indebtedness are no more onerous to the Company than those under the bank credit facility and such indebtedness does not require principal payments until at least 12 months following the then existing maturity date of the bank credit facility. There can be no assurance that the Company would be successful in overcoming these or any other problems encountered in connection with such acquisitions.

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

The Company's operating results and cash flow are significantly affected by changes in the U.S. dollar/Canadian dollar exchange rate. All of the Company's revenues are earned in U.S. dollars but the majority of its operating costs at the LaRonde, Lapa and Meadowbank mines, as well as the Goldex mine project and the Meliadine project, are incurred in Canadian dollars. The U.S. dollar/Canadian dollar exchange rate has fluctuated significantly over the last several years. From January 1, 2008 to January 1, 2013, the Noon Buying Rate fluctuated from a high of C$1.3000 per $1.00 to a low of C$0.9449 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 2013 after-tax operating results, a 10% change in the U.S. dollar/Canadian dollar exchange rate from the 2012 market average exchange rate would affect net income by approximately $0.37 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 significant portion of operating costs at the Pinos Altos mine and exploration and development costs at the La India mine project are incurred in Mexican pesos. Each of these currencies has fluctuated significantly against the U.S. dollar over the past several years. There can be no assurance that the Company's foreign exchange derivatives strategies will be successful or that foreign exchange fluctuations will not materially adversely affect the Company's financial performance and results of operations.

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

The Company's unsecured revolving bank credit facility limits, among other things, the Company's ability to permit the creation of certain liens, make investments other than investments in businesses related to mining or a business ancillary or complementary to mining, dispose of the Company's material assets or, in certain circumstances, pay dividends. In addition, the Company's guaranteed senior unsecured notes limit, among other things, the Company's ability to permit the creation of certain liens, carry on business unrelated to mining or dispose of the Company's material assets. The bank credit facility and the guaranteed senior unsecured notes also require the Company to maintain specified financial ratios and meet financial condition covenants. Events beyond the Company's control, including changes in general economic and business conditions, may affect the Company's ability to satisfy these covenants, which could result in a default under the bank credit facility or the guaranteed senior unsecured notes and, by extension, the Company's C$150 million uncommitted letter of credit facility. At March 11, 2013, there was approximately $1.1 million drawn under the bank credit facility (reflecting outstanding letters of credit) and approximately C$135 million drawn under the letter of credit facility. If an event of default under the unsecured revolving bank credit facility or the notes occurs, the Company would be unable to draw down further on the bank credit facility and the lenders could elect to declare all principal amounts outstanding thereunder at such time, together with accrued interest, to be immediately due and it could cause an event of default under the Company's guaranteed senior unsecured notes and the uncommitted letter of credit facility. An event of default under the unsecured revolving bank credit facility, the guaranteed senior unsecured notes or the uncommitted letter of

credit facility may also give rise to an event of default under other existing and future debt agreements and, in such event, the Company may not have sufficient funds to repay amounts owing under such agreements.

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

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

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

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

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

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

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

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

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

The sustaining capital required for operations (including potential expansions) and the development of the La India and Goldex mine projects and the Meliadine project 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 $596 million in 2013. As at March 11, 2013, the Company had approximately $1.199 billion available to be borrowed under its bank credit facility. Based on current funding available to the Company and expected cash from operations, the Company believes it has sufficient funds available to fund its projected capital expenditures for all of its current properties. However, if cash from operations is lower than expected or capital costs at these mines or projects exceed current estimates, or if the Company incurs major unanticipated expenses related to exploration, development or maintenance of its properties, or if

advances from the bank credit facility are unavailable, the Company may be required to seek additional financing to maintain its capital expenditures at planned levels. In addition, the Company will have additional capital requirements to the extent that it decides to expand its present operations and exploration activities, construct additional 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, without limitation, the failure of significant and established financial institutions in the United States and abroad, and have continued to show weakness and volatility. These severe disruptions in the credit and capital markets have had a negative impact on the availability and terms of credit and capital. If uncertainties in these markets continue, or these markets deteriorate further, it could have a material adverse effect on the Company's liquidity, ability to raise capital and costs of capital. Failure to raise capital when needed or on reasonable terms may have a material adverse effect on the Company's business, financial condition and results of operations.

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

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

The Company's operations are subject to numerous laws and extensive government regulations which may require significant expenditures or 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, exploration activities and properties are subject to the laws and regulations of federal, provincial, state and local governments in the jurisdictions in which the Company operates. These laws and regulations are extensive and govern prospecting, exploration, development, production, exports, taxes, labour standards, occupational health and safety, waste disposal and tailings management, 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, managing, closing, reclaiming and rehabilitating mines and other facilities and features. New laws or regulations, amendments to current laws and regulations governing operations and activities on mining properties 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.

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 land claims by indigenous groups, and title may be affected by, among other things, undetected defects. In addition, although the Company believes that it has sufficient surface rights for its operations, the Company may be unable to operate its properties as permitted or to enforce its rights in respect of its properties.

The Company's properties and mining operations may be subject to rights or claims of indigenous groups and the assertion of such rights or claims may impact the Company's ability to develop or operate its mining properties.

The Company operates in some areas currently or traditionally inhabited or used by indigenous peoples and subject to indigenous rights or claims. Accordingly, the Company is subject to the risk that one or more groups may oppose the continued operation, further development or new development of the Company's current or future properties. Such opposition may be directed through legal or administrative proceedings, or though protests or other campaigns against the Company's activities. Any such actions may have an adverse impact on the Company's operations. Although the Company attempts to develop and maintain good working relationships with all stakeholders, there can be no assurance that these relationships can be successfully managed.

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

The Company operates in jurisdictions where regulatory requirements have taken effect or are proposed to monitor, report and/or reduce greenhouse gas emissions. Increased regulation of greenhouse gas emissions and climate change issues may adversely affect the Company's operations. For example, Canada has targeted to reduce greenhouse gas emissions by 17% from 2005 levels by 2020 through a sector-by-sector approach and intends to participate in the negotiation of a new international climate treaty, which would come into force in 2020. Canada's federal and provincial regulations also impose mandatory greenhouse gas emissions reporting requirements and Quebec recently adopted a cap-and-trade regulation, which took effect January 1, 2013. Similarly, Finland participates in the European Union's cap-and-trade system and Mexico has enacted climate change legislation with a greenhouse gas emission reduction target of 30% (from business-as-usual levels) by 2020.

The Company monitors and reports annually its direct and indirect greenhouse gas emissions to the international Carbon Disclosure Project. In Quebec, the Company uses primarily hydroelectric power and is not a large producer of greenhouse gases. As a result, Quebec's new regulatory requirements are not expected to have a material adverse impact on the Company. The Meadowbank mine produces approximately 167,926 tonnes of greenhouse gases per year from the production of electricity from diesel power generation, which is approximately 51% of the Company's total direct greenhouse gas emissions. It is expected that the La India mine project and any mining operation at the Meliadine project will also use diesel power generation. The Pinos Altos mine purchases electricity that is largely fossil-fuel generated and is the Company's second highest greenhouse gas producer (at 102,341 tonnes of greenhouse gases per year), which is approximately 31% of the Company's total direct greenhouse gas emissions. None of the Company's other operations emit more than 30,000 tonnes of greenhouse gases per year. While these new regulatory requirements in respect of greenhouse gases and the additional costs required to comply are not expected to have a material adverse effect on the Company's operations, such requirements may not be adopted as currently proposed, may be amended or may have unexpected effects on the Company and, as a result, may have a material adverse effect on the Company's financial performance and its results of operations.

The Company is subject to the risk of litigation, the causes and costs of which cannot be known.

The Company is subject to litigation arising in the normal course of business and may be involved in disputes with other parties in the future which may result in litigation. The causes of potential future litigation cannot be known and may arise from, among other things, business activities, environmental laws, volatility in stock price or failure to comply with disclosure obligations. Currently, the Company is the subject of certain class action lawsuits relating to the Company's disclosure prior to the suspension of mining operations at the Goldex mine in October 2011, as described in note 21 to the financial statements contained in Item 18 hereof. The results of litigation cannot be predicted with certainty. If the Company is unable to resolve these disputes favourably, either by judicial determination or settlement, it may have a material adverse impact on the Company's financial performance, cash flow and results of operations.

In the event of a dispute involving the foreign operations of the Company, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. The Company's ability to enforce its rights could have an adverse effect on its future cash flows, earnings, results of operations and financial condition.

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, requiring 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 qualify for hedge accounting treatment under US GAAP and therefore any year-end mark-to-market adjustments are recognized in the "Gain on derivative financial instruments" line item of the consolidated statements of income and comprehensive income. See "Item 11 Quantitative and Qualitative Disclosures about Market Risk Derivatives".

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

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

- changes in the market price of gold or other byproduct metals the Company sells;
- events affecting economic circumstances in Canada, the United States and elsewhere;
- trends in the mining industry and the markets in which the Company operates;
- changes in financial estimates and recommendations by securities analysts;
- acquisitions and financings;
- quarterly variations in operating results;
- the operating and share price performance of other companies that investors may deem comparable; and
- purchases or sales of large blocks of the Company's common shares or securities convertible into or exchangeable for the Company's common shares.

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

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

Section 404 of the Sarbanes-Oxley Act of 2002 ("SOX") requires an annual assessment by management of the effectiveness of the Company's internal control over financial reporting. Section 404 of SOX also requires an annual attestation report by the Company's independent auditors

addressing the effectiveness of the Company's internal control over financial reporting. The Company has completed its Section 404 assessment and received the auditors' attestation as of December 31, 2012.

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 prevent misstatement due to error or fraud or will detect or uncover all control issues or instances of fraud, if any. 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. 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 the civil liability provisions of U.S. federal securities 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 approximately 8.5 million ounces of gold. For definitions of certain technical terms used in the following discussion, see " Glossary of Selected Mining Terms" in this Item 4.

The Company's strategy is to focus on the continued exploration, development and expansion of its properties, all of which are located in politically stable jurisdictions. The Company has spent approximately $3.1 billion on mine development over the last five years. Through this development program, the Company transformed itself from a regionally focused, single mine producer to a multi-mine international gold producer with five operating, 100% owned mines, two mine development projects and one advanced exploration project.

Since 1988, the LaRonde mine, in the Abitibi region of Quebec, has been the Company's flagship operation, producing approximately 4.5 million ounces of gold as well as valuable byproducts. The Lapa mine, one of the Company's highest grade metals mines, is 11 kilometres east of the LaRonde mine, and the Goldex mine project, where mine construction on the M and E zones was approved in July 2012, is 60 kilometres east of the LaRonde mine. The synergies between these sites contribute to the Company's efforts to reduce costs. The Kittila mine in Finland, which achieved commercial production in May 2009, has a long reserve life and has significant production expansion potential. In February 2012, the Board approved expansion of mining operations at the Kittila mine to a capacity of 3,750 tonnes per day. The Pinos Altos mine, in Mexico, achieved commercial production in November 2009 and also has significant production expansion potential. The Company's fifth mine, Meadowbank, in Nunavut, achieved commercial production in March 2010 and is expected to produce the most gold (approximately 360,000 ounces) in 2013. In September 2012, the Company began the development and construction at the La India mine project in Mexico. The La India mine project and the Goldex mine project are both expected to achieve commercial production in the second quarter of 2014. 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.

In 2012, the Company produced 1,043,811 ounces of gold at total cash costs per ounce of $640 net of revenues from byproduct metals. For 2013, the Company expects to produce between 970,000 and 1,010,000 ounces of gold at a total cash cost per ounce of gold produced of between $700 and $750 net of byproduct revenue. These expected higher total cash costs compared to 2012 reflect the high proportion of production coming from the Meadowbank mine, which is expected to have higher total cash costs per ounce compared to the Company's average; higher costs associated with the transition to underground mining operations at the Pinos Altos mine and the Kittila mine; and increased production from the Company's mines that do not contain byproduct metals, revenue from which reduces total cash costs per ounce. In addition, the higher total cash costs per ounce also reflect the strength of the Canadian dollar against the U.S. dollar and continued escalations in labour, shipping and transportation costs. See "Note to Investors Concerning Certain Measures of Performance" for a discussion of the use of the non-US GAAP measure total cash costs per ounce. The Company has traditionally sold all of its production at the spot price of gold due to its general policy not to sell forward its future gold production.

The Company expects its all-in sustaining costs for 2013 to be approximately $1,075 per ounce of gold. The Company calculates all-in sustaining costs as the aggregate of total cash costs (net of byproduct credits), sustaining capital expense, corporate, general and administrative expense (net of stock option expense) and exploration expenses divided by the number of ounces produced. All-in sustaining costs is a non-US GAAP measure and is used to show the full cost of gold production from current operations. The Company's methodology for calculating all-in sustaining costs may not be similar to the methodology used by other producers that disclose all-in sustaining costs. The Company may change the methodology it uses to calculate all-in sustaining costs in the future, including in response to the adoption of formal industry guidance regarding this measure by the World Gold Council.

The Company operates through four segments: Canada, Europe, Latin America and Exploration.

The Canadian Segment is comprised of the Company's operations in the Province of Quebec and the Nunavut Territory. The Company's Quebec properties include the LaRonde mine, the Lapa mine and the Goldex mine project, each of which is held directly by the Company. In 2012, the Quebec properties accounted for approximately 25% of the Company's gold production, comprised of approximately 15% from the LaRonde mine and approximately 10% from the Lapa mine. In 2013, the Company anticipates that its Quebec properties will account for approximately 28% of the Company's gold production, of which 18% and 10% of the Company's gold production will come from the LaRonde mine and the Lapa mine, respectively.

The Company's Nunavut properties are comprised of the Meadowbank mine and the Meliadine project, which are both held directly by the Company. In 2012, the Meadowbank mine accounted for approximately 35% of the Company's gold production and the Company anticipates that in 2013 the Meadowbank mine will account for approximately 36% of the Company's gold production.

The Company's operations in the European Segment are conducted through its indirect subsidiary, Agnico Eagle Finland Oy, which owns the Kittila mine in Finland. In 2012, the Kittila mine accounted for approximately 17% of the Company's gold production and the Company anticipates that in 2013 the Kittila mine will again account for approximately 17% of the Company's gold production.

In the Latin American Region, the Company's mining at Pinos Altos are conducted through its subsidiary, Agnico Eagle Mexico S.A. de C.V., which owns the Pinos Altos mine, including the Creston Mascota deposit. The La India mine project is owned by the Company's indirect subsidiary, Agnico Sonora, S.A. de C.V. In 2012, the Pinos Altos mine accounted for approximately 23% of the Company's gold production and the Company anticipates that in 2013 the Pinos Altos mine will account for approximately 19% of the Company's gold production.

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

The following table sets out the date of acquisition, the date of commencement of construction and the date of achieving commercial production for the Company's mines and mine projects.

	Date of Acquisition [1]	Date of Commencement of Construction	Date of achieving Commercial Production
LaRonde mine	1992	1985	1988
Lapa mine	June 2003	June 2006	May 2009
Goldex mine project [2]	December 1993	July 2012	Second quarter of 2014 [3]
Kittila mine	November 2005	June 2006	May 2009
Pinos Altos mine	March 2006	August 2007	November 2009
La India mine project	November 2011	September 2012	Second quarter of 2014 [3]
Meadowbank mine	April 2007	Pre-April 2007	March 2010

Notes:

(1) Date when 100% ownership was acquired.

(2) Construction of infrastructure for purposes of mining the Goldex Extraction Zone (the "GEZ") commenced in July 2005 and the GEZ achieved commercial production in August 2008. Mining operations on the GEZ were suspended in October 2011. In July 2012, the Company approved the construction of a mine at the M and E Zones at Goldex.

(3) 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 2012 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 69 properties in Canada, four properties in the United States, three groups of properties in Finland, one property in Sweden, eight projects in Mexico and one project in Argentina. Exploration activities are managed from offices in Val d'Or, Quebec; Reno, Nevada; Chihuahua, Mexico; Kittila, Finland; and Vancouver, British Columbia.

In addition, the Company continuously evaluates opportunities to make strategic acquisitions. Five 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. On March 28, 2011, Riddarhyttan was merged with Agnico-Eagle AB and Agnico-Eagle Sweden AB, with Agnico-Eagle Sweden AB as the continuing entity. The Kittila mine, located approximately 900 kilometres north of Helsinki near the town of Kittila in Finnish Lapland, is currently 100% owned by Agnico-Eagle Finland Oy, which is owned by Agnico-Eagle Sweden AB.

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

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

shares by way of a compulsory acquisition. The Company issued 13,768,510 of its common shares and paid $9.6 million in cash as consideration to Cumberland shareholders in connection with its acquisition of Cumberland.

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

In September 2011, the Company entered into an acquisition agreement with Grayd Resource Corporation ("Grayd"), a Canadian-based natural resource company listed on the TSX Venture Exchange, pursuant to which the Company agreed to make an offer to acquire all of the issued and outstanding common shares of Grayd. At the time, Grayd held a 100% interest in the La India property located in the Mulatos Gold Belt of Sonora, Mexico and had recently discovered the Tarachi gold porphyry prospect located approximately ten kilometres north of the La India property. In October 2011, the Company made the offer by way of a take-over bid circular, as amended and supplemented, and, in November 2011, acquired approximately 95% of the outstanding common shares of Grayd. In January 2012, the Company completed a compulsory acquisition of the remaining outstanding common shares of Grayd and Grayd became a wholly-owned subsidiary of the Company. In aggregate, the Company issued 1,319,418 of its common shares and paid C$179.7 million in cash as consideration to Grayd shareholders in connection with the transaction.

In 2012, the Company's capital expenditures were $445.6 million. The 2012 capital expenditures included $75.2 million at the LaRonde mine, $18.5 million at the Lapa mine, $26.8 million at the Goldex mine project, $60.0 million at the Kittila mine, $30.0 million at the Pinos Altos mine (which included approximately $5.8 million related to the Creston Mascota deposit), $39.2 million at the La India mine project, $105.1 million at the Meadowbank mine, $83.3 million at the Meliadine project and $7.5 million at other minor projects. In addition, the Company spent $5.0 million on mine site exploration and $104.5 million on exploration activities at the Company's grassroots exploration properties, including corporate development expenses.

Budgeted 2013 capital expenditures of $596 million include $91 million at the LaRonde mine, $19 million at the Lapa mine, $63 million at the Goldex mine project (M and E Zones), $75 million at the Pinos Altos mine, $92 million at the La India mine project, $73 million at the Kittila mine, $79 million at the Meadowbank mine and $38 million in capitalized exploration expenditures. In addition, the Company plans exploration expenditures on grassroots exploration projects of approximately $71 million, including $17 million at the Meliadine project. Depending on the success of the exploration programs at these and other properties, the Company may be required to make additional capital expenditures for exploration, development and pre-production.

The funds for the expenditures set out above are expected to be from internally generated cash flow from operations, from the Company's existing cash balances and from drawdowns of the Company's bank credit facility. Please see "Item 10 Additional Information Material Contracts Credit Agreement". Based on current funding available to the Company and expected cash flows from operations, the Company believes it has sufficient funds available to fund its 2013 projected capital expenditures for all its properties.

Capital expenditures by the Company in 2011 and 2010 were $482.8 million and $512 million, respectively. The 2011 capital expenditures included $90.7 million at the LaRonde mine (which included approximately $49.5 million of expenditures relating to the LaRonde mine extension), $18.4 million at the Lapa mine, $42.2 million at Goldex, $86.5 million at the Kittila mine, $40.0 million at the Pinos Altos mine (which included approximately $7.6 million related to the Creston Mascota deposit), $116.9 million at the Meadowbank mine and $73.9 million at the Meliadine project. In addition, the Company spent $11.0 on mine site exploration and $64.7 million on exploration activities at the Company's grassroots exploration properties. The 2010 capital expenditures included $97 million at the LaRonde mine (which included approximately $62 million of expenditures relating to the LaRonde mine extension), $33 million at the Lapa mine, $24 million at Goldex, $72 million at the Kittila mine, $104 million at the Pinos Altos mine (which included approximately $43 million related to the Creston Mascota deposit), $174 million at the Meadowbank mine and $8 million at the Meliadine project and other minor properties. In addition, the Company spent $35 million on exploration activities at the Company's grassroots exploration properties.

The Company was formed by articles of amalgamation under the laws of the Province of Ontario on June 1, 1972, as a result of the amalgamation of Agnico Mines Limited ("Agnico Mines") and Eagle Gold Mines Limited ("Eagle"). Agnico

Mines was incorporated under the laws of the Province of Ontario on January 21, 1953 under the name "Cobalt Consolidated Mining Corporation Limited". Eagle was incorporated under the laws of the Province of Ontario on August 14, 1945.

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

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

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

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

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

On January 1, 2013, the Company and its wholly-owned subsidiary, 1886120 Ontario Inc. (the successor corporation to 9237-4925 Québec Inc.), 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 1675 E. Prater Way, Suite 102, Sparks, Nevada 89434.

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 through a combination of acquisitions, operational improvements, expansions and development. The suspension of mining operations at the Goldex mine in October 2011 had a negative impact on the growth profile, however, the Company anticipates production of between 970,000 and 1,010,000 ounces of gold in 2013 and growth in 2014 with the expected commencement of production at the La India and Goldex mine projects. Over the last five years, the Company has spent over $2.7 billion on the development of five new mines and the significant extension of the LaRonde mine at depth. Future capital expenditures are expected to be primarily for incremental expansion projects and exploration and development of the La India and Goldex mine projects and the Meliadine project.

Operations in Politically Stable, Mining Friendly Regions. The Company and its predecessors have over three decades of continuous gold production experience and expertise in metals mining. The Company's operations and exploration and development projects are located in regions that the Company believes are supportive of the mining industry. The Company's LaRonde and Lapa mines and Goldex mine project are located in the Abitibi region of northwestern Quebec, one of North America's principal gold-producing regions. The Company's Kittila mine in northern Finland, Pinos Altos mine and La India mine project in northern Mexico and Meadowbank mine and Meliadine project in Nunavut are also located in regions which the Company believes are supportive of the mining industry.

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 five operating, 100% owned mines. The Company's operations at its existing mines provide a strong base for additional

mineral reserve and production development at these properties and for the development of its mines and growth projects in Nunavut, Finland, Mexico and the Abitibi region. 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 Lapa mine and Goldex mine project. Experience gained at the Meadowbank mine in Nunavut is assisting with the Company's permitting and exploration work at the nearby Meliadine project. Similarly, experience building and operating the Pinos Altos mine in Chihuahua, Mexico has assisted the Company's efforts to develop the La India mine project 70 kilometres away in Sonora, Mexico.

Highly Experienced Management Team. The members of the Company's senior management team have an average of over 22 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 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 2012, on a contained gold ounces basis, the gold reserves of the Company were 18.68 million ounces (184 million tonnes grading 3.16 grams of gold per tonne), essentially unchanged from the 18.75 million ounces reported as at December 31, 2011.

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

Mining Legislation and Regulation

Canada

The mining industry in Canada operates under both federal and provincial or territorial legislation governing prospecting and the exploration, development, operation and decommissioning of mines and mineral processing facilities. Such legislation relates to the method of acquisition and ownership of mining rights, labour, occupational or worker health and safety standards, royalties, mining, exports, reclamation, closure and rehabilitation of mines and other matters. Laws and regulations regarding the decommissioning, reclamation and rehabilitation of mines may require approval by provincial or territorial authorities of reclamation plans, provision of financial guarantees and long-term management of closed mines and related waste and tailings. Obligations under mining legislation may arise with respect to proposed, operating and closed facilities (including those that the Company owns but never operated).

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.

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

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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$27.75 to C$126 per claim, depending on its location and area (as set by Quebec government regulations), exploration work (or an equivalent value cash payment) has to be completed in advance (either on the claim or on adjacent mining claims, concessions or leases) and filed with the Ministry of Natural Resources (Quebec) prior to the date of expiry of the claim. The amount of exploration work required bi-annually currently ranges from C$48 to C$3,600 per claim, depending on its location, area and period of validity (as set by Quebec government regulations). In 1966, the mining concession system set out for lands containing mineralized zones in the *Mining Act* (Quebec) was replaced by a system of mining leases, but the mining concessions sold prior to such replacement remain in force. A mining lease entitles its holder to mine and remove valuable mineral substances from the subject land, provided it pays the annual rent set by Quebec government regulations, which currently ranges from C$21.50 per hectare (on privately held land) to C$45 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 (Quebec) may grant an extension thereof on the conditions, for the rental and for the term he or she determines.

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, Wildlife and Parks (Quebec) and the Ministry of Natural Resources (Quebec).

Nunavut

Under the Nunavut Land Claims Agreement (the "Land Claims Agreement"), ownership of large tracts of land in Nunavut 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 under 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 Aboriginal Affairs and Northern Development Canada in accordance with the *Northwest Territories and Nunavut Mining Regulations* (the "Territorial Mining Regulations") under the *Territorial Lands Act* (Canada). The Inuit mineral rights in subsurface Inuit-owned lands are owned and administered by Nunavut Tunngavik Incorporated ("Nunavut Tunngavik"), a corporation representing the Inuit people of Nunavut.

Future production from Nunavut Tunngavik-administered mineral claims is subject to production leases which include a 12% net profits interest royalty from which annual deductions are limited to 85% of gross revenue. Production from Crown mining leases is subject to a royalty of up to 14% of adjusted net profits, as defined in the Territorial Mining Regulations. Before the operation of a Major Development Project, as defined in the Land Claims Agreement, can begin, developers must also negotiate an Inuit Impact and Benefit Agreement ("IIBA") with the regional Inuit Association.

The Kivalliq Inuit Association ("KIA")is the Inuit organization that holds surface title 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 under federal legislation for the use of water, including the deposit of waste.

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

Finland

Mining legislation in Finland consists of the Mining Act, the Mining Decree, the Mining Safety Decree and the Mining Hoisting Equipment Decree. The new Mining Act was implemented on July 1, 2011 and replaced the previous Mining Act (503/1965) as a result of still on-going overall reform of mining legislation in Finland. Set out below is a general, brief overview of certain relevant aspects of Finnish mining legislation.

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In Finland, subject to certain area restrictions, anyone has a right irrespective of land ownership to conduct survey work and make geological measurements and observations, with the right to take small samples from the soil provided that these measures do not cause other than only minor damage or inconvenience. However, before sampling, a notice must be given to the owner of the respective land.

A prospecting permit is required for more comprehensive survey work. The prospecting permit entitles its holder to conduct necessary research and exploration in a defined area in order to discover the quality and extent of a deposit and to build or move temporary facilities and machinery onto the prospecting area for such purposes. The prospecting permit does not grant a right to exploit a deposit, for which purpose a mining permit is required, but it does grant its holder a priority to receive the mining permit on the prospecting area.

A mining permit entitles its holder to exploit all minerals found on the mining area defined in the permit as well as all organic and non-organic surface material and the soil and bedrock, as considered necessary for the purposes of the mining work. In addition to the mining permit, a mining safety permit regarding safety measures of the contemplated mining operations is required in order to build and operate a mine.

Generally, the mining area must either be owned or leased by the permit holder. However, provided that the mining project is required by the public interest, the Council of State of Finland may in certain cases grant a mining area redemption permit, which entitles the holder to establish a mining area without the consent of the landowner if the mining operator and the landowner cannot come to a voluntary agreement regarding use of the land.

The Finnish Safety and Chemicals Agency is responsible for granting prospecting permits, mining permits and mining safety permits upon an application, provided that statutory requirements are fulfilled. Prospecting permits and mining permits are transferrable and eligible to be pledged as security under Finnish law.

Prospecting permits are issued for fixed periods of time (a maximum period of four years at a time, which can be extended for three-year periods, up to a maximum of 15 years). Mining permits are generally granted without an expiry date. However, the Safety and Chemicals Agency investigates grounds for the continued existence of the permit at least once every ten years. In some cases, depending on the prevailing circumstances and the deposit, mining permits may only be granted for a fixed period of time (to a maximum period of ten years at a time). Prospecting permits and mining permits may be cancelled if the holder of the permit does not perform mining operations in accordance with the terms of the permit or the permit holder violates rules of the Mining Act.

Without specific permission of the National Board of Patents and Registrations of Finland, a right to apply for and acquire a prospecting permit and/or mining permit is limited to Finnish corporations and individuals and foreign individuals and corporations domiciled in a state belonging to the European Economic Area.

In addition to compliance with mining legislation, all mining operations must be carried out in accordance with the permit terms and with laws and regulations concerning conservation and environmental protection issues. Under the Finnish 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, the application of the best available technology, the application of the best environmental practice and the "polluter pays" principle.

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

In addition to the permits listed above, mining operators may require several other permits and may be subject to other obligations under Finnish 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 or the operating area exceeds 25 hectares. An environmental 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

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executive branch of the Mexican government, which as a general rule, are granted to whoever first claims them. While the Mining Law touches briefly upon labour, occupational and worker health and safety standards, these are primarily dealt with by the Federal Labour Law. The Mining Law also briefly addresses environmental matters, which are primarily regulated by the General Law of Ecological Balance and Protection of the Environment, also of federal jurisdiction.

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

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

Organizational Structure

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

Certain of the Company's subsidiaries, Servicios Agnico Eagle Mexico, S.A. de C.V., Servicios Pinos Altos, S.A. de C.V. and Minera Agave, S.A. de C.V., provide services in connection with the Company's operations in Mexico. The Company's operations in the United States are conducted through Agnico-Eagle (USA) Limited.

The following chart sets out the corporate structure of the Company, each of its significant subsidiaries and certain other subsidiaries, together with the jurisdiction of organization of the Company and each such subsidiary as at March 11, 2013:

Agnico-Eagle Organizational Chart

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Property, Plant and Equipment

Location Map of the Abitibi Region (as at December 31, 2012)

LaRonde Mine

The LaRonde mine is situated approximately halfway between the City of Rouyn-Noranda and the City of Val d'Or in northwestern Quebec (approximately 470 kilometres northwest of Montreal, Quebec) in the municipalities of Preissac and Cadillac. At December 31, 2012, the LaRonde mine was estimated to have proven and probable mineral reserves containing approximately 4.2 million ounces of gold comprised of 28.8 million tonnes of ore grading 4.54 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, each of which are located approximately 60 kilometres from the LaRonde mine via Quebec provincial highway No. 117. The LaRonde mine is situated approximately two kilometres north of highway No. 117 on Quebec regional highway No. 395. The Company has access to the Canadian National Railway at Cadillac, Quebec, approximately six kilometres from the LaRonde mine.

The LaRonde mine operates under mining leases obtained from the Ministry of Natural Resources (Quebec) and under certificates of approval granted by the Ministry of Sustainable Development, Environment, Wildlife and Parks (Quebec). The LaRonde property consists of 36 contiguous mining claims and one provincial mining lease and covers in total 1,047.4 hectares. The El Coco property consists of 22 contiguous mining claims and one provincial mining lease and covers in total 356.7 hectares. The Terrex property consists of 21 mining claims that cover in total 424.4 hectares. The mining leases on the LaRonde and El Coco properties expire in 2018 and 2021, respectively, and are automatically renewable for three further ten-year terms upon payment of a small fee. The Company also has three surface rights leases that cover in total approximately 301.5 hectares that relate to the water pipeline right of way from Lake Preissac and the eastern extension of the LaRonde tailings pond #7 on the El Coco property. The surface rights leases are renewable annually.

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Location Map of the LaRonde Mine (as at December 31, 2012)

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 2013. In 2003, exploration work started to extend outside of the LaRonde property onto the Terrex property where a down-plunge extension of Zone 20 North was discovered. The Terrex property is subject to a 5% net profits royalty to Delfer Gold Mines Inc. and a 2% net smelter return royalty to Barrick. The Company does not expect to pay royalties in respect of this part of the property in 2013. In addition, the Company owns 100% of the Sphinx property immediately to the east of the El Coco property. In 2012, 18% of the ore processed from the LaRonde mine was extracted from the deeper portion of the LaRonde mine (that is, below Level 245), that was previously referred to as the "LaRonde extension". In 2013, the Company anticipates that approximately 49% of the ore processed will be from this deeper part of the mine.

In 2013, payable gold production at the LaRonde mine is expected to increase to approximately 177,000 ounces, and total cash costs per ounce are expected to be approximately $650. The Company expects future byproduct metal recoveries at the LaRonde mine to decline as production continues to shift towards deeper sections of the mine where gold grades are higher and byproduct metals are less prevalent. The decreased byproduct revenues will result in higher total cash costs per ounce attributable to ore extracted from these parts of the mine.

The Abitibi region has a continental climate with average annual rainfall of 64 centimetres and average annual snowfall of 318 centimetres. The average monthly temperatures range from a minimum of -23 degrees Celsius in January to a maximum of 23 degrees Celsius in July. Under normal circumstances, mining operations are conducted year-round without interruption due to weather conditions. The Company believes that the Abitibi region of northwestern Quebec has sufficient experienced mining personnel to staff its operations in the Abitibi region. The elevation is 337 metres above sea level. The LaRonde property is relatively flat with a maximum relief of approximately 40 metres. The topography gently slopes down from north to south and is characterized by boreal-type forest at 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.

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Mining and Milling Facilities

Surface Plan of the LaRonde Mine (as at December 31, 2012)

The LaRonde mine was originally developed utilizing a 1,207-metre shaft (Shaft #1) and an underground ramp access system. The ramp access system is available down to Level 25 of Shaft #1 and continues down to Level 248 at the Penna Shaft. The mineral reserve accessible from Shaft #1 was depleted in September 2000 and Shaft #1 is no longer in use. A second production shaft (Shaft #2), located approximately 1.2 kilometres to the east of Shaft #1, was completed in 1994 to a depth of 525 metres and was used to mine Zones 6 and 7. Both ore zones were depleted in March 2000 and the workings were allowed to flood up to Level 6 (approximately 280 metres). A third shaft (the Penna Shaft), located approximately 800 metres to the east of Shaft #1, was completed down to a depth of 2,250 metres in March 2000. The Penna Shaft is used to mine Zones 20 North, 20 South, 6 and 7. In 2009, as part of the LaRonde mine extension, the Company completed construction of an 823-metre internal shaft from Level 203 to access the ore below Level 245, approximately 2,858 metres below surface.

Production from the deeper levels of the LaRonde mine has only recently started to ramp-up to anticipated steady state levels and there is currently only limited development of stopes in this portion of the mine. As a result, logistical problems, such as congestion in the underground workings, occur from time to time. The Company anticipates that these issues, and any other issues that may prevent or delay extraction and transportation of ore from a particular stope, will be less prevalent when the stope development work at depth is more advanced.

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 rock backfill or paste backfill; and transverse open stoping with paste, cemented rock backfill or unconsolidated backfill. The primary source of ore at the LaRonde mine continues to be from

underground mining methods. During 2012, two of the traditional mining methods were used: longitudinal retreat with cemented rock backfill or paste backfill and transverse open stoping with cemented rock backfill, paste or unconsolidated backfill. In addition, to address concerns regarding the frequency and intensity of seismic events encountered at the lower levels of the LaRonde mine, a hybrid of these two methods was developed and used. In the underground mine, sublevels are driven at between 30-metre and 40-metre vertical intervals, depending on the depth. Stopes are undercut in 15-metre wide panels. In the longitudinal method, panels are mined in 15-metre sections and backfilled with 100% cemented rock backfill or paste backfill. The paste backfill plant was completed in 2000 and is located on the surface at the processing facility. In the transverse open stoping method, approximately 50% of the ore is mined in the first pass and filled with cemented rock backfill or paste backfill. On the second pass, the remainder of the ore is mined and filled with unconsolidated waste rock backfill or cemented paste backfill.

The throughput at LaRonde in 2012 averaged 6,444 tonnes per day compared with 6,593 tonnes per day in 2011. The reduced throughput in 2012 was largely due to the transition to the lower mine, where factors such as heat, congestion and lack of operational flexibility underground negatively impacted the mine's ability to provide the planned tonnage to the mill.

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's poly metallic massive sulphide orebody required several modifications to the processing plant, including a new coarse-ore handling system, new SAG and ball mills, 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, a cyanidation plant began operation for the treatment of sulphide concentrate from the Goldex mine. A new carbon-in-leach ("CIL") circuit is under construction and is expected to replace the existing LaRonde precious metal Merrill-Crowe circuit at the end of March 2013. The LaRonde mine is also the site for the Lapa mine ore processing plant (1,500 tonnes per day) that was commissioned in the second quarter of 2009.

The ore requires a series of grinding, copper/lead flotation and separation, zinc flotation and zinc tails precious metals leaching circuits, followed by a counter-current decantation circuit and Merrill-Crowe precipitation (which will be replaced by CIL recovery in 2013). Paste backfill and cyanide destruction plants operate intermittently. The tailings area has a dedicated cyanide destruction and metals precipitation plant that water passes through prior to recirculating to the mill. A biological water treatment plant was commissioned in 2005 to address the build-up of thiocyanate in the tailings ponds at the LaRonde mine. This build-up was the result of the high sulphide content of the LaRonde mine ore and 90% recirculation of the process water. The plant uses bacteria to oxidize and destroy thiocyanate and removes phosphate from the water before it is released to the environment.

The Goldex concentrate circuit consists of pulp received from the Goldex mill via truck and subsequent leaching of the pulp with cyanide. The leached material was sent to the Lapa CIL circuit for gold recovery along with Lapa residual pulp until the Goldex circuit ceased to operate in November 2011 following the suspension of mining operations at Goldex on October 19, 2011. The Goldex circuit is currently on standby until mining begins at the M and E Zones of the Goldex mine, which is expected to occur in the second quarter of 2014. At that time, the Goldex circuit tails will be pumped directly into the new LaRonde CIL circuit, which has been designed to handle leached material from both LaRonde and Goldex. The Lapa CIL circuit is expected to be operating near full capacity by then with material from Lapa alone.

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

Annual production at the LaRonde mill in 2013 is expected to consist of approximately 2,097,023 ounces of silver, 5,223.4 tonnes of copper, up to 1,176.9 tonnes of lead and 27,298.6 tonnes of zinc. Gold recovery at the LaRonde mine is distributed approximately as follows: 57.7% in the copper concentrate, 6.56% in the lead concentrate, 4.25% in the zinc concentrate and 23.49% via leaching.

Mineral Recoveries

During 2012, gold and silver recovery averaged 89.8% and 85.49%, respectively. Zinc recovery averaged 87.13% with a concentrate quality of 56.13% zinc. Copper recovery averaged 78.56% with a concentrate quality of 11.88% copper.

Approximately 2.36 million tonnes of ore were processed averaging 6,780 tonnes of ore per day at 95.39% of available time.

The following table sets out the metal recoveries, concentrate grades and contained metals for the 2,358,499 tonnes of ore extracted by the Company at the LaRonde mine in 2012.

		Copper Concentrate (37,918 tonnes produced)		Zinc Concentrate (80,987 tonnes produced)		Lead Concentrate (2,096 tonnes produced)			
	Head Grades	Grade	Recovery	Grade	Recovery	Grade	Recovery	Overall Metal Recoveries	Payable Production
Gold	2.362 g/t	79.55 g/t	54.25%	3.25 g/t	4.81%	200.4 g/t	8.01%	89.8%	160,854 oz
Silver	40.156 g/t	1,073 g/t	43.26%	177 g/t	14.78%	3,529.9 g/t	7.22%	85.49%	2,243,674 oz
Copper	0.242%	11.88%	78.56%	0.42%	5.96%	4.56%	1.87%	81.03%	4,126 t
Lead	0.252%	7.14%	45.68%	0.53%	7.22%	53.47%	18%	64.38%	1,058 t
Zinc	2.203%	4.15%	2.98%	56.13%	87.13%	2.89%	0.2%	90.61%	38,637 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-silicate process to destroy cyanide, lime and coagulant to precipitate metals. The tailings pond occupies an area of about 175 hectares. Waste rock that is not used underground for backfill is brought up to the surface and stored in close proximity to the tailings pond to be used to build coffer dams inside the pond. A waste rock pile containing approximately 500,000 tonnes of waste and occupying about nine hectares is located west of the mill.

Due to the high sulphur content of the LaRonde mine ore, the Company has had to address toxicity issues in the tailings ponds since the 1990s. Since introducing and optimizing a biological treatment plant in 2004, the treatment process is now stable and the effluent has remained non-toxic since 2006. In 2006, the Company commenced an ammonia stripping operation involving an effluent partially treated by the biological treatment plant which allowed an increase in treatment flow rate, while keeping the final effluent toxicity-free. Since 2010, the Company has operated ammonia stripping towers to further increase the treatment flow rate of the biological plant. In addition, water from mine dewatering and drainage water are treated to remove metals prior to discharge at a high-density sludge 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. Hoisting from this deeper part of the LaRonde mine began in the fourth quarter of 2011 and commercial production was achieved in November 2011. Access to the deeper part of the LaRonde mine is provided through a 823-metre internal shaft (completed in November 2009) starting from Level 203, for a total depth of 2,858 metres from surface. A ramp is used to access the lower part of the orebody down to 3,110 metres in depth. The internal winze system is used to hoist ore from depth to facilities on Level 215, approximately 2,150 metres below surface, where it is transferred to the Penna Shaft hoist.

Capital expenditures at the LaRonde mine during 2012 were approximately $75.2 million, which included $22.2 million on sustaining capital expenditures and $41.9 million in deferred expense. Budgeted 2013 capital expenditures at the LaRonde mine are $91.3 million. Another $3 million will be added to the carbon-in-pulp ("CIP") project. Total capital expenditures for the LaRonde mine are estimated at $572.1 million from 2013 to 2026 (including the CIP project).

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Development

In 2012, a total of 13,113 metres of lateral development was completed. Development was focused on stope preparation of mining blocks for production in 2012 and 2013, especially the preparation of the lower mine production horizon. A total of 5,213 metres of development work was completed for the LaRonde mine extension infrastructure and the ramp to access the LaRonde mine extension.

A total of 13,500 metres of lateral development is planned for 2013. The main focus of development work continues to be stope preparation and the LaRonde mine extension access toward the orebody.

Geology, Mineralization and Exploration

Geology

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

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

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

Mineralization

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

These historical relationships, which were noted at LaRonde Shaft #1's Main Zone, are maintained at the Penna Shaft zones. The zinc-silver (i.e. Zone 20 North) mineralization with lower gold values, common in the upper mine, grades into gold-copper mineralization within the lower mine. 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 in the world and one of the largest known mineralized zones 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 27.3 million tonnes of proven and probable mineral reserves grading 4.64 grams of gold per tonne, representing 95% of the total proven and probable mineral reserves at the LaRonde mine, 4.4 million tonnes of indicated mineral resources grading 1.80 grams of gold per tonne, representing 82% of the total measured and indicated mineral resources at the LaRonde mine, and 9.6 million tonnes of inferred mineral resources grading 4.02 grams of gold per tonne, representing 81% of the total inferred mineral resources at LaRonde.

Zone 20 North extends between 700 metres below surface and at least 3,500 metres below surface, and remains open at depth. With increased access on the lower levels of the mine (*i.e.*, below Level 215 and from the internal shaft on levels 257 and 278), the transformation from a "zinc/silver" orebody to a "gold/copper" deposit is expected to continue during 2013.

Zone 20 North can be divided into an upper zinc/silver-enriched gold-poor 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

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horizontal distance of 900 metres, with thicknesses varying from three 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 2012, 2.0 million tonnes of ore grading 2.34 grams of gold per tonne, 43.35 grams of silver per tonne, 2.41% zinc, 0.26% copper and 0.28% lead were mined from Zone 20 North.

Exploration

The combined tonnage of proven and probable mineral reserves at the LaRonde mine for year-end 2012 is 28.8 million tonnes, which represents a 13% decrease in the amount compared to year-end 2011 (33.2 million tonnes). This mineral reserve includes the replacement of 2.4 million tonnes of ore that were mined in 2012. The reduction in reserves is principally associated with ore mined during 2012 and application of a mining recovery factor of 95% on the remaining reserves.

Diamond drilling is used for exploration on the LaRonde property. In 2012, a total of 252 holes were drilled on the LaRonde property for a total length of 22,255 metres, compared to 181 holes for a total length of 16,190 metres in 2011. Of the drilling in 2012, 222 holes (10,194 metres) were for production stope delineation, 26 holes (8,261 metres) were for definition drilling and 4 holes (3,701 metres) were for exploration. In 2011, 165 holes (8,181 metres) were for production stope delineation, 12 holes (2,614 metres) were for definition drilling and 4 holes (5,396 metres) were for exploration. Expenditures on diamond drilling at the LaRonde mine during 2012 were approximately C$2.8 million, including C$1.6 million in definition and delineation drilling expenses charged to operating costs at the LaRonde mine. Expenditures on exploration in 2012 were C$1.2 million, and are expected to be C$2.1 million in 2013.

The main focus of the 2012 exploration program was continuing the investigation of Zone 20 North and Zone 6-7 horizons at depth. This program was conducted from the level 215 exploration drift, approximately 2,150 metres below the surface. The first deep hole of the program was completed at the end of 2009 to a final length of 1,852 metres. This hole intersected Zone 20 North at a depth of 3,520 metres below surface, which is approximately 410 metres below the current reserve envelope. The intersection returned 14.3 metres (true width) grading 3.03 grams of gold per tonne. In 2010, a second branch was drilled from this mother hole and returned 4.1 metres grading 1.77 grams of gold per tonne at a depth of 3,595 metres below surface. Another deep hole was initiated in 2011 and intersected Zone 6 horizon in 2012 at a depth of 3,551 meters below surface. The 22.8-meters-thick massive sulfide zone returned 1.58 grams of gold per tonne, 27.1 grams of silver per tonne, 0.38% copper and 3.36% zinc and has the same characteristics as other deposits on the property. A follow-up campaign is planned in 2013 from level 278 to determine the extent of the deposit.

In addition, definition and delineation drilling was undertaken in the 20 North and 20 South Zones to assist in finalizing mining stope designs. Zone 20 North was the main focus of the definition drilling in 2012. Infill drilling mainly from Level 272 to Level 245 confirmed the previous Zone 20 North reserves.

Bousquet and Ellison Properties

The Bousquet property is located immediately west of the LaRonde mine and consists of two mining leases covering 80.0 hectares and 31 claims covering 384.9 hectares. The property, along with various equipment and other mining properties, was acquired from Barrick in September 2003 for $2.9 million in cash, $1.1 million in common shares of the Company and the assumption of specific reclamation and other obligations related to the Bousquet property. The property is subject to a 2% net smelter return royalty interest in favour of Barrick.

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

In 2011, the Company completed a diamond drilling program consisting primarily of twinning and resampling historic holes to evaluate the production potential of an open pit at Bousquet Zone 5. This work led to a new resource estimate for Zone 5 and an internal feasibility study has been conducted for a resumption of production in the Zone 5 open pit. This study led to a positive scenario. For the whole Bousquet property, including Zone 5, as at December 31, 2012, probable reserves totalled approximately 0.2 million ounces of gold comprised of 2.9 million tonnes grading 1.88 grams per tonne, as well as indicated mineral resources totalling approximately 9.8 million tonnes grading 2.44 grams of gold per tonne and inferred mineral resources totalling approximately 4.6 million tonnes grading 4.04 grams of gold per tonne.

The Ellison property is located immediately west of the Bousquet property and consists of eight claims covering 101.0 hectares. The property was acquired in August 2002 for $0.32 million in cash and a commitment to spend $0.49 million in exploration over four years. The commitment was fulfilled in 2004 and the property is 100% owned by the Company. The property is subject to a net smelter return royalty interest in favour of Yorbeau Resources Inc. that varies between 1.5% and 2.5% depending on the price of gold. Should commercial production from the Ellison property commence, the Company will be required to pay Yorbeau Resources Inc. an additional C$0.5 million in cash.

Expenditures on exploration in 2012 on both the Bousquet and Ellison properties were C$1.4 million, which includes the cost of drilling 3,850 metres in 12 holes drilled on the Ellison property. In 2013, the Company expects to spend C$0.84 million to continue the optimization of the internal feasibility study completed in March 2012 regarding the Bousquet property.

The December 31, 2012 indicated mineral resources at Ellison were approximately 0.4 million tonnes grading 5.68 grams of gold per tonne, and the inferred mineral resources were approximately 0.8 million tonnes grading 5.81 grams of gold per tonne.

Lapa Mine

The Lapa mine, which achieved commercial production in May 2009, is located approximately 11 kilometres east of the LaRonde mine near Cadillac, Quebec. At December 31, 2012, the Lapa mine was estimated to contain proven and probable mineral reserves of 0.4 million ounces of gold comprised of 2 million tonnes of ore grading 6.0 grams per tonne. The Lapa property is made up of the Tonawanda property, which consists of 44 contiguous mining claims and one provincial mining lease covering an aggregate of 702.4 hectares, and the Zulapa property, which consists of one mining concession of 93.5 hectares. The mining lease at Lapa expires in 2029.

Location Map of the Lapa Mine (as at December 31, 2012)

The Company's initial interest in the Lapa property was acquired in 2002 through an option agreement with Breakwater Resources Ltd. ("Breakwater"). The Company undertook an aggressive exploration program and discovered a new gold deposit almost 300 metres below the surface. In 2003, the Company purchased the Lapa property from Breakwater for a payment of $8.9 million, a 1% net smelter return royalty on the Tonawanda property and a 0.5% net smelter return royalty on the Zulapa property. In 2008, the Company purchased all royalties from Breakwater for C$6.35 million. In addition, both the Zulapa and Tonawanda properties are subject to a 5% net profit royalty payable to Alfer Inc. and René Amyot. In

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2004, an additional claim of 9.4 hectares was added to the Company's holdings at the Lapa mine. In January 2009, a mining lease covering 66.8 hectares was entered into with the Ministry of Natural Resources (Quebec).

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

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

Gold production during 2013 at the Lapa mine is expected to be approximately 105,000 ounces at estimated total cash costs per ounce of approximately $787.

Mining and Milling Facilities

Surface Plan of the Lapa Mine (as at December 31, 2012)

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

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

Mining Methods

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

Surface Facilities

The infrastructure on the Lapa property includes the refurbished former LaRonde Shaft #1 headframe and shafthouse, service buildings, offices, a settling pond for waste water, dry facilities, an ore bin, a diesel reservoir and a water treatment plant. In November 2007, lateral development began on three horizons. A backfill plant was commissioned in December 2008 and the sedimentation pond was extended in 2007 to control suspended solids from underground dewatering discharge.

Ore at the Lapa mine is processed through grinding, gravity and leaching circuits. Dedicated milling facilities have been integrated into the mill at the LaRonde mine. Based on an average ore head grade of 6.49 grams per tonne, gold recovery averaged 79.7% in 2012. With an average production of 1,750 tonnes per day in 2012, the mine operated consistently above its design rate of 1,500 tonnes per day. Dilution averaged 64% in 2012, a significant improvement over previous years.

Mineral Recoveries

In 2012, the Lapa mine produced 640,832 tonnes of ore grading 6.49 grams of gold per tonne. The Lapa processing facility treated 640,305 tonnes of ore in 2012 (approximately 1,749 tonnes per day) and operated at about 97.6% of available time.

	Head Grades	Overall Metal Recoveries	Payable Production
Gold	6.49 g/t	79.7%	106,191 oz

Environmental Matters

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

In the second quarter of 2012, an Oberlin filtration unit located inside the treatment plant was installed to improve the removal of suspended solids from water coming from the underground operation. A sedimentation pond also is used to remove suspended solids from the dewatering water before either release to the environment or re-use in the underground mining operation. The waste rock pile naturally drains towards the sedimentation pond. A waste rock sampling program implemented during the shaft sinking phase verified the non-acid generating nature of the waste rock. Water effluent from the sedimentation pond is being sampled as required under the Quebec mining effluent guidelines, and is expected to comply with the water quality criteria. The mill residues will be sent to the LaRonde mine tailings area.

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

Capital Expenditures

The Company incurred approximately $18.4 million in capital expenditures at the Lapa mine in 2012 and expects to incur approximately $20.7 million in 2013, including $13.7 million for deferred development, $5.4 million for sustaining capital expenditures (including underground construction and mining equipment) and $1.6 million for exploration.

Development

In 2012, a total of 6,062 metres of lateral development was completed. Development focused on permanent drifts (ramps and haulage way), stope preparation of mining blocks set for production in 2012 and 2013 and access to the East zone and the Deep Project, which is expected to begin production in 2013.

Geology, Mineralization and Exploration

Geology

The Lapa 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 Province of the Canadian Shield. The most important regional structure is the CLL fault zone marking the contact between the Abitibi and Pontiac Subprovinces. The fault zone passes through the property from west to east, and is marked by schists and mafic to ultramafic volcanic flows that comprise the Piché group (up to approximately 300 metres thick in the mine area). On the Lapa property, the fault zone displays a "Z" shaped fold to which all of the lithologic groups in the region conform. Feldspathic dykes cut the Piché group, especially near the fold. North of the Piché group lies the Cadillac sedimentary group, which consists of 500 metres or more of well-banded wacke, conglomerate and siltstone with intercalations of iron formation. The Pontiac group sedimentary rocks (up to approximately 300 metres thick) that occur to the south of the Piché group are similar to the Cadillac group but do not contain conglomerate nor iron formation.

Mineralization

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

The Lapa deposit is comprised of the Contact zone and five satellite zones. The Contact zone accounts for approximately 84% of the mineral reserves.

The ore zones are made up of multiple quartz veins and veinlets, often smoky and anastomosing, within a sheared and altered envelope containing minor sulphides and visible gold. The Contact zone is generally located at the contact between the Piché group and the Cadillac group. The satellite zones are located within the Piché group at a distance varying from ten to 50 metres from the contact with the Cadillac group, except for the Contact North zone, which is located approximately ten metres north of the Contact zone within the Cadillac group. The sheared envelope consists of millimetre-thick foliation bands of biotite or sericite with silica and, in places, cuts across rock units. Quartz veins and millimetre-sized veinlets parallel to the foliation account for 5% to 25% of the mineralization. Visible gold is common in the veins and veinlets but can also be found in the altered host rock. Sulphides account for 1% to 3% of the mineralization; the most common sulphides, in order of decreasing importance, are arsenopyrite, pyrite, pyrrhotite and stibnite. Graphite is also rarely observed as inclusions in smoky quartz veins.

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

Exploration

Two exploration diamond drilling programs were completed at the Lapa mine during 2012. The first program concentrated on confirming and expanding the known orebodies (in the Contact zone and the other satellite zones) in the immediate

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vicinity of the ore zones. The drilling tested the eastern area of the Contact zone reserve from 1,000 metres to 1,500 metres depth below the surface and 300 metres east of the Contact zone reserve limit. The 2013 program will focus on expanding mineral resources in this area. Additional drilling was done below Level 128 (the deepest producing level) targeting the Zulapa corridor, which returned good results and allowed for the identification of new resources. Further drilling will be need to be completed in 2013 to evaluate the economics of this area. The second program was executed from the exploration track drift on Level 101 (one kilometre deep) toward the east and from the newly excavated west exploration track drift on Level 101. This program will continue through 2013.

Overall, there was a reduction of approximately 106,000 ounces of gold in reserves at Lapa in 2012 after mining 129,000 ounces of gold. The net reduction of 106,000 ounces in reserves was a result of a lower-than-expected grade from 2012 delineation diamond drilling and a decrease in the mining recovery factor for sill stopes, offset by additional ounces from the deep drilling project. Mineral underground resources at the Lapa mine decreased by 0.8 million tonnes (decrease of 0.4 million tonnes due to conversion of resources below Level 128 of the Contact zone and below Level 113 of the East zone and decrease of 0.4 million tonnes following the re-interpretation of drilling results and new drilling on the Lapa property). Approximately 0.2 million tonnes of inferred resources were added following underground drilling in 2012. Drilling and evaluation will continue in 2013.

In 2012, a total of 234 holes were drilled on the Lapa property for a total length of 37,699 metres, compared to 231 holes for a total length of 28,386 metres in 2011. Of the drilling in 2012, 177 holes (11,026 metres) were for production stope delineation and 57 holes (26,672 metres) were for exploration. In 2011, 165 holes (9,257 metres) were for production stope delineation, and 66 holes (19,129 metres) were for exploration. Expenditure on diamond drilling at the Lapa mine during 2012 was approximately $3.0 million, including $0.9 million in definition and delineation drilling expenses charged to operating costs.

In 2013, the Company expects to spend $2.6 million on exploration. In 2013, 61% of the exploration drilling budget will be used for exploration in close vicinity of the mine infrastructure and 39% will be used for drilling from the exploration drift.

Goldex Mine Project

The Goldex mine project, 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. On October 19, 2011, the Company suspended mining operations and gold production from the GEZ at Goldex, following the receipt of recommendations from independent consultants to halt underground mining operations during the investigation into geotechnical concerns with the rock above the mining horizon. As a result, the Company wrote off substantially all of its investment in the Goldex mine (approximately $254 million), took a closure provision of approximately $44 million and reclassified all of the remaining 1.6 million ounces of proven and probable gold reserves (approximately 0.9 million ounces of gold in proven reserves (14.8 million tonnes grading 1.87 grams of gold per tonne) and approximately 0.7 million ounces of gold in probable reserves (13.0 million tonnes grading 1.6 grams of gold per tonne) estimated as of December 31, 2010), other than the ore stockpiled on surface, as mineral resources in the third quarter of 2011. The surface stockpile was processed in the Goldex mill by October 30, 2011.

In July 2012, the Company approved the development of the M Zone and the E Zone of the Goldex mine project. Production from these zones is expected to be achieved in the second quarter of 2014. Development work is continuing underground on the M and E Zones. Exploration on the D Zone continues with underground diamond drilling.

The proven and probable reserves at Goldex as at December 31, 2012 were approximately 0.3 million ounces of gold comprised of 7.0 million tonnes grading 1.55 grams per tonne, all in the M and E Zones. Goldex also had measured and indicated resources of approximately 27.2 million tonnes grading 1.84 grams of gold per tonne, and inferred resources of approximately 34.6 million tonnes grading 1.52 grams of gold per tonne as at December 31, 2012.

The Company anticipates that 5,100 tonnes of ore per day grading 1.54 grams per tonne (diluted) will be extracted and processed at the M and E Zones over the next 3.5 years. Commercial production is expected to be achieved during the second quarter of 2014. Total cash costs per ounce are estimated to be approximately $900 in 2013 and estimated 2013 capital expenditures are $70 million.

Certain satellite zones at the Goldex mine project are under evaluation to give more flexibility for the operation and/or extend the mine life.

Location Map of the Goldex Mine Project (as at December 31, 2012)

The Goldex property is accessible by provincial highway. The elevation is approximately 302 metres above sea level. All of the Goldex mine project's power requirements were supplied by Hydro-Quebec through connections to its main power transmission grid. All of the water that was required at the Goldex mine project was 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 project is located, including information with respect to climate, topography, vegetation and mining personnel, see " Property, Plant and Equipment LaRonde Mine".

The Goldex mine project operates under a mining lease obtained from the Ministry of Natural Resources (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 22 contiguous mining claims and, since April 2006, one provincial mining lease (98.6 hectares), covering an aggregate of 331.2 hectares. The property is made up of three blocks: the Probe block (130.7 hectares); the Dalton block (10.4 hectares); and the Goldex Extension block (190.1 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 property includes underground operations that can be accessed from two shafts, a processing plant, an ore storage facility and other related facilities. The GEZ, which was the gold deposit on which the Company was focusing its production efforts before production was suspended indefinitely on October 19, 2011, was discovered in 1989 on the Goldex Extension block (although the Company believes a small portion of the GEZ occurs on the Probe block). On November 29, 2012, the Company purchased the 5% net smelter return royalty interest on the Probe block from Probe Mines Limited ("Probe") for cash consideration of C$14 million. Up to an additional C$4 million (in cash or common shares of the Company, at the election of Probe) may become payable by the Company to Probe if certain production

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thresholds are achieved on the Probe block. In 2012, exploration and development work continued on the M Zone and the E Zone.

In late 1997, the Company completed a mining study that indicated the deposit was not economically viable to mine at the then-prevailing gold price (approximately $323 per ounce of gold) using the mining approach chosen and drill-hole-indicated grade. The property was placed on care and maintenance and the workings were allowed to flood. In February 2005, a new mineral reserve and resource estimate was completed for the GEZ which, coupled with a feasibility study, led to a probable mineral reserve estimate of 1.6 million ounces of gold contained in 20.1 million tonnes of ore grading 2.54 grams of gold per tonne. The GEZ resource model was revised and, in March 2005, the Company approved a feasibility study and the construction of the Goldex mine. The mine achieved commercial production on August 1, 2008 and consistently operated at or above the designed rate of 6,900 tonnes per day until its operations were suspended in October 2011.

Based on the results of a scoping study completed in July 2009, the Company determined to expand the mine and mill operations at Goldex to 8,000 tonnes per day. This project was completed in 2010. Capital costs in connection with the expansion totalled $10 million. The crusher for the expansion was commissioned at the end of the first quarter of 2010 at a rate of 7,811 tonnes per day.

The Goldex mine produced 135,478 ounces of gold in 2011 at total cash costs of $472 per ounce. The Goldex mine project is not expected to produce more gold from the GEZ until at least the geotechnical concerns with the rock above the mining horizon are resolved.

Mining and Milling Facilities

Surface Plan of the Goldex Mine Project (as at December 31, 2012)

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. This 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 cageskip. 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 Methods

Prior to the suspension of mining operations on October 19, 2011, the Goldex mine used a high volume bulk mining method, which was made possible through the use of large mining stopes. Drilling and blasting of 165-millimetre production holes was used to obtain a muck size large enough to be economically efficient. Using this method required 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 was necessary to mine out the deposit.

The Company expects to mine the M and E Zones using primary and secondary stope methods. The Company also plans to paste fill to ensure long term stability. For both zones, stopes are planned to be 55 metres high. The width and length will depend on rock mass quality, but an average stope should be approximately 100,000 tonnes. Ore pass systems and scoop trams will be used for the M Zone, while trucks and scoop trams are planned for the E Zone.

Surface Facilities

Plant construction at Goldex 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 was done through a two-stage circuit comprised of a SAG mill and a ball mill. As part of the expansion project commenced in 2009, a surface crusher was added to reduce the size of ore transferred to the surface from 150 millimetres to 50 millimetres. A lamellar decanter was also added to recover small particles present in the water overflow of the concentrate thickener. The underflow pump of this thickener was upgraded following flotation circuit modification to increase the pull rate of the small particles. Approximately two-thirds of the gold was recovered through a gravity circuit, passed over shaking tables and smelted on site. The remainder of the gold and pyrite was recovered by a flotation process. The concentrate was then thickened and trucked to the mill at the LaRonde mine where it was further treated by cyanidation. Gold recovered was consolidated with precious metals from the LaRonde and Lapa mines. The Company reached an average gold recovery of 93.38% in 2011, prior to the suspension of mining.

A new backfill plant is currently under construction at the surface. The plant will fill stope in the M and E Zones. The tailing thickener underflow will feed the backfill plant and two disk filters will increase the density before the continuous mixer. Cement will be added at a ratio of 6% and then sent to the underground mine with a positive displacement pump. The capacity of the paste production is expected to be 5,500 tonnes per day.

Following the metallurgical tests that have been performed on the M and E Zones, the results show no significant change on the performance obtained. The only factor that will influence the flotation circuit is the cement present in the backfill stope that will be sloping with the ore as dilution. This will require a pH control (using sulphuric acid), a chemicals reservoir and pumps to be added to the mill.

In addition, surface facilities at the Goldex property 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.

Mineral Recoveries

Prior to the suspension of mining operations on October 19, 2011, the Goldex mill processed approximately 2.48 million tonnes of ore, averaging approximately 8,173 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 2011.

	Head Grades	Gravity Recovery	Flotation-Cyanidation Recovery	Global Recovery	Payable Production
Gold	1.82 g/t	67.76%	25.63%	93.38%	135,478 oz

The Company expects that approximately 5,100 tonnes of ore per day will be mined at the M and E Zones.

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 were built at the Goldex mine site. In June 2009, the permits were revised to allow the expansion of the mine and mill operations to 8,500 tonnes per day. In June 2012, environmental permits were received for the construction and operation of a paste backfill plant in connection with the development of the M and E Zones.

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 built a separate tailings deposit area (auxiliary tailings pond) near the Goldex mine. Environmental permits for the construction and operation of the auxiliary tailings pond were received in March 2007. In 2011, 237,615 tonnes of Goldex tailings were discharged to the auxiliary pond for a total to date of 764,077 tonnes. At the Manitou site, 2.20 million tonnes of Goldex tailings were discharged for a total to date of 8.095 million tonnes. In 2012, no tailings were sent to the auxiliary tailings pond or to the Manitou tailings site.

A new dyke was built in the summer of 2011 in the auxiliary tailings pond to create a second polishing basin to reduce total suspended solids in the discharged water during spring time. Construction of this dyke was necessary following a notice of infraction received in 2011 from the Quebec Ministry of Environment for exceeding of the permitted total suspended solids.

Following suspension of mining operations at the Goldex property, the mine closure costs were revised to account for the change in conditions at the site. The estimated total for the closure costs of the Goldex mine is approximately $51.4 million, comprised of the following: $1.2 million for demolition, $1 million for engineering, $0.45 million for site preliminary works, $5.4 million for mining site rehabilitation (primarily for backfilling of the zone with high subsidence), $23.2 million for rock grouting and soil improvement, $0.26 million for revegetation of the site, $0.06 million to rehabilitate the sedimentation pond, $0.2 million to rehabilitate the waste rock pile, $1.03 million to rehabilitate the South Tailings basin area, $0.7 million for geotechnical and environmental monitoring, $17.6 million for property purchases and $0.3 million for Baie-Dorée road rehabilitation. In addition, a separate provision of approximately $4.6 million exists for the remaining participation of the Company in the rehabilitation of the Manitou site. In 2011 and 2012, the Company spent $7.7 million and $21.5 million, respectively, on mine closure costs at Goldex.

Capital Expenditures

As a result of the Goldex mine closure, from January to mid-October 2012, Goldex was considered an exploration project and, accordingly, none of the expenses incurred at Goldex were capitalized. A feasibility study for the M and E Zones was completed in mid-October 2012, which demonstrated the potential for a new mining project at the M and E Zones.

Accordingly, from mid-October until the end of 2012, all expenses were capitalized at Goldex. Total expenditures at Goldex in 2012 were $26.7 million for development of the M and E Zones and $14.3 million for remediation.

Capital expenditures of $70 million have been approved to further develop the M Zone and the E Zone in 2013. This amount includes $21 million for the paste plant and $5 million for new mining equipment and infrastructure refurbishing. The sustaining capital for the life of mine is approximately $26 million.

Development

During 2011, approximately 4,256 metres of lateral and vertical development were completed at a cost of $15.3 million, including development following the suspension of mining operations on October 19, 2011. At the present time, development work continues underground on the M Zone, and exploration continues with diamond drilling. In 2012, 4,534 metres of development were completed at a total cost of $23.7 million to develop the M Zone and the E Zone and for exploration of the D Zone.

Development work continues underground on the M and E Zones. A total of 4,800 metres of development at a cost of approximately $23 million is planned for both zones in 2013. In 2014, 4,320 metres will be required to complete the development of the M and E Zones.

Geology, Mineralization and Exploration

Geology

The Goldex property 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 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.

In 2012, exploration efforts at Goldex were focused on the M Zone, E Zone and D Zone. These zones are defined by quartz tourmaline veins and gold assays are similar to the GEZ. The M Zone has been defined as having a length of 160 metres, a height of 120 metres and a thickness of 115 metres. The E Zone is adjacent to the eastern end of the GEZ, and has a length of 150 metres, a height of 150 metres and a thickness of 100 metres. The D Zone is approximately 150 metres below the GEZ and close to 1,500 metres below the surface. It appears to have an approximate length of 500 metres.

Mineralization

Gold mineralization at Goldex corresponds to the quartz-tourmaline vein deposit type. The Goldex gold-bearing quartz-tourmaline-pyrite veins and veinlets have strong structural control. The most significant structure directly related to mineralization is a discrete shear zone, the Goldex Mylonite, that is up to five metres wide and occurs within the Goldex Granodiorite, just south of the GEZ and north of the M Zone. 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 and the M and E Zones 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 and the M and E Zones; 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

Three different zones in the Goldex granodiorite intrusive were drilled in 2012. The main exploration focus was the D Zone, with 41.9 kilometres of drilling (representing approximately 60% of total drilling). 12.7 kilometres (18%) were drilled in the satellite zones above the M Zone and 15.5 kilometres (22%) were drilled in the E Zone sector to the east of the GEZ.

In 2012, $14.1 million was spent on exploration at Goldex. A total of 202 holes were drilled using diamond drilling methods for a total length of approximately 70.1 kilometres, compared to 107 holes for a total length of approximately 47 kilometres in 2011. Expenses in 2012 included the extension of the exploration ramp to level 95 and general costs for underground activities (such as electricity and pumping expenses) amounting to approximately $5 million and a study of the D Zone at a cost of $0.32 million.

The 2013 exploration program is budgeted to include 21.6 kilometres of diamond drilling at a cost of $3.5 million. The primary target is the upper portion of the D Zone, where 17 kilometres of drilling is planned. An additional 4.6 kilometres of drilling is planned for the satellites zones above the M Zone (M2-M5) and the S Zone. In 2013, a geo-mechanical study relating to mineralized zones is also planned at an expected cost of $0.5 million. Accordingly, the aggregate cost of the 2013 exploration program is expected to be $4 million.

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, 2012, the Kittila mine was estimated to contain proven and probable mineral reserves of 4.8 million ounces of gold comprised of 33.1 million tonnes of ore grading 4.49 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 (licence area of 845 hectares and licence extension application area of 288 hectares) and 236 tenements covering approximately 21,212 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, the Suurikuusikko East area and the Kittila mining licence centred at 25.4110 degrees longitude east and 67.9683 degrees latitude north.

The boundary of the mining licence is determined by ground-surveyed points whereas the boundaries of the other tenements are not required to be surveyed. All of the tenements in the Kittila mine are registered in the name of Agnico-Eagle Finland Oy, an indirect, wholly-owned subsidiary of the Company. According to the Finnish government's land tenure records, all tenements are in good standing. The expiry dates of the tenements vary from June 2013 to August 2017. Tenements are initially valid for four years, provided exploration work in the area is reported annually and a small annual fee is paid to maintain title; extensions for titles can be granted for 11 additional years on payment of a slightly higher fee and active exploration in the area. Agnico-Eagle Finland Oy also holds the mining licence in respect of the Kittila mine. The mine is subject to a 2.0% net smelter return royalty payable to the Republic of Finland.

The Kittila mine area is sparsely populated and is situated between 200 and 245 metres above sea level. The topography is characterized by low rolling forested hills separated by marshes, lakes and interconnected rivers. The gold deposit is situated on an area of land that has no special use at present and there is sufficient land available for tailings facilities. Water requirements for the Kittila mine are sourced from the nearby Seurujoki River, recirculation of water from pit

dewatering and tailings pond water. The Kittila region is located within the South-West Lapland zone of the northern boreal vegetation zone characterized by spruce forests, marshes and bogs.

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

Location Map of the Kittila Mine (as at December 31, 2012)

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. Mining at Kittila started initially as open pit mining. This open pit mining was completed in November 2011 and all mining is currently carried out from the underground via ramp access. The initial underground stope was mined in early 2010. Ore is processed in a 3,000-tonne per day surface processing plant that was commissioned in late 2008. Limited gold concentrate production started in September 2008 and gold dore bar production commenced in January 2009. During 2010, throughput at the Kittila mine occurred at design levels and gold recoveries continued to improve. The Kittila mine is anticipated to produce approximately 173,708 ounces of gold in 2013 at

estimated total cash costs per ounce of approximately $565. Over the period of 2013 to 2043, total annual average gold production of approximately 141,442 ounces is anticipated. A scoping study is underway to assess the feasibility of significantly increasing the annual gold production.

Mining and Milling Facilities

Surface Plan of the Kittila Mine (as at December 31, 2012)

The orebodies at Kittila were 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 2012, a total of 3.9 million

tonnes of ore have been processed, including ore both from the open pits and underground, 0.46 million tonnes of ore are currently stockpiled and 33.1 million tonnes of waste rock have been excavated. Work on the ramp and other work to access the reserves underground continued throughout 2012. Total underground (lateral and vertical) development at the end of 2012 is approximately 29,000 metres. Underground mining commenced in the fourth quarter of 2010 and, at the end of 2012, a total of 0.93 million tonnes of ore has been mined from the underground portion of the mine.

Mining Methods

At the Kittila mine, the Suurikuusikko and the Rouravaara orebodies are currently mined by underground mining methods and access to the underground mine is via ramp. Approximately 3,000 tonnes of ore per day are fed to the concentrator. The underground mining method is open stoping with delayed backfill. Stopes are between 25 and 40 metres high and yield approximately 10,000 tonnes of ore per stope. To ensure sufficient ore production is available to supply the mill, over 6,000 metres of tunnels will be developed each year. After extraction, stopes are filled with paste backfill or cemented backfill to enable the safe extraction of ore in adjacent stopes. Ore will be trucked to the surface crusher via the ramp access system.

Surface mining finished in 2012; mining stopped at the Rouvaara open pit in April 2012 and mining at the Suurikuusikko pit was completed in early November.

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 paste backfill 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 CIL circuits. Gold is recovered from the carbon in a Zadra elution circuit and is recovered from the solution using electrowinning and then poured into dore bars using an electric induction furnace.

Mineral Recoveries

In 2012, the Kittila mill processed 1,090,365 million tonnes of ore with an availability of 86% for an average throughput of 2,996 tonnes per day.

The following table sets out the gold production at the Kittila mine in 2012:

	Head Grade	**Overall Metal Recovery**	**Payable Production**
Gold	5.68 g/t	88.3%	175,878 oz

Ore processing at Kittila consists of two stages. In the first stage, ore is enriched by flotation and in the second stage the gold is extracted by pressure oxidation and cyanide-in-leach processes. Flotation recoveries were very stable and continued to improve during 2012. They averaged 94.8% during the year.

Recoveries in the second stage of the process were also very stable and good in 2012, averaging 93.2% over the year. Modifications done in 2012 inside the autoclave resulted in better oxygen distribution and sludge flow resulting in improved recoveries. Test work will continue in 2012 to try to further improve the control of the process.

Environmental Matters

The Company currently holds a mining licence, an environmental permit and operational permits in respect of the Kittila mine. All permits necessary to begin production were received during 2008.

The construction of the first phase of the tailings dam and waterproof bottom layer was completed in the fall of 2008. This first phase is sufficient to hold tailings from three years of production. Work began on the second phase in 2009 and continues according to plans and permit requirements. Water from dewatering the mine and water used in the mine and

mill is collected and treated by sedimentation. Emissions and environmental impact are monitored in accordance with the comprehensive monitoring program that has been approved by the Finnish environmental authorities. Work on enhancing the scrubbing of mill gases initiated in 2012 was postponed to 2014 due to reviews by authorities of the permit levels. There are no material environmental liabilities related to the Kittila mine.

Capital Expenditures

Capital expenditures at the Kittila mine during 2012 totaled approximately 59.9 million, which included paste backfill plant construction, mill modification, underground development, exploration and conversion drilling costs within the mining licence area and sustaining capital costs. The Company expects capital expenditures at the Kittila mine to be approximately $49 million in 2013, most of which will be used for mining equipment, development and construction of underground infrastructure and exploration and conversion drilling on the mining licence area.

Development

Open pit mining was completed at the Roura pit in April 2012 and at the Suurikuusikko pit in November 2012. A total of 492,178 tonnes of ore were mined from the Suurikuusikko pit and 86,130 tonnes of ore were mined from the Roura pit in 2012.

In 2012, underground development continued in both the Suurikuusikko and Rouravaara zones. 7,518 metres of ramp and sublevel access development was completed during the year. A total of 118,000 tonnes of ore from development and 523,000 tonnes of stope ore were mined in 2012. The Company expects to complete 8,223 metres of lateral development and 635 metres of vertical development during 2013.

Geology, Mineralization and Exploration

Geology

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

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

Mineralization

The Porkonen Formation hosts the Kittila gold deposit, which contains multiple mineralized zones stretching over a strike length of more than 25 kilometres. Most of the work has been focused on the 4.5-kilometre stretch that hosts the known gold reserves and resources. From north to south, the zones are Rimminvuoma ("Rimpi-S"), the deep extension of Rimminvuoma ("Rimpi Deep"), North Rouravaara ("Roura-N"), Central Rouravaara ("Roura-C"), depth extension of Rouravaara and Suurikuusikko ("Suuri/Roura Deep"), Suurikuusikko ("Suuri"), Etela and Ketola. The Suuri and Suuri/Roura Deep zones include several parallel sub-zones that have previously been referred to as Main East, Main Central and Main West. The Suuri zone hosts approximately 26% of the current probable gold reserve estimate on a contained-gold basis, while Suuri Deep has approximately 19%, Roura-C approximately 7%, Roura Deep approximately 22%, Roura-N approximately 1%, Rimpi Deep approximately 19%, Rimpi-S approximately 5%, Ketola approximately 1% and Etela approximately 0.2%.

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

Exploration

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

Diamond drilling is used for exploration on the Kittila property. Most of the work on the mining licence area has focused on the Suuri and Roura zones. As of December 31, 2012, a total of 2,625 drill holes, totalling 762,554 metres, have been completed on the property. In 2012, between three and eight drill machines worked on the Kittila property: one to two drills on underground infill drilling; two to six drills on mine exploration; and one to two drills on resource-to-reserve conversion drilling. A total of 330 drill holes were completed for a length of 70,897 metres. Of these drill holes, 232 (21,040 metres) were for definition drilling, 37 (7,959 metres) were for conversion drilling and 61 (41,898 metres) were related to mine exploration. Total expenditures for diamond drilling in 2012 were $16.2 million, including $2.8 million for definition and delineation drilling

In 2012, proven and probable gold reserves decreased by 0.4 million ounces to 4.8 million ounces (33.1 million tonnes of ore grading 4.49 grams per tonne). This decrease was primarily due to a combination of the introduction of more stringent criteria for determining the cut-off, a more conservative stope-design and production planning process and higher operating costs. The Rimpi Deep zone was the only zone where reserves increased (+0.9 million ounces) as a result of exploration drilling. Indicated mineral resources decreased by 5.1 million tonnes to 7.9 million tonnes of ore grading 2.65 grams per tonne. Inferred mineral resources increased by 11.0 million tonnes to 19.0 million tonnes of ore grading 3.88 grams per tonne.

A successful deep drilling program in 2012 at the Rimpi Deep zone, which is located immediately below the Rimpi-S zone, has converted a large amount of inferred resources into probable reserves in this area. The gold mineralization in Rimpi Deep is still open at depth and to the north.

A resource-to-reserve conversion drilling campaign was carried out at Suuri, Roura and Rimpi-S in 2012, which did not increase reserves significantly.

Outside of the Kittila mining licence area, systematic diamond drilling and target focused ground geophysics continued along the Suurikuusikko Trend, and a number of new targets were tested by diamond drilling. Encouraging results were obtained from new gold zones in the Kuotko West area located approximately 10 kilometres north of the Kittila mine site. A total of 44 diamond drill holes totalling 15,436 metres were drilled on exploration targets outside of the mining licence area in 2012.

The 2013 exploration budget for the Kittila mine is approximately $7.4 million ($6.2 million for minesite exploration and $1.2 million for resource-to-reserve conversion) and includes over 24,600 metres in diamond drilling (16,200 metres for minesite exploration and 8,400 metres for resource-to-reserve conversion), using up to four drills throughout the year to help further identify the gold reserve and resource potential of the Kittila property.

In addition, $2.6 million of exploration expenditures, including an estimated 11,000 metres of diamond drilling, is planned for exploration along the 25-kilometre Suurikuusikko Trend in 2013.

Pinos Altos Mine

The Pinos Altos mine achieved commercial production in November 2009. It is located on an 11,000-hectare property in the Sierra Madre gold belt, 285 kilometres west of the City of Chihuahua in the State of Chihuahua in northern Mexico. At December 31, 2012, the Pinos Altos mine, including the Creston Mascota deposit, was estimated to contain proven and probable mineral reserves of 2.7 million ounces of gold and 74.4 million ounces of silver comprised of 38.1 million tonnes of ore grading 2.21 grams of gold per tonne and 60.71 grams of silver per tonne. The Pinos Altos property is made up of two blocks: the Agnico Eagle Mexico Concessions (22 concessions, 26,810.2 hectares), and the Pinos Altos Concessions (18 concessions, 5,053.1 hectares).

Location Map of the Pinos Altos Mine (as at December 31, 2012)

Approximately 74% of the current Pinos Altos mineral reserves and resources are subject to a net smelter royalty of 3.5% payable to Pinos Altos Explotación y Exploración S.A. de C.V. ("PAEyE") and the remaining 26% of the current mineral reserves and resources at Pinos Altos are subject to a 2.5% net smelter return royalty payable to the Consejo de Recursos Minerales, a Mexican Federal Government agency. After 2029, this portion of the property will also be subject to a 3.5% net smelter return royalty payable to PAEyE.

The assets acquired by the Company from PAEyE in 2006 included the right to use up to 400 hectares of land for mining installations for a period of 20 years after formal mining operations have been initiated. The Company also obtained sole ownership of the Agnico Eagle Mexico Concessions previously owned by Compania Minera La Parreña S.A. de C.V. During 2008, the Company and PAEyE entered into an agreement under which the Company acquired further surface rights for open pit mining operations and additional facilities. Infrastructure payments, surface rights payments and advance royalty payments totalling $35.5 million were made to PAEyE in 2009 as a result of this agreement.

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

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The Pinos Altos mine is directly accessible by a paved interstate highway that links the cities of Chihuahua and Hermosillo and is connected to a state power grid that is within ten kilometres of the Pinos Altos property. The Company anticipates existing and planned underground mine workings will intercept water resources sufficient to sustain the requirements for future operation. The land position is sufficient for construction of all planned surface, infrastructure and mining facilities at the Pinos Altos mine, including its tailings impoundment area. The Company further believes that a sufficient local and trained workforce is available in northern Mexico to continue to support the operation of the mine.

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

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

Combined production from the Pinos Altos mine and the nearby Creston Mascota deposit was 234,837 payable ounces of gold and 2,312,013 payable ounces of silver in 2012 at total cash costs per ounce of gold of $286. In 2013, combined gold production from the Pinos Altos mine and the Creston Mascota deposit is expected to be approximately 191,000 ounces and silver production is expected to be approximately 2,263,841 ounces. Total cash costs per ounce of gold are forecast at approximately $300. Under the current mine plan, from 2013 to 2029, combined gold production from the Pinos Altos mine, including the Creston Mascota deposit, is expected to average approximately 154,000 ounces of gold per year.

Based on a feasibility study prepared in 2009, the Company decided to build a stand-alone heap leach operation at the satellite open pit Creston Mascota deposit. Creston Mascota is expected to produce approximately 51,489 ounces of gold per year during the next five years (2013-2017). Capital costs in connection with the project were approximately $65 million. The first gold pour from the Creston Mascota deposit occurred on December 28, 2010 and commercial production from the Creston Mascota deposit was achieved in the first quarter of 2011. On September 30, 2012, a movement of ore material was detected on the lower levels of the Creston Mascota leach pad (Phase 1). As a result of this movement, leaching operations were temporarily suspended at Creston Mascota until the upper level of the leach pad (Phase 2) could be prepared as an isolated containment area. These modifications are expected to be completed in early 2013 and resumption of leaching operations is expected during the second quarter of 2013. The Company continues to evaluate opportunities to develop other mineral resources that have been identified in the Pinos Altos area as satellite operations.

The Company has engaged the local communities in the project area with hiring, local contracts, education support and medical support programs to ensure that the project provides long-term benefits to the residents living and working in the region. Approximately 70% of the operating workforce at Pinos Altos are locally hired and 100% of the permanent workforce at the Company operations in Mexico are Mexican nationals.

Mining and Milling Facilities

Surface Plan of the Pinos Altos Mine (as at December 31, 2012)

Surface Plan of the Creston Mascota Deposit (as at December 31, 2012)

Milling operations during 2012 at Pinos Altos averaged 5,020 tonnes processed per day as compared to the design expectation of 4,000 tonnes per day. The underground mine at Pinos Altos produced an average 3,193 tonnes of ore per day as compared to the design expectation of 3,000 tonnes per day. The open pit mines at Pinos Altos and the Creston Mascota deposit produced 23,465,263 tonnes of ore, overburden and waste in 2012, which met the expectation of the mine plan for the year.

Mining Methods

The surface operations at the Pinos Altos mine use traditional open pit mining techniques with bench heights of seven metres and double benches on the footwall and single benching on the hanging wall. Mining is accomplished with front end loaders, trucks, track drills and various support equipment. Based upon geotechnical evaluations, the final pit slopes will vary between 45 degrees and 50 degrees. Performance at the open pit mining operation at Pinos Altos during 2012 continues to indicate that the equipment, mining methods and personnel selected for the project are satisfactory for future production phases. 16,007,364 tonnes of ore, overburden and waste were mined during 2012, exceeding the expected production for the year by 2%.

The underground mine, which commenced operations in the second quarter of 2010, uses the long hole sublevel stoping method to extract the ore. The Company has considerable expertise with this mining method, having used the same method at the LaRonde mine in Quebec. This method has also been used at various other Mexican mining operations. The stope height is planned at 30 metres and the stope width at 15 metres. Ore is hauled to the surface utilizing underground trucks via a ramp system. The paste backfill system and ventilation system were commissioned in the fourth quarter of

2010 and are now fully operational. During 2012, approximately 1,155,200 tonnes of ore were produced from the underground portion of the mine, averaging 3,164 tonnes per day. Currently, the full capacity of the underground mine is 3,000 tonnes of ore per day. However, construction of a shaft hoisting facility to increase the mining capacity to 4,500 tonnes of ore per day was initiated in 2012, with completion of this project expected in 2016. The shaft hoisting capacity will reduce the number of underground trucks required and will continue to maintain mill feed rates at 4,500 tonnes per day in future years as the open pit mines at Pinos Altos become depleted. Approximately 30 kilometres of total lateral development have been completed as of December 31, 2012.

Surface Facilities

The principal mineral processing facilities at the Pinos Altos mine are designed to process 4,000 tonnes of ore per day in a conventional process plant circuit which includes single stage crushing, grinding in a SAG and ball mill in closed loop, gravity separation followed by agitated leaching, counter current decantation and metals recovery in the Merrill-Crowe process. Tailings are detoxified and filtered and then used for paste backfill in the underground mine or deposited as dry tailings in an engineered tailings impoundment area. The Pinos Altos mill processed an average of 5,033 tonnes of ore per day during 2012. Low grade ore at Pinos Altos is processed in a heap leach system designed to accommodate approximately five million tonnes of mineralized material over the life of the project. The production from heap leach operations is expected to be relatively minor, contributing about 5% of total metal production planned for the life of the mine.

As noted above, a separate heap leach operation and ancillary support facilities were built at the Creston Mascota deposit, which is designed to process approximately 4,000 tonnes of ore per day in a three stage crushing, agglomeration and heap leach circuit with carbon adsorption. This project began commissioning in the latter part of 2010, with commercial production achieved in the first quarter of 2011. During 2012, a total of 1,397,599 tonnes of ore were produced at the Creston Mascota deposit, averaging 3,819 tonnes per day. Based on early performance of the mine and process facilities at the Creston Mascota deposit, the equipment, mining methods and personnel are satisfactory for completion of the planned production phases. The Creston Mascota deposit is expected to produce approximately 53,000 ounces of gold per year during the six-year remaining projected mine life (2013-2018).

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

Over the life of the mine, recoveries of gold and silver in the milling circuit at Pinos Altos (other than from the Creston Mascota deposit) are expected to average approximately 93% and 48%, respectively. The Company anticipates precious metals recovery from low grade ore processed in the Pinos Altos heap leach facility will average about 68% for gold and 12% for silver. Heap leach recoveries for Creston Mascota ore are expected to average 71% for gold and 16% for silver.

Mineral Recoveries

During 2012, the Pinos Altos mill processed 1,837,333 tonnes of ore, averaging approximately 5,020 tonnes of ore treated per day and operating at approximately 90.6% of available time. The following table sets out the metal recoveries at the Pinos Altos mill in 2012.

	Head Grade	Overall Metal Recovery	Payable Production
Gold	2.974 g/t	94.0%	165,056 oz
Silver	82.29 g/t	44.0%	2,124,334 oz

An additional 1,024,976 tonnes of ore were processed and placed on the heap leach pad at Pinos Altos in 2012, with an average grade of 0.74 grams of gold per tonne and 24.8 grams of silver per tonne. Cumulative metals recovery on the heap leach pad at Pinos Altos are 64.14% gold and 11.99% silver. Heap leach recovery is following the expected cumulative recovery curve and it is anticipated that the ultimate recovery of 68% for gold and 12% for silver will be achieved when leaching is completed.

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An additional 1,532,364 tonnes of ore were processed and placed on the heap leach pad at the Creston Mascota deposit in 2012, with an average grade of 1.74 grams of gold per tonne and 14.77 grams of silver per tonne. Cumulative metals recovery on the heap leach pad at the Creston Mascota deposit are 54% gold and 7.61% silver. Heap leach recovery is following the expected cumulative recovery curve and it is anticipated that the ultimate recovery of 71% for gold and 16% for silver will be achieved when leaching is completed.

Total metal production (from mill and heap leach) at Pinos Altos, including the Creston Mascota deposit, during 2012 was 234,837 payable ounces of gold and 2,312,013 payable ounces of silver.

Environmental Matters

The Pinos Altos mine has received the necessary permit authorizations for construction and operation of a mine, including a Change of Land Use permit and an Environmental Impact Study approval from the Mexican environmental agency ("SEMARNAT"). As of December 31, 2012, all permits necessary for the operation of the Pinos Altos mine, including the operations at the Creston Mascota deposit, had been received. Pinos Altos uses the dry stack tailings technology to minimize the geotechnical and environmental risk that can be associated with the rainfall intensities and topographic relief in the Sierra Madre region of Mexico. All of the Mexican environmental regulatory requirements are expected to be met or exceeded by the Pinos Altos mine (including operations at the Creston Mascota deposit). Operations at Pinos Altos and the Creston Mascota deposit were deemed to qualify for the "Industria Limpia" (clean industry) designation by SEMARNAT in 2012.

Capital Expenditures

Capital expenditures at the Pinos Altos mine during 2012 were approximately $25.2 million. Capital expenditures at the Creston Mascota deposit during 2012 were approximately $2.0 million.

The Company expects sustaining and deferred capital expenditures at Pinos Altos to be approximately $62 million in 2013 with average sustaining and deferred capital of approximately $18 million per year for a projected mine life of approximately 17 years. Approximately $13 million in development capital is forecast at the Creston Mascota deposit in 2013, with sustaining capital expenditures of $5.4 million during its remaining six-year mine life.

Development

As of December 31, 2012, for the mine life to date, more than 92.7 million tonnes of ore, overburden and waste had been removed from the open pit mine at Pinos Altos and more than 30 kilometres of lateral development had been completed in the underground mine. At the Creston Mascota deposit, approximately 18.0 million tonnes of ore, overburden, and waste had been removed from the open pit mine as of December 31, 2012.

Geology, Mineralization and Exploration

Geology

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

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

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

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

Mineralization

Gold and silver mineralization at the Pinos Altos mine consists of low sulphidation epithermal type hydrothermal veins and breccias. The Santo Nino structure outcrops over a distance of roughly six kilometres. It strikes at 060 degrees azimuth on its eastern portion and turns to strike roughly 090 degrees azimuth on its western fringe. The structure dips at 70 degrees towards the south. The four mineralized sectors hosted by the Santo Nino structure consist of discontinuous quartz rich lenses named from east to west: El Apache, Oberon de Weber, Santo Nino and Cerro Colorado.

The El Apache lens is the most weakly mineralized. The area hosts a weakly developed white quartz dominated breccia. Gold values are low and erratic over its roughly 750 metre strike length. Past drilling suggests that this zone is of limited extent at depth.

The Oberon de Weber lens has been followed on surface and by diamond drilling over an extent of roughly 500 metres. Shallow holes drilled by the Company show good continuity both in grade and thickness over roughly 550 metres. From previous drilling done by Penoles, continuity at depth appears to be erratic with a weakly defined western rake.

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

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

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

Several other promising zones are associated with the horst feature in the northwest part of the property. The Creston Mascota deposit is 7 kilometres northwest of the Santo Nino deposit, and is similar, but dips shallowly to the west. The Creston Mascota deposit is about 1,000 metres long and 4 to 40 metres wide, and extends from surface to more than 200 metres depth. Ore production from the Creston Mascota deposit began in July 2010, with the first gold poured in December 2010 and commercial productions commencing in February 2011.

Exploration

In 2012, minesite exploration activities were primarily focused on definition and delineation of the resources at Santo Nino, Oberon de Weber, San Eligio and Creston Mascota. A total of 25.9 kilometres of minesite exploration drilling, 17.9 kilometres of definition drilling and 8 kilometres of delineation drilling were completed during the year. Regional exploration in 2012 focused on the Penasco Blanco, Veta Escalon, Veta Colorada and Veta Flor prospects. Diamond drilling consisted of 5.7 kilometres. More than 23,800 core samples and 5,220 rock samples were sent to a certified laboratory and assayed mainly for gold and silver.

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

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

Other identified mineral resources in the Pinos Altos region include the Bravo and Carola zones adjacent to the Creston Mascota deposit and the Reyna de la Plata prospect further to the east. Exploration efforts will be allocated to these zones as the development continues at Pinos Altos and the Creston Mascota deposit.

In 2013, the Company expects to spend approximately $6.5 million on exploration at the Pinos Altos mine, including $3.5 million on 14,000 metres of conversion drilling and $3.0 million on 12,000 metres of exploration drilling.

La India Mine Project

Construction began at La India in September 2012 and commercial production is anticipated for the second quarter of 2014, three months ahead of the original plan. On average, the La India mine is expected to produce approximately 90,000 ounces of gold annually at total cash costs per ounce of approximately $500 over a mine life of approximately nine years. At December 31, 2012, the La India mine was estimated to contain proven and probable mineral reserves of 0.8 million ounces of gold comprised of 33.5 million tonnes of ore grading 0.72 grams per tonne.

The La India property consists of 43 mining concessions totalling approximately 56,000 hectares in the Mulatos Gold Belt. The La India mine project includes the Tarachi deposit and several other prospective targets in the belt. At Tarachi, indicated resources are 34.5 million tonnes grading 0.41 grams of gold per tonne and inferred resources are 72.0 million tonnes grading 0.38 grams of gold per tonne. A metallurgical testing program on Tarachi composite samples has been initiated.

Location Map of the La India Mine Project (as at December 31, 2012)

The Mulatos Gold Belt is part of the Sierra Madre gold and silver belt that also hosts the operating Mulatos gold mine immediately southeast of the La India property and the Pinos Altos mine and the Creston Mascota deposit 70 kilometres to the southeast.

The La India mine project is located in the municipality of Sahuaripa, southeastern Sonora State, between the small rural towns of Tarachi and Matarachi, which offer basic infrastructure in the form of roads, rural telephone service, small grocery stores and unpaved air strips. More services are available in the town of Sahuaripa located 60 kilometres by gravel road (approximately 2.5 hours) northwest of the La India mine project. The population of the district is estimated to be a few thousand, with most of the inhabitants involved in cattle ranching, farming, forestry and mining and exploration. An adequate supply of labour for mining operations can be drawn from the region. Trained exploration personnel for the La India mine project are mainly sourced from northern Mexico including Hermosillo, Sonora.

The closest major city with an international airport is Hermosillo, the capital of Sonora, located 210 kilometres west-northwest of the La India mine project. Road travel from Hermosillo to the site takes approximately seven hours. Alternatively, the project can be accessed by small aircraft. The Company anticipates that the power supply at the La India project will be provided by diesel generators.

The Company acquired the La India property in November 2011 as part of its acquisition of Grayd. Grayd had explored the property since 2004 and had prepared a preliminary economic assessment of the La India project in December 2010 based on a June 2010 NI 43-101-compliant resource estimate.

Infill drilling at La India from November 2011 to May 2012 allowed the Company to confirm and expand the mineral resources reported in the December 2010 preliminary economic assessment. On August 31, 2012, the Company completed a feasibility study for the construction of a multi-pit mine and heap leach operation on the La India deposit.

Engineering studies and operating and capital cost estimates were developed to exploit only the oxide mineralization at La India; there is no plan to mine sulphide minerals. Metallurgical test results indicate an overall gold recovery of 80%. Total cash costs are expected to be $497 per ounce of gold produced net of by-product silver credits. The pre-production capital cost is estimated at $157.6 million and the life of mine capital cost is expected to total $183.4 million.

As of December 31, 2012, the environmental permits required for construction of the mine had been obtained and the following advances had been achieved:

- construction camp was completed and contractors began construction of the sites for the crusher, leach pad/pond facilities, process plant, truck shop, warehouse, office and permanent camp facilities;
- surface water rights were obtained to enable project water requirements to be secured through the construction of rain catchment ponds close to the project;
- permission was obtained to use the airstrip in the town of Tarachi (20 kilometres from the project site) to improve access to the project; and
- the initial ramp-up of operating personnel and equipment.

The climate at La India is semi-arid with seasonal temperatures ranging from 35 degrees celsius to 2 degrees celsius, and torrential rainfall from July to September. Exploration activities may be conducted year-round.

At the Tarachi deposit, the surface rights in the project area are owned by the Matarachi Ejido (agrarian community) and private parties. All measured, indicated and inferred project resources lie within privately owned or ejido possessed land. Surface access lease agreements have been executed with the property owners or possessors for all identified target areas. The existing agreements permit exploration activities only; if mining activity is contemplated in this exploration area the Company will require further negotiations to acquire the surface rights needed for project development.

Mining and Milling Facilities

Mining Methods

Operations at the La India mine will use traditional open pit mining techniques with bench heights of six metres with front end loaders, trucks, track drills and various support equipment. Based upon geotechnical evaluations, the final pit slopes will vary between 45 degrees and 50 degrees.

Surface Facilities

Current facilities at the La India mine project include an exploration camp and a construction camp. The power for the camps is supplied by diesel generators and water is supplied by a local spring and septic discharges are managed in their respective leach fields. Non-organic waste from the camp is disposed in the Matarachi Ejido landfill.

Construction of the mine began September 2012 and commercial production is expected the second quarter of 2014. The following surface plan details the ultimate mine layout showing ultimate pits and waste rock dump locations, roads, the leach pad and other infrastructure.

Surface Plan of the La India Mine Project (as at December 31, 2012)

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Surface facilities at the La India mine project include: a three-stage ore crushing facility; a 50 million tonne capacity lined heap leach pad with process ponds and pumping system; a carbon adsorption plant; a laboratory; a process plant shop; a mining equipment maintenance shop; a generated power station; surface power transmission lines and substations; a warehouse; administrative support offices; and camp facilities.

Environmental Matters

Baseline environmental information has been collected at the La India mine project since late 2008. This information includes surface water sampling, archeological assessment and soil, fauna and flora assessments.

The La India mine project is not located in an area with a special federal environmental protection designation. Both the Manifesto de Impacto Ambiental (an environmental impact statement) and Cambio de Uso de Suelo (a land use change permit) required for project development were granted by the authorities in 2012 once all the prerequisites were provided by the Company.

Some historic mining has been observed in the area but the remaining waste dumps and tailings are small and are not considered to present significant environmental issues.

Capital Expenditures

Pre-production capital cost at La India is estimated at $157.6 million and the life of mine capital cost is expected to amount to $183.4 million. Capital expenditures at the La India mine project during 2012 were approximately $39.2 million and the Company expects capital expenditures to be approximately $92 million in 2013.

Development

Mining at La India is scheduled to begin in late 2013 and early 2014 to achieve commercial production in the second quarter of 2014.

Agreements & Licences

The mining concessions for the La India mine project and Tarachi are controlled by the Company by means of direct ownership and by 11 separate agreements whereby Agnico-Eagle can earn a 100% interest in certain concessions by making cash and share payments. Payment has been made in full for the claims that host most of the measured, indicated and inferred resources. Some concessions are subject to underlying net smelter royalties varying between 1% and 3%, some of which may be purchased by the Company which would result in net smelter royalties of up to 0.5% remaining.

For the Tarachi deposit, payments totalling $3.3 million and shares with value equivalent to $967,500 over an eight year period are required for the Company to earn a 100% interest in the relevant concessions. To date, $1 million has been paid toward these concessions. Some concessions are subject to underlying net smelter royalties varying between 1% and 3%, some of which may be purchased by the Company, which would result in net smelter royalties of up to 0.5% remaining.

The defined mineral reserve and resource and all lands required for infrastructure for the La India mine project are wholly-contained within three privately-held properties which Agnico-Eagle has acquired in order to permit exploration, construction and mine development activities.

At the Tarachi deposit, the surface rights in the project area are owned by the Matarachi Ejido and private parties. All measured, indicated and inferred project resources lie within privately owned or ejido possessed land. Surface access lease agreements have been executed with the property owners or possessors for all identified target areas. The existing agreements permit exploration activities only, further negotiation would be required for any future mine development at the Tarachi deposit.

Geology, Mineralization and Exploration

Geology and Mineralization

The La India mine project lies within the Sierra Madre Occidental ("SMO") province, an extensive Eocene to Miocene volcanic field from the United States-Mexico border to central Mexico. The La India mine project lies within the western limits of the SMO in an area dominated by outcrops of andesite and dacitic tuffs, overlain by rhyolites and rhyolitic tuffs that were affected by large-scale north-northwest-striking normal faults and intruded by granodiorite and diorite stocks. Incised fluvial canyons cut the uppermost strata and expose the Lower Series volcanic strata.

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The project area is predominantly underlain by a volcanic sequence comprised of andesitic and felsic extrusive volcanic strata with interbedded epiclastic volcaniclastic strata of similar composition. The mineral occurrences present in the project area, and the deposit type being sought, are volcanic-hosted epithermal, high-sulphidation gold-silver deposits. Such deposits may be present as veins and/or disseminated deposits. The La India mine project deposit area is one of several high-sulphidation epithermal mineralization centres recognized in the region.

Epithermal high-sulphidation mineralization at the La India mine project developed as a cluster of gold zones (Main and North) aligned north-south within a genetically related zone of hydrothermal alteration in excess of 20 square kilometres in area. Gold mineralization is confined to the Late Eocene rocks within zones of intermediate and advanced argillitic alteration originally containing sulphides, and subsequently oxidized by supergene processes. The North and Main zones are within two kilometres of each other.

Surface outcrop mapping and drill-hole data so far indicate that the gold system at the Tarachi deposit is likely best classified as a gold porphyry deposit.

Exploration

Gold was discovered at the Mulatos deposit by the Spanish colonials in 1806, but indigenous peoples likely exploited the native-gold-bearing oxidized zone of the deposit prior to this. Small underground mines and prospects are present throughout the La Cruz and La Viruela areas, where modern exploration was conducted by New Golden Sceptre Minerals Ltd. and New Goliath Minerals Ltd. (late 1980s), Noranda Inc. (early 1990s) and San Fernando Mining Co. Ltd. (from 1993).

Grayd began to actively explore the project in 2004, including geologic mapping, geochemical rock chip sampling, airborne and ground geophysical surveys, photogrammetric topographic mapping, diamond drilling, reverse circulation drilling, baseline environmental studies and metallurgical testing. Newmont Mining Corp. funded the work between July 2005 and July 2006 and then declined to continue, retaining no interest in the property. The Tarachi deposit, located approximately 10 kilometres north of the La India mine project on the same property, was discovered in 2010.

From 2004 through February 7, 2011, Grayd completed 129 diamond drill holes (13,834 metres) and 560 reverse circulation drill holes (49,552 metres) at the La India mine project. In 2011, 13 diamond drill holes (1,119 metres) and 30 reverse circulation drill holes (2,728 metres) were drilled at the La India mine project and 25 diamond drill holes (5,400 metres) and 67 reverse circulation drill holes (16,144 metres) were drilled at the Tarachi deposit.

The Company expects to spend approximately $2.0 million on exploration at the La India mine project in 2013, which will include drilling the underlying sulphide extensions and the Viruela and Cerro de Oro areas.

From the acquisition of Grayd in November 2011 until December 31, 2012, the Company completed 246 diamond drill holes (19,268 metres) and 108 reverse circulation drill holes (10,460 metres) at the La India mine project, and 42 diamond drill holes (11,190 metres) and 25 reverse circulation drill holes (7,170 metres) at the Tarachi deposit.

The Company expects to spend approximately $6.0 million on exploration at the Tarachi deposit in 2013.

Meadowbank Mine

The Meadowbank mine, which achieved commercial production in March 2010, is located in the Third Portage Lake area in the Kivalliq District of Nunavut in northern Canada, approximately 70 kilometres north of Baker Lake. At December 31, 2012, the Meadowbank mine was estimated to contain proven and probable mineral reserves of 2.3 million ounces of gold comprised of 25.3 million tonnes of ore grading 2.82 grams of gold per tonne. The Company acquired its 100% interest in the Meadowbank mine in 2007 as the result of the acquisition of Cumberland (see " History and Development of the Company").

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

Location Map of the Meadowbank Mine (as at December 31, 2012)

The Meadowbank mine is held under ten Crown mining leases, three exploration concessions and 40 Crown mineral claims. The Crown mining leases, which cover the Portage, Goose and Goose South deposits, are administered under federal legislation. The mining leases, which have renewable ten-year terms, have no annual work commitments but are subject to annual rent fees that vary according to their renewal date. The mining leases cover approximately 7,400 hectares and expire in either 2016 or 2019. The production lease with the KIA is a surface lease covering 1,354 hectares and requires payment of C$127,800 annually. Production from subsurface lease areas is subject to a royalty of up to 14% of the adjusted net profits, as defined in the Territorial Mining Regulations. In order to conduct exploration on the Inuit-owned lands at Meadowbank, the Company must receive approval for an annual work proposal from the KIA, the body that holds the surface rights in the Kivalliq District and administers land use in the region through various boards. The Nunavut Water Board (the "NWB"), one such board, provided the recommendation to Aboriginal Affairs and Northern Development Canada to grant the Meadowbank mine's construction and operating licences in July 2008. The Company has obtained all of the approvals and licences required to build and operate the Meadowbank mine.

The three Meadowbank exploration concessions comprise approximately 23,126 hectares and are granted by Nunavut Tunngavik Inc., the corporation responsible for administering subsurface mineral rights on Inuit-owned lands in Nunavut. Exploration concessions cover the Vault deposit at Meadowbank and in 2013 will require annual rental fees of approximately C$92,924 and exploration expenditures of approximately C$696,930. During the exploration phase, the concessions can be held for up to 20 years and the concessions can be converted into production leases with annual fees of C$1 per hectare, but no annual work commitments. Production from the concessions is subject to a 12% net profits interest royalty from which annual deductions are limited to 85% of the gross revenue.

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In 2012, the Company signed a production lease with Nunavut Tunngavik Inc. covering the extraction and processing of gold from the Vault deposit. This lease authorizes the Company to mine and process gold from the Vault deposit and sets in place royalty payments that are equivalent to those being paid by the Company at the Portage and Goose pits.

The 40 Crown mineral claims cover approximately 36,433 hectares at Meadowbank and are subject to land fees and work commitments. Land fees are payable only when work is filed. The most recent filing was in 2012, when approximately C$8,998 in land fees were paid and C$5,491,178 in assessment work was submitted.

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

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

The Meadowbank mine achieved commercial production in March 2010 and produced 366,030 ounces of gold in 2012 at total cash costs per ounce of $913. In 2013, total cash costs at Meadowbank are expected to be approximately $1,000 per ounce.

In 2013, payable gold production at Meadowbank is expected to be approximately 362,172 ounces. The expected mine life is up to 2018.

Mining and Milling Facilities

Surface Plan of the Meadowbank Mine (as at December 31, 2012)

Surface Plan of the Vault Deposit (as at December 31, 2012)

Meadowbank has three major deposits that have sufficient drilling definition to sustain reserves: Portage, Goose and Vault. By the end of 2009, all of the camp infrastructure (dormitories and kitchen), a mill, a service building shop and generator buildings were built. All required aggregates used in the mining process are produced from waste material taken from the north end of the Portage pit. In 2008, a dewatering dyke was constructed in order to access the north half of the Portage pit in preparation for production in 2010. Construction of the Bay-Goose dyke, a major dewatering dyke required to access the southern portion of the Portage and the Goose pits, commenced in the summer of 2009 and was completed in the spring of 2011. Three tailings impoundment dykes, Saddle Dam 1, Saddle Dam 2 and Stormwater Dykes, were built in 2009 and 2010. Also, the first phase of the main tailings impoundment dyke, Central Dyke, was started in 2012 and will be in construction for the duration of the mine life. The eight-kilometre long access road to the Vault pit was started in 2011 and completed in 2012.

Mining Methods

Mining at the Meadowbank mine is done by open pit with trucks and excavators. The ore is extracted conventionally using drilling and blasting, then hauled by trucks to a primary gyratory crusher adjacent to the mill. The marginal-grade material (material grading under the cut-off grade at

a gold price of $1,490 per ounce but which has the potential to increase the reserves at the end of the mine life if the metal prices justify its processing) is stockpiled separately. Also, low-grade material stockpiles (material that has been extracted but currently is lower than the mill feed grade) were created. This low-grade material is processed when the mining fronts cannot supply enough material to the mill. Waste rock is hauled to

one of two waste storages on the property, used for dyke construction or construction material or backfilled into the mined out area.

Mining first commenced in the Portage pit in 2010 and in the Goose pit in March 2012, and is scheduled to commence in the Vault pit in 2014.

Surface Facilities

The accommodations complex at the Meadowbank mine consists of a permanent camp and a temporary camp to accommodate extra workers. The camp is supported with a sewage treatment, solid waste disposal and potable water plant. In 2008, the exploration group was relocated eight kilometres south of the minesite location to a separate camp with an 80-person capacity. A major fire in March 2011 destroyed the kitchen facilities at the Meadowbank mine. New kitchen facilities were built in the summer of 2011 and commissioned in December 2011.

Plant site facilities include a mill building, a maintenance mechanical shop building, a generator building, an assay lab and a heavy vehicle maintenance shop. A structure comprised of two separate crushers flank the main process complex. Power is supplied by an 29-megawatt diesel electric power generation plant with heat recovery and an onsite fuel storage (5.6 million litres) and distribution system. The mill-service-power complex is connected to the accommodations complex by enclosed corridors. In addition, the Company is building peripheral infrastructure including tailings and waste impoundment areas. In January 2012, the Company identified naturally occurring asbestos fibres in dust samples taken from the secondary crusher building at the Meadowbank mine and subsequently found small concentrations of fibres in the ore coming from certain areas of the open pit mines. The Company has instituted additional monitoring and an asbestos management program at the site to ensure that asbestos levels are within applicable territorial, regulatory and industry standards.

Facilities constructed at Baker Lake include a barge landing site located three kilometres east of the community and a storage compound. A fuel storage and distribution complex with a 60-million litre capacity has been built next to the barge landing facility.

In 2013, new facilities will be built near the Vault deposit as a result of the remoteness of this pit (the Vault deposit is located approximately 8 kilometres from the mine complex). The new facilities will include a refuge, a storage area, a fuel farm, an electrical power generation plant and a water treatment plant.

The process design is based on a conventional gold plant flowsheet consisting of two-stage crushing, grinding, gravity concentration, cyanide leaching and gold recovery in a CIP circuit. The mill is designed for year-round operations with a design capacity of 9,800 tonnes per day. The overall gold recovery is projected to be approximately 92.8%, based on projections from metallurgical test work, with approximately 15% typically recovered in the gravity circuit.

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

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

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

Mineral Recoveries

Gold recoveries are expected to average 92.8% for all deposits. The different ore zones have slightly different grind sensitivities to gold recovery and, as such, different particle size distributions are recommended as target grinds in the

process. The use of a slightly coarser grind for the Vault ores will allow all three of the ore zones to be processed at a consistent process throughput.

During 2012, gold recovery averaged 93.91%. Approximately 3,820,000 tonnes of ore were processed, averaging 10,440 tonnes of ore per day with the mill operating 94.1% of available time. The following table sets out the metal recoveries for the 3,200,000 tonnes of ore extracted at the Meadowbank mine in 2012. Mill processing exceeded extraction from the mine in 2012; 346,000 tonnes came from the marginal stockpile and 274,000 tonnes from the low-grade stockpile.

	Head Grade	Overall Metal Recovery	Payable Production
Gold	3.18 g/t	93.91%	366,030 oz

Environmental Matters (including Inuit Impact and Benefit Agreement)

The development of the Meadowbank mine was subject to an extensive environmental review process under the Land Claims Agreement administered by the Nunavut Impact Review Board (the "NIRB"). On December 30, 2006, a predecessor to the Company received the Project Certificate from the NIRB, which included the terms and conditions to ensure the environmental integrity of the development process. Subsequently, in July 2008, the Company received a water licence from the NWB for construction and operation of the mine subject to additional terms and conditions. Both authorizations were approved by the then Minister of Aboriginal Affairs and Northern Development Canada.

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

An IIBA for the Meadowbank mine (the "Meadowbank IIBA") was signed with the KIA in March 2006. This agreement was renegotiated and a revised Meadowbank IIBA was signed on October 18, 2011. The Meadowbank IIBA ensures that local employment, training and business opportunities arising from all phases of the project are accessible to the Kivalliq Inuit. The Meadowbank IIBA also outlines the special considerations and compensation that must be provided to the Inuit regarding traditional, social and cultural matters.

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

The Meadowbank mine consists of three gold-bearing deposits: Portage, Goose and Vault. A series of four dykes have been built to isolate the mining activities at the Portage and Goose deposits from neighbouring lakes. An additional dyke will be built in 2013 to isolate the mining activities at the Vault deposit. Waste rock from the Portage, Goose Island and Vault pits is primarily stored in the Portage and Vault rock storage facilities, and a portion of the waste is placed in the Portage Pit. The control strategy to minimize the onset of oxidation and the subsequent generation of acid mine drainage includes freeze control of the waste rock through permafrost encapsulation and capping with an insulating convective layer of neutralizing rock (ultramafic and non-acid generating volcanic rocks). The Vault rock storage facility does not require an insulating convective layer due to the non-acid generating nature of the rock in that area. Waste rock deposited in the Portage pit will be covered with water during the closure phase flooding of the pit which will prevent any acid generation. Because the site is underlain by about 450 metres of permafrost, the waste rock below the capping layer is expected to freeze, resulting in low (if any) rates of acid rock drainage generation in the long term.

Tailings are stored in the dewatered portion of the Second Portage Lake. The tailings are deposited on tailings beaches within a two cell tailings storage facility. A reclamation pond is located within the tailings storage facility. The control strategy to minimize water infiltration into the tailings storage facility and the migration of constituents out of the facility includes freeze control of the tailings through permafrost encapsulation and through comprehensive, engineered dyke

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liners. A four-metre-thick dry cover of acid neutralizing ultramafic rock backfill will be placed over the tailings as an insulating convective layer to confine the permafrost active layer within relatively inert tailings materials.

The water management objective for the project is to minimize the potential impact on the quality of surface water and groundwater resources at the site. Diversion ditches were constructed in 2012 to avoid the contact of clean runoff water with areas affected by the mine or mining activities. Contact water originating from affected areas is intercepted, collected, conveyed to the tailings storage facility or a site attenuation pond for re-use in process or decanted to treatment for removal of solids (if needed) prior to release to the Third Portage Lake.

Capital Expenditures/Development

A total of $86 million has been budgeted to be spent at the Meadowbank mine (excluding exploration) in 2013, including $55 million on dyke construction, $25.6 million on sustaining capital and equipment and $1.4 million on construction projects carried over from 2012. As well, $2.2 million has been budgeted to complete 11,500 metres of delineation drilling in the starter pit and an additional $0.8 million to complete 3,500 metres of diamond drilling in the Vault East deposit area in order to define additional resources. It is also expected that there will be 5,000 metres of diamond drilling representing $1 million to continue testing the goose underground structure below the ultimate pit. Regional exploration in the Meadowbank area has been budgeted at $1.8 million and will include 4,000 metres of exploration diamond drilling.

The Meadowbank mine started production in 2010. Total capital costs of construction incurred since the date of acquisition by the Company amounted to $1.1 billion as at December 31, 2012. The remaining mine life is expected to be five years.

Geology, Mineralization and Exploration

Geology

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

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

Mineralization

The predominant gold mineralization found in the Portage and Goose deposits is associated with iron sulfides, mainly pyrite and pyrrhotite, which occur as a replacement of magnetite in the oxide facies iron formation host rock. To a lesser extent, pyrite and chalcopyrite may be found and, on rare occasions, arsenopyrite may be associated with the other sulphides. Gold is mainly observed in native form (electrum), occurring in isolated specs or as plating around sulfide grains. The ore zones are typically 6-7 metres wide, following the contacts between the iron formation units and the surrounding host rock. Zones extend up to several hundred metres along strike and at depth. The sulphides primarily occur as replacement of the primary magnetite layers, as well as narrow stringers or bands of disseminated sulphides that almost always crosscut the main foliation and/or bedding which would imply an epigenetic mode of emplacement. The percentage of sulphides is quite variable and may range from trace to semi-massive amounts over several centimetres to several metres in length. The higher gold grades and the occasional occurrence of visible gold are almost always associated with greater than 20% sulphide content.

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

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

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

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

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

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

Exploration

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

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

In 2010, 102 holes totalling 37,928 metres were drilled. The focus of the exploration campaign was testing the underground potential of the Goose deposit, resource conversions at the Vault deposit and on the south continuity of the Portage and Goose deposits. On the Goose underground deposit, a total of 23 holes for 11,145 metres were drilled from 200 to 750 metres in depth. These holes contributed to increase the continuity and understanding of the mineralization. The drilling was predominantly to expand the Goose deposit at depth and towards the south, as well as to conduct infill drilling in areas where large gaps occurred between auriferous intersections. The program was successful in expanding the Goose deposit at depth and towards the south.

On the Vault deposit, a total of 39 holes for 5,943 metres were drilled from 25 to 200 metres in depth during 2010. These holes were aimed at converting resources close to the pit shell and also to extending resources to the south-west continuity towards the Tern Lake porphyry.

On the southern portion of the Portage deposit, a total of 18 holes for 8,070 metres were drilled from 50 to 250 metres in depth during 2010, with the aim of converting resources directly south of the Portage pit and other inferred occurrences within a close proximity to the pit.

On the Goose south trend, a total of 13 holes for 7,320 metres were drilled from 150 to 250 metres in depth during 2010. These holes were aimed at following the south trend of the Portage Goose iron formation.

In 2011, 284 diamond drill holes totalling 24,229 metres were drilled. The exploration program had four goals: exploring the southern trend of the Goose deposit at depth; following-up on the regional results of testing on the Farwest Iron Formation and the geophysics of the Tern Lake porphyry completed in 2010; continuing resource conversion work initiated on the Vault deposit in 2010 and extending resources on the south west part of deposit; and a resources conversion with a definition program in Portage pit.

The definition program on the Portage pit was conducted in phases from May to December 2011 and represented 165 holes totalling 11,431 metres of diamond drilling. In addition, reverse circulation drilling was used to drill over 42 holes totalling 1,074 metres. This method is expected to reduce the cost of drilling.

On the Goose South trend, 6 holes totalling 2,382 metres were drilled during 2011. On the Farwest Iron Formation, 7 holes for a total of 2,721 metres were drilled along the trend and verified the potential of the west contact with the granitic mass. On the Tern Lake porphyry, 19 holes totalling 931 metres were drilled.

At the Vault pit during 2011, 19 holes were drilled for a total of 1,250 metres, 43 holes totalling 3,545 metres were drilled in Vault South and 25 holes totalling 1,969 metres were drilled in Vault East.

In 2012, 517 diamond and reverse circulation drill holes totalling 28,052 metres were drilled. Exploration focused on delineation and infill drilling on the Portage and Goose pits and resource conversion, definition and condemnation drilling at Vault. In addition, two deep exploration holes were drilled to follow up on earlier testing of the north and south extension of the Portage main structure.

The delineation drilling program on the Portage pit was conducted throughout the year with a break between June and September while waiting for the reverse circulation drill to arrive by sealift. A total of 134 reverse circulation holes in 3,254 metres and 205 diamond drill holes in 11,304 metres were drilled in the north pit and south pit, including the Pushback area. The drilling program resulted in the completion of a 25x25 metre grid over the entire pit and the commencement of a 12.5x12.5 metre infill grid.

At the Goose Island pit, 1,902 metres in 7 reverse circulation holes and 3,347 metres in 74 diamond drill holes were drilled in 2012. The diamond drill holes were drilled in January and February, primarily to complete the 25x25 metre delineation grid in the pit. The reverse circulation holes were drilled in selected areas on a 12.5x12.5 metre grid in October and November 2012.

At the Vault project, 3,441 metres in 70 diamond drill holes were drilled between mid-February and early April 2012 to partially complete the delineation program (25x25 metre grid) within the starter pit. Additional drilling to complete this program is planned for 2013. A condemnation drilling program for the waste storage facility was also completed by early April 2012, with 3,777 metres drilled in 25 holes.

Drilling carried out during the period of 2009 to 2012 returned significant results on the Goose underground and Vault deposits. At the Goose deposit, the increase in indicated mineral resources comes from a confirmation of continuity towards the south and at depth. At the Vault deposit, the increase in mineral reserves is the result of converting resources to reserves at depth along the east pit wall. Positive drill results show continuity of mineralization toward the southwest where reserves have been defined in what is currently called the Phaser pit.

Meliadine Project

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

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

The mineral reserves and resources of the Meliadine project are estimated at December 31, 2012 to contain proven and probable mineral reserves of 3.0 million ounces of gold in 13.3 million tonnes of ore grading 7.0 grams per tonne. In addition, the project had 17.2 million tonnes of indicated mineral resources grading 3.9 grams of gold per tonne and 14.8 million tonnes of inferred mineral resources grading 6.2 grams of gold per tonne at December 31, 2012.

The Meliadine property is a large, almost entirely contiguous land package that is nearly 80 kilometres long. It consists of 65,499 hectares of mineral rights, of which 62,069 hectares are held under the Canada Mining Regulations and administered by the Aboriginal Affairs and Northern Development Canada and referred to as Crown Land. The Crown Land is made up of mining claims covering 10,783 hectares and mineral leases covering 51,286 hectares. There are also 3,430 hectares of subsurface Nunavut Tunngavik Inc. concessions administered by a division of the Nunavut Territorial government. In 2012, C$126,734 was paid to Aboriginal Affairs and Northern Development Canada for the mining lease; Nunavut Tunngavik Inc. requires annual rental fees of C$13,721 and exploration expenditures of C$102,909.

The Kivalliq region has an arid arctic climate. The Meliadine property is mainly covered by glacial overburden with the presence of deep-seated permafrost. The property is about 60 metres above sea level in low-lying topography with numerous lakes. Surface waters are usually frozen by early October and remain frozen until early June. Surface geological work can be carried out from mid-May to mid-October, while exploration drilling can take place throughout the year, though is reduced in December and January due to cold and darkness.

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

Personnel, perishables and lighter goods arrive at the Rankin Inlet regional airport by commercial or charter airline, from which they can be flown to the property by chartered helicopter or delivered by tracked vehicles by a winter-road from Rankin Inlet directly to the Meliadine project exploration camp from January to mid-May. In 2011, the Company submitted an application to the NIRB and other regulatory agencies proposing the building of a 23.8-kilometre-long all-weather gravel road (including three bridges) linking Rankin Inlet with the project site to support ongoing exploration activities at the Meliadine project property. Approval from the NIRB on the application was received in February 2012 and a water license from the NWB was received in March 2012. Construction of the road began in March 2012. As at December 31, 2012, 11.5 kilometres of the road and all three of the bridges had been completed. The construction of the road is expected to be completed by mid-2013.

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

Location Map of the Meliadine Project (as at December 31, 2012)

Mining and Milling Facilities

Surface Plan of the Meliadine Project (as at December 31, 2012)

Facilities

Current facilities include the Meliadine project exploration camp located on the shore of Meliadine Lake, approximately 2.3 kilometres east of the Tiriganiaq deposit. The self-contained camp consists of four wings of new trailers that can accommodate up to 200 personnel and includes new kitchen facilities, complete with diesel generators. These new facilities replaced the previous tent exploration camp.

As described above, construction of an all-weather access road linking Rankin Inlet to the Meliadine site began in March 2012 and is expected to be completed by mid-2013.

Power is currently generated using diesel generators for the Meliadine exploration camp on an as-required basis. Potable water for the Meliadine project camp is pumped from Meliadine Lake and water for the previous underground operations and surface drill programs is pumped from Pump Lake. The current water licence allows for a maximum daily water use of 290 cubic metres on the Meliadine West licence and 299 cubic metres on the Meliadine East licence.

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

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

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

An underground portal allowing access to an exploration decline was built at the Tiriganiaq deposit in 2007 and 2008 in order to extract a bulk sample for study purposes. A waste rock and ore storage pad was generated during excavation of the decline and a sampling tower was installed for processing the bulk sample. There is a two-kilometre-long road between the Meliadine project exploration camp and the portal site. Another underground bulk sample of 4,600 tonnes of ore was taken from the Tiriganiaq deposit via this portal in 2011. The results confirmed the resource estimation model that has been developed for the two principal zones (Zones 1000 and 1100) at Tiriganiaq, and in fact indicated approximately 6% more gold than had been predicted by the block model for these areas. The 2011 bulk sample program also confirmed the previous assessment of the Company's block model in terms of grade continuity, consistency and distribution, and the evaluation of related mining properties through geological mapping, underground chip-, channel- and muck-sampling, and geotechnical observations.

Environmental Matters (including IIBA)

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

Pursuant to the Land Claims Agreement, an exploration water licence and a bulk sample water licence were granted by the NWB in March 2012. A project certificate from the NIRB is the next approval required for the Meliadine project. In connection therewith, the NIRB issued guidelines to the Company in February 2012 for the preparation of an environmental impact statement ("EIS") for the Meliadine project. The Company submitted a draft EIS to the NIRB for review in January 2013. The Company received comments from the NIRB regarding the draft EIS and expects to resubmit the draft EIS to the NIRB in April 2013. Upon completion of a public and technical review, a final EIS will be submitted to the NIRB and the Company expects to be granted a project certificate in mid-2014.

Other operating permits and licences can only be issued after a project certificate is received from the NIRB. An IIBA, an Inuit Water Compensation Agreement and a Production Lease will also need to be negotiated between the Company and the KIA. Negotiations regarding an IIBA between the Company and KIA commenced in January 2012.

Geology, Mineralization and Exploration

Geology and Mineralization

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

The Pyke Fault appears to control gold mineralization on the Meliadine project property. At the southern edge of the fault is a series of oxide iron formations that host the seven Meliadine project deposits currently known. The deposits consist of multiple lodes of mesothermal quartz-vein stockworks, laminated veins and sulphidized iron formation mineralization with strike lengths of up to three kilometres. The Upper Oxide iron formation hosts the Tiriganiaq and Wolf North zones. The two Lower Lean iron formations contain the F Zone, Pump, Wolf Main and Wesmeg deposits. The Normeg zone was discovered in 2011 on the eastern end of the Wesmeg zone, near Tiriganiaq. The Wolf (North and Main), F Zone, Pump and Wesmeg/Normeg deposits are all within five kilometres of Tiriganiaq. The Discovery deposit is 17 kilometres east

southeast of Tiriganiaq and is hosted by the Upper Oxide iron formation. Each of these deposits has mineralization within 120 metres of surface, making them potentially mineable by open pit methods. They also have deeper ore that could potentially be mined with underground methods, which is being examined in the feasibility study.

Exploration

The Meliadine property was explored for gold from 1987 through 2010 at a cost of C$166.8 million by former owners Asamera Inc., Rio Algom Limited, Comaplex, Cumberland and Western Mining International, as well as the Company and numerous consultants. For many years the property was divided into two halves Meliadine East and Meliadine West which were consolidated into the Meliadine property in December 2009.

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

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

The Company initiated an exploration and development program in the summer of 2010. Approximately 300,000 metres of drilling was completed by the end of 2012 to convert and extend the known mineral resources to reserves. This drilling was primarily carried out at Tiriganiaq, but also took place at other known mineralized zones. At the end of 2012, the Company had spent $150.2 million, broken down as follows: $45.7 million on exploration diamond drilling, $30.7 million on construction and equipment purchases (camp and road), $30.4 million on site services, transportation and accommodation, $11.6 million on environmental expenses and permitting, $11.3 million on underground work and equipment purchases, $11.0 million on administration and technical services, $6.5 million on a bulk sample and $3.0 million on studies. In 2013, a total of $91 million is budgeted on the project, including $15 million for a feasibility study, $6 million for permitting activities, $13 million for site infrastructure, $13 million for exploration ramp development, $15.9 million for camp operations and logisitics and $13.8 million for 55,000 metres of conversion and exploration drilling within the known deposits. An additional $10.4 million is budgeted for 35,000 metres of regional exploration drilling outside of the known deposits.

A feasibility study completed in 2011 confirmed the viability of the Meliadine project at an operating rate of 3,000 tonnes per day. Internal studies that incorporate the recent exploration results are currently underway looking to increase project throughput and improve the rate of return.

Regional Exploration Activities

During 2012, the Company continued to actively explore in Quebec, Ontario, Nunavut, Nevada, Finland, Sweden, Mexico and Argentina. The Canadian exploration activities were focused on the Goldex, Wyoming, Maritime and Lapa properties in Quebec, as well as on the Meadowbank property in Nunavut where activities were conducted both within and outside the mining lease and the Meliadine project, also in Nunavut. In the United States, exploration activities during 2012 were concentrated on the West Pequop and Summit projects located in northeast Nevada and the Rattlesnake project located in Wyoming. At the LaRonde, Lapa, Pinos Altos and Kittila mines, the Company continued exploration programs around the mines. Most of the exploration budget was spent on drilling programs near the mine infrastructure along previously recognized gold trends.

At the end of 2012, the Company's land holdings in Canada consisted of 69 projects comprised of 2,748 mineral titles covering an aggregate of 220,060 hectares. Land holdings in the United States consisted of four properties comprised of 2,620 mineral titles covering an aggregate of 21,585 hectares. Land holdings in Finland consisted of three groups of properties comprised of 289 mineral titles covering an aggregate of 25,654 hectares. Land holdings in Sweden consisted of one project comprised of seven mineral titles covering an aggregate of 8,957 hectares. Land holdings in Mexico consisted of eight projects comprised of 116 mining concession titles covering an aggregate of 129,258 hectares. Land holdings in Argentina consisted of one project with two mineral titles covering an aggregate of 2,691 hectares.

The total amount spent on regional exploration in 2012 was $76.8 million, which included drilling 860 holes for an aggregate of approximately 237 kilometres. The budget for regional exploration expenditures in 2013 is approximately $52.1 million, including approximately 142.8 kilometres of drilling.

Mineral Reserves and Mineral Resources

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

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

Cautionary Note to Investors Concerning Estimates of Inferred Mineral Resources

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

Information on Mineral Reserves and Mineral Resources of the Company

The preparation of the information set out below with respect to the mineral reserves at the LaRonde, Lapa, Kittila, Pinos Altos and Meadowbank mines, the Goldex and La India mine projects and the Meliadine and Bousquet projects has been supervised by Daniel Doucet, P.Eng., the Corporate Director, Reserve Development of the Company, a "qualified person" as that term is defined in NI 43-101. The Company's mineral reserves estimate was derived from internally generated data or geology reports. All of the Company's reserve and resource estimates have been audited by independent consultants.

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

The assumptions used for the 2012 mineral reserves and resources estimates for the Lapa, Goldex, Meadowbank, Meliadine and Creston Mascota properties reported by the Company in this Form 20-F were based on three-year average prices for the period ending December 31, 2012 of $1,490 per ounce of gold, $29.00 per ounce of silver, $0.95 per pound of zinc, $3.67 per pound of copper, $1.00 per pound of lead and exchange rates of C$1.00 per $1.00, 12.75 Mexican pesos per $1.00 and $1.34 per €1.00. The assumptions used for the 2012 mineral reserves and resources estimates for the LaRonde, Kittila, Pinos Altos, La India and Tarachi properties reported by the Company in this Form 20-F used more conservative metal price assumptions of $1,345 per ounce of gold, $25.00 per ounce of silver, $0.95 per pound of zinc, $3.49 per pound of copper, $0.99 per pound of lead and exchange rates of C$1.00 per $1.00, 13.00 Mexican pesos per $1.00 and $1.30 per €1.00. The assumptions used for the 2011 mineral reserves and resources estimate reported by the Company in this Form 20-F were based on three-year average prices for the period ending December 31, 2011 of $1,255 per ounce of gold, $23.00 per ounce of silver, $0.91 per pound of zinc, $3.25 per pound of copper, $0.95 per pound of lead and exchange rates of C$1.05 per $1.00, 12.86 Mexican pesos per $1.00 and $1.37 per €1.00. The assumptions used for the 2010 mineral reserves and resources estimate reported by the Company in this Form 20-F were based on three-year average prices for the period ending December 31, 2010 of $1,024 per ounce gold, $16.62 per ounce silver, $0.86 per pound zinc, $2.97 per pound copper, $0.90 per pound lead and exchange rates of C$1.08 per $1.00, 12.43 Mexican pesos per $1.00 and $1.40 per €1.00. Other assumptions used for estimating 2011 and 2010 mineral reserve and resource information may be found in the Company's annual filings in respect of the years ended December 31, 2011 and December 31, 2010, respectively.

Set out below are the reserve estimates as of December 31, 2012, as calculated in accordance with NI 43-101 and Guide 7, respectively (tonnages and contained gold quantities are rounded to the nearest thousand):

	National Instrument 43-101			Industry Guide No. 7		
Property	**Tonnes**	**Gold Grade (g/t)**	**Contained Gold (oz)**	**Tonnes**	**Gold Grade (g/t)**	**Contained Gold (oz)**
Proven Reserves						
LaRonde mine (underground)	6,323,000	2.96	602,000	6,323,000	2.96	602,000
Lapa mine (underground)	1,129,000	6.25	227,000	1,129,000	6.25	227,000
Goldex mine project (underground)	59,000	1.70	3,000	59,000	1.70	3,000
Kittila mine (open pit)	272,000	4.30	38,000	272,000	4.30	38,000
Kittila mine (underground)	1,189,000	4.66	178,000	1,189,000	4.66	178,000
Kittila mine total proven	1,461,000	4.59	216,000	1,461,000	4.59	216,000
Pinos Altos mine (open pit)	457,000	0.93	14,000	457,000	0.93	14,000
Pinos Altos mine (underground)	2,610,000	2.82	237,000	2,610,000	2.82	237,000
Pinos Altos mine total proven	3,067,000	2.54	250,000	3,067,000	2.54	250,000
Meadowbank mine (open pit)	1,764,000	1.56	88,000	1,764,000	1.56	88,000
Meliadine project (open pit)	34,000	7.31	8,000	34,000	7.31	8,000
Total Proven Reserves	**13,836,000**	**3.13**	**1,394,000**	**13,836,000**	**3.13**	**1,394,000**
Probable Reserves						
LaRonde mine (underground)	22,462,000	4.99	3,604,000	22,462,000	4.99	3,604,000
Bousquet (open pit)	2,943,000	1.88	178,000	2,943,000	1.88	178,000
Lapa mine (underground)	939,000	5.58	168,000	939,000	5.58	168,000
Goldex mine project (underground)	6,936,000	1.55	346,000	6,936,000	1.55	346,000
Kittila mine (open pit)	182,000	3.51	21,000	182,000	3.51	21,000
Kittila mine (underground)	31,480,000	4.49	4,547,000	31,480,000	4.49	4,547,000
Kittila mine total probable	31,662,000	4.49	4,567,000	31,662,000	4.49	4,567,000

Pinos Altos mine (open pit)	15,692,000	1.75	884,000	15,692,000	1.75	884,000
Pinos Altos mine (underground)	19,382,000	2.54	1,580,000	19,382,000	2.54	1,580,000
Pinos Altos mine total probable	35,074,000	2.18	2,464,000	35,074,000	2.18	2,464,000
La India mine project (open pit)	33,457,000	0.72	776,000	33,457,000	0.72	776,000
Meadowbank mine (open pit)	23,560,000	2.91	2,206,000	23,560,000	2.91	2,206,000
Meliadine project (open pit)	5,172,000	5.85	973,000	5,172,000	5.85	973,000
Meliadine project (underground)	8,094,000	7.71	2,006,000	8,094,000	7.71	2,006,000
Meliadine project total probable	13,266,000	6.98	2,979,000	13,266,000	6.98	2,979,000
Total Probable Reserves	**170,300,000**	**3.16**	**17,286,000**	**170,300,000**	**3.16**	**17,286,000**
Total Proven and Probable Reserves	**184,136,000**	**3.16**	**18,681,000**	**184,136,000**	**3.16**	**18,681,000**

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

LaRonde Mine Mineral Reserves and Mineral Resources

	As at December 31,		
	2012	**2011**	**2010**
Gold-Rich Orebody			
Proven mineral reserves tonnes	5,300,000	4,100,000	3,200,000
Average grade gold grams per tonne	3.30	3.10	3.07
Probable mineral reserves tonnes	21,800,000	26,700,000	27,900,000
Average grade gold grams per tonne	5.11	4.91	4.90
Gold-Poor Orebody			
Proven mineral reserves tonnes	1,000,000	1,200,000	1,600,000
Average grade gold grams per tonne	1.23	0.97	0.95
Probable mineral reserves tonnes	700,000	1,200,000	2,000,000
Average grade gold grams per tonne	1.11	1.22	1.01
Total proven and probable mineral reserves tonnes	**28,800,000**	**33,200,000**	**34,700,000**
Average grade gold grams per tonne	**4.54**	**4.40**	**4.32**
Total contained gold ounces	**4,206,000**	**4,700,000**	**4,818,000**

Notes:

(1)

The 2012 proven and probable mineral reserves set out in the table above are based on a net smelter return cut-off value of the ore that varies between C$88 per tonne and C$118 per tonne depending on the deposit. The Company's historical metallurgical recovery rates at the LaRonde mine from January 1, 2004 to December 31, 2012 averaged 90.7% for gold, 87.0% for silver, 81.6% for zinc and 86.4% for copper. The historical metallurgical recovery rate for lead from January 1, 2008 to December 31, 2012 was 15.4%. The Company estimates that a 10% change in the gold price would result in an approximate 0.9% change in mineral reserves.

(2)

In addition to the mineral reserves set out above, at December 31, 2012, the LaRonde mine contained indicated mineral resources of 5,432,000 tonnes grading 1.88 grams of gold per tonne and inferred mineral resources of 11,887,000 tonnes grading 3.73 grams of gold per tonne.

(3)

The following table shows the reconciliation of mineral reserves (in nearest thousand tonnes) at the LaRonde mine by category at December 31, 2012 with those at December 31, 2011. Revision means additional mineral reserves converted from mineral resources or other categories of mineral reserves and mineral reserves added from exploration activities during 2012.

	Proven	**Probable**	**Total**
December 31, 2011	5,331	27,901	33,232
Processed in 2012	2,359		2,359
Revision	3,351	(5,439)	(2,087)
December 31, 2012	**6,323**	**22,462**	**28,786**

(4)

Complete information on the verification procedures, the quality assurance program, quality control procedures, parameters and methods and other factors that may materially affect scientific and technical information presented in this Form 20-F relating to the LaRonde mine may be found in the Technical Report on the 2005 LaRonde Mineral Resource & Mineral Reserve Estimate filed with Canadian securities regulatory authorities on the System for Electronic Document Analysis and Retrieval ("SEDAR") on March 23, 2005.

(5)

At December 31, 2012, the Bousquet project contained probable mineral reserves of 2,943,000 tonnes grading 1.88 grams of gold per tonne. In addition, the Bousquet project contained indicated mineral resources of 9,805,000 tonnes grading 2.44 grams of gold per tonne and inferred mineral resources of 4,567,000 tonnes grading 4.04 grams of gold per tonne.

Lapa Mine Mineral Reserves and Mineral Resources

	As at December 31,		
	2012	**2011**	**2010**
Gold			
Proven mineral reserves tonnes	1,129,000	1,044,000	1,122,000
Average grade gold grams per tonne	6.25	6.45	7.24
Probable mineral reserves tonnes	939,000	1,340,000	1,709,000
Average grade gold grams per tonne	5.58	6.61	7.56
Total proven and probable mineral reserves tonnes	**2,068,000**	**2,384,000**	**2,831,000**
Average grade gold grams per tonne	**5.95**	**6.54**	**7.43**
Total contained gold ounces	**395,000**	**501,000**	**677,000**

Notes:

(1)

The 2012 mineral reserve estimates were calculated using an assumed metallurgical gold recovery of 71% and a cut-off grade of 3.9 grams of gold per tonne, and the resource estimates were calculated using an assumed metallurgical gold recovery of 75% and a cut-off grade of 2.8 grams of gold per tonne. The operating cost per tonne estimate for the Lapa mine in 2012 was C$131.71. The Company estimates that a 10% change in the gold price would result in an approximate 12% change in mineral reserves.

(2)

In addition to the mineral reserves set out above, at December 31, 2012, the Lapa mine contained indicated mineral resources of 1,118,000 tonnes grading 4.08 grams of gold per tonne and inferred mineral resources of 934,000 tonnes grading 6.69 grams of gold per tonne.

(3)

The following table shows the reconciliation of mineral reserves (in nearest thousand tonnes) at the Lapa mine by category at December 31, 2012 with those at December 31, 2011. Revision means additional mineral reserves converted from mineral resources or other categories of mineral reserves and mineral reserves added from exploration activities during 2012.

	Proven	**Probable**	**Total**
December 31, 2011	1,044	1,340	2,384
Processed in 2012	640		640

Revision	725	(401)	324
December 31, 2012	**1,129**	**939**	**2,068**

(4)

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

Goldex Mine Project Mineral Reserves and Mineral Resources

	As at December 31,		
	2012	**2011**	**2010**
Gold			
Proven mineral reserves tonnes	59,000		14,804,000
Average grade gold grams per tonne	1.70		1.87
Probable mineral reserves tonnes	6,936,000		13,722,000
Average grade gold grams per tonne	1.55		1.63
Total proven and probable mineral reserves tonnes	**6,995,000**		**28,526,000**
Average grade gold grams per tonne	**1.55**		**1.75**
Total contained gold ounces	**349,000**		**1,609,000**

Notes:

(1)

The suspension of mining operations at the Goldex mine on October 19, 2011 resulted in a restatement, as of that date, of all Goldex proven or probable reserves (as stated on December 31, 2010) that had not already been mined, as measured or indicated resources, except stockpiled ore on surface; the stockpiled ore was processed by the end of October 2011.

(2)

On July 25, 2012, the Board of Directors approved the development of underground mining operations in the M and E Zones, where initial reserves were estimated in a feasibility study completed on October 14, 2012.

(3)

The 2012 proven and probable mineral reserves set forth in the table above were estimated using an assumed metallurgical gold recovery of 93%. Mining costs were estimated to be C$41.77 per tonne for the E Zone and C$40.28 per tonne for the M Zone. The cut-off grade used for mineral reserves was 1.05 grams of gold per tonne for the E Zone and 1.01 grams of gold per tonne for the M Zone. The Company estimates that a 10% change in the gold price would result in an approximate 4.4% change in mineral reserves.

(4)

In addition to the mineral reserves set out above, at December 31, 2012, the Goldex mine project contained measured mineral resources of 12,360,000 tonnes grading 1.86 grams of gold per tonne, indicated mineral resources of 14,808,000 tonnes grading 1.83 grams of gold per tonne and inferred mineral resources of 34,645,000 tonnes grading 1.52 grams of gold per tonne.

(5)

Complete information on the verification procedures, the quality assurance program, quality control procedures, parameters and methods and other factors that may materially affect scientific and technical information presented in this Form 20-F relating to the Goldex mine project may be found in the Technical

Report on Restatement of the Mineral Resources at Goldex Mine, Quebec, Canada as at October 19, 2011 filed with the Canadian securities regulatory authorities on SEDAR on December 5, 2011 and the Technical Report on Production of the M and E Zones at Goldex Mine dated October 14, 2012 filed with the Canadian securities regulatory authorities on SEDAR on November 1, 2012.

Kittila Mine Mineral Reserves and Mineral Resources

	As at December 31,		
	2012	**2011**	**2010**
Gold			
Proven mineral reserves tonnes	1,461,000	702,000	403,000
Average grade gold grams per tonne	4.59	5.09	4.23
Probable mineral reserves tonnes	31,662,000	33,862,000	32,329,000
Average grade gold grams per tonne	4.49	4.65	4.64
Total proven and probable mineral reserves tonnes	**33,122,000**	**34,564,000**	**32,732,000**
Average grade gold grams per tonne	**4.49**	**4.66**	**4.64**
Total contained gold ounces	**4,783,000**	**5,177,000**	**4,880,000**

Notes:

(1) The 2012 proven and probable mineral reserve and mineral resource estimates were calculated using a metallurgical gold recovery of 89%. Gold cut-off grades used were 1.98 grams per tonne, undiluted (1.76 grams per tonne, diluted) for open pit reserves and between 3.33 grams per tonne and 3.49 grams per tonne, undiluted (between 2.82 grams per tonne and 3.00 grams per tonne, diluted), depending on the deposit, for underground reserves. The open pit operating cost was estimated to be €50.57 per tonne in 2012, while the underground cost averaged €79.38 per tonne in 2012. The Company estimates that a 10% change in the gold price would result in an approximate 9.2% change in mineral reserves.

(2) In addition to the mineral reserves set out above, at December 31, 2012, the Kittila mine contained indicated mineral resources of 7,854,000 tonnes grading 2.65 grams of gold per tonne and inferred mineral resources of 18,966,000 tonnes grading 3.88 grams of gold per tonne.

(3)

The breakdown of proven and probable mineral reserves between planned open pit operations and underground operations at the Kittila mine (with tonnage and contained ounces rounded to the nearest thousand) at December 31, 2012 is:

Category	Mining Method	Tonnes	Gold Grade (g/t)	Contained Gold (oz)
Proven mineral reserves	Open pit	272,000	4.30	38,000
Proven mineral reserves	Underground	1,189,000	4.66	178,000
Total proven mineral reserves		**1,461,000**	**4.59**	**216,000**
Probable mineral reserves	Open pit	182,000	3.51	21,000
Probable mineral reserves	Underground	31,480,000	4.49	4,547,000
Total probable mineral reserves		**31,662,000**	**4.49**	**4,567,000**

(4)

The following table shows the reconciliation of mineral reserves (in nearest thousand tonnes) at the Kittila mine by category at December 31, 2012 with those at December 31, 2011. Revision means additional mineral reserves converted from mineral resources or other categories of mineral reserves and mineral reserves added from exploration activities during 2012.

	Proven	Probable	Total
December 31, 2011	702	33,862	34,564
Processed in 2012	1,090		1,090
Revision	1,849	(2,200)	(352)
December 31, 2012	**1,461**	**31,662**	**33,122**

(5)

Complete information on the verification procedures, the quality assurance program, quality control procedures, parameters and methods and other factors that may materially affect scientific and technical information presented in this Form 20-F relating to the Kittila mine may be found in the Technical Report on the December 31, 2009, Mineral Resource and Mineral Reserve Estimate and the Suuri Extension Project,

Kittila Mine, Finland, filed with the Canadian securities regulatory authorities on SEDAR on March 4, 2010.

Pinos Altos Mine Mineral Reserves and Mineral Resources

	As at December 31,		
	2012	**2011**	**2010**
Gold and Silver			
Proven mineral reserves tonnes	3,067,000	1,987,000	2,864,000
Average gold grade grams per tonne	2.54	1.83	1.90
Average silver grade grams per tonne	81.31	51.59	54.06
Probable mineral reserves tonnes	35,074,000	44,792,000	41,298,000
Average gold grade grams per tonne	2.18	2.07	2.33
Average silver grade grams per tonne	58.90	59.17	65.53
Total proven and probable mineral reserves tonnes	**38,141,000**	**46,779,000**	**44,162,000**
Average gold grade grams per tonne	**2.21**	**2.06**	**2.30**
Average silver grade grams per tonne	**60.71**	**58.85**	**64.78**
Total contained gold ounces	**2,714,000**	**3,103,000**	**3,271,000**
Total contained silver ounces	**74,441,000**	**88,508,000**	**91,982,000**

Notes:

(1)

The 2012 proven and probable mineral reserve estimates are based on a net smelter return cut-off value of the open pit ore between $9.01 per tonne and $28.43 per tonne, depending on the deposit, and a net smelter return cut-off value of the underground ore of $59.11 per tonne. The operating cost per tonne estimate for the Pinos Altos mine in 2012 was $35.41 without deferred stripping ($32.24 with deferred stripping). The metallurgical gold recovery used in the reserve estimates varied between 59% and 96%, depending on the deposit. The metallurgical silver recovery used in the reserve estimates varied between 10% and 44.21%, depending on the deposit. The Company estimates that a 10% change in the gold price would result in an approximate 2.2% change in mineral reserves.

(2)

In addition to the mineral reserves set out above, at December 31, 2012, the Pinos Altos mine contained indicated mineral resources of 17,947,000 tonnes grading 1.52 grams of gold per tonne and 33.13 grams of silver per tonne and inferred mineral resources of 24,592,000 tonnes grading 1.19 grams of gold per tonne and 25.00 grams of silver per tonne.

(3)

The proven and probable mineral reserves of the Pinos Altos mine set out in the table above include proven mineral reserves from the Creston Mascota deposit of 136,000 tonnes grading 0.96 grams of gold per tonne and 7.42 grams of silver per tonne and probable mineral reserves from the Creston Mascota deposit of 9,950,000 tonnes grading 1.12 grams of gold per tonne and 12.00 grams of silver per tonne. The indicated mineral resource at the Pinos Altos mine also includes indicated mineral resources from the Creston Mascota deposit of 1,765,000 tonnes grading 0.58 grams of gold per tonne and 3.78 grams of silver per tonne. The inferred mineral resource at the Pinos Altos mine also includes inferred mineral resources from the Creston Mascota deposit of 1,079,000 tonnes grading 0.79 grams of gold per tonne and 5.95 grams of silver per tonne.

(4)

The breakdown of mineral reserves between planned open pit operations and underground operations at the Pinos Altos mine (with tonnage and contained ounces rounded to the nearest thousand) at December 31, 2012 is:

Category	Mining Method	Tonnes	Gold Grade (g/t)	Silver Grade (g/t)	Contained Gold (oz)	Contained Silver (oz)
Proven mineral reserves	Open pit stock pile	457,000	0.93	19.45	14,000	286,000
Proven mineral reserves	Underground	2,610,000	2.82	92.14	237,000	7,732,000
Total proven mineral reserves		**3,067,000**	**2.54**	**81.31**	**250,000**	**8,018,000**
Probable mineral reserves	Open pit	15,692,000	1.75	37.43	884,000	18,886,000
Probable mineral reserves	Underground	19,382,000	2.54	76.29	1,580,000	47,537,000
Total probable mineral reserves		**35,074,000**	**2.18**	**58.90**	**2,464,000**	**66,424,000**

(5)

The following table shows the reconciliation of mineral reserves (in nearest thousand tonnes) at the Pinos Altos mine by category at December 31, 2012 with those at December 31, 2011. Revision means additional mineral reserves converted from mineral resources or other categories of mineral reserves and mineral reserves added from exploration activities during 2012.

	Proven	Probable	Total
December 31, 2011	1,987	44,792	46,779
Processed in 2012	4,395		4,395
Revision	5,475	(9,718)	(4,243)
December 31, 2012	**3,067**	**35,074**	**38,141**

(6)

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

La India Mine Project Mineral Reserves and Mineral Resources

	As at December 31,		
	2012	**2011**	**2010**
Gold			
Probable mineral reserves tonnes	33,457,000		n/a
Average grade gold grams per tonne	0.72		n/a
Total proven and probable mineral reserves tonnes	**33,457,000**		**n/a**
Average grade gold grams per tonne	**0.72**		**n/a**
Total contained gold ounces	**776,000**		**n/a**

Notes:

(1)

The 2012 mineral reserve and mineral resource estimates for the La India mine project (including the Tarachi deposit) were calculated using a metallurgical gold recovery of 62% or 89%, depending on the deposit. The economic cut-off grade used to determine the open pit reserves varied from 0.2 grams of gold per tonne to 0.4 grams of gold per tonne, depending on the deposit, and is 0.15/0.30 grams of gold per tonne as a marginal cut-off grade. The estimated operating cost used for the 2012 mineral reserve estimate was $7.10 per tonne. The Company estimates that a 10% change in the gold price would result in an approximate 1.9% change in mineral reserves.

(2)

In addition to the mineral reserves set out above, at December 31, 2012, the La India mine project (including the Tarachi deposit) contained measured mineral resources of 1,662,000 tonnes grading 0.29 grams of gold per tonne, indicated mineral resources of 41,530,000 tonnes grading 0.42 grams of gold per tonne and inferred mineral resources of 81,002,000 tonnes of ore grading 0.39 grams of gold per tonne.

(3)

Complete information on the verification procedures, the quality assurance program, quality control procedures, parameters and methods and other factors that may materially affect scientific and technical information presented in this Form 20-F relating to the La India mine project may be found in the Technical Report on the June 30, 2012 Update of the Mineral Resources and Mineral Reserves, La India Gold Project, Municipality of Sahuaripa, Sonora, Mexico, dated August 31, 2012, filed with the Canadian securities regulatory authorities on SEDAR on October 12, 2012.

Meadowbank Mine Mineral Reserves and Mineral Resources

	As at December 31,		
	2012	**2011**	**2010**
Gold			
Proven mineral reserves tonnes	1,764,000	1,931,000	839,000
Average grade gold grams per tonne	1.56	1.49	3.13
Probable mineral reserves tonnes	23,560,000	22,563,000	33,259,000
Average grade gold grams per tonne	2.91	2.91	3.18
Total proven and probable mineral reserves tonnes	**25,324,000**	**24,494,000**	**34,098,000**
Average grade gold grams per tonne	**2.82**	**2.79**	**3.18**
Total contained gold ounces	**2,294,000**	**2,201,000**	**3,486,000**

Notes:

(1)

The 2012 mineral reserve and mineral resource estimates were calculated using a metallurgical gold recovery of 91% or 94%, depending on the deposit. The economic cut-off grade used to determine the open pit reserves varied from 1.14 grams of gold per tonne to 1.16 grams of gold per tonne, depending on the deposit, and is 1.03 to 1.06 grams of gold per tonne as a marginal cut-off grade, depending on the deposit. The estimated ore-based operating costs used for the 2012 mineral reserve estimate varied between C$53.60 per tonne and C$54.72 per tonne, depending on the deposit, with an additional haulage cost of C$1.12 for Vault deposit reserves. The Company estimates that a 10% change in the gold price would result in an approximate 0.2% change in mineral reserves.

(2)

In addition to the mineral reserves set out above, at December 31, 2012, the Meadowbank mine contained measured mineral resources of 1,441,000 tonnes grading 0.93 grams of gold per tonne, indicated mineral resources of 8,885,000 tonnes grading 2.75 grams of gold per tonne and inferred mineral resources of 3,589,000 tonnes of ore grading 3.81 grams of gold per tonne.

(3)

The following table shows the reconciliation of mineral reserves (in nearest thousand tonnes) at the Meadowbank mine by category at December 31, 2012 with those at December 31, 2011. Revision means additional mineral reserves converted from mineral resources or other categories of mineral reserves, an update to mineral reserves based on changed mine plans, and mineral reserves added from exploration activities during 2012.

	Proven	**Probable**	**Total**

December 31, 2011	1,931	22,563	24,494
Processed in 2012	3,821		3,821
Revision	3,654	997	4,651
December 31, 2012	**1,764**	**23,560**	**25,324**

(4)

Complete information on the verification procedures, the quality assurance program, quality control procedures, parameters and methods and other factors that may materially affect scientific and technical information presented in this Form 20-F relating to the Meadowbank mine may be found in the Technical Report on the Mineral Resources and Mineral Reserves at Meadowbank Gold Mine, Nunavut, Canada as at December 31, 2011 filed with Canadian securities regulatory authorities on SEDAR on March 23, 2012.

Meliadine Project Mineral Reserves and Mineral Resources

	As at December 31,		
	2012	**2011**	**2010**
Gold			
Proven mineral reserves tonnes	34,000	34,000	
Average grade gold grams per tonne	7.31	7.31	
Probable mineral reserves tonnes	13,266,000	12,434,000	9,467,000
Average grade gold grams per tonne	6.98	7.18	6.49
Total proven and probable mineral reserves tonnes	**13,300,000**	**12,468,000**	**9,467,000**
Average grade gold grams per tonne	**6.98**	**7.18**	**6.49**
Total contained gold ounces	**2,987,000**	**2,877,000**	**2,600,000**

Notes:

(1)

The 2012 mineral reserve and mineral resource estimates were calculated using metallurgical gold recovery curves for Tiriganiaq and F Zone. The curves give a maximum recovery of 96% for Tiriganiaq and 93% for F Zone. The 2012 mineral resource estimates for all other zones were calculated using a metallurgical gold recovery of 94%, except for Wolf and Pump, which were calculated using a metallurgical gold recovery of 95% and 90%, respectively. The cut-off grade used to determine the open pit reserves was 1.94 grams of gold per tonne, undiluted (1.69 grams of gold per tonne, diluted), and the cut-off grade used to determine the underground reserves was 4.89 grams of gold per tonne, undiluted (3.62 grams of gold per tonne, diluted). The estimated operating cost used for the 2012 mineral reserve estimate was C$74.71 per tonne for open pit and C$165.65 per tonne for underground. The Company estimates that a 10% change in the gold price would result in an approximate 3.5% change in mineral reserves.

(2)

In addition to the mineral reserves set out above, at December 31, 2012, the Meliadine project contained indicated mineral resources of 17,234,000 tonnes grading 3.94 grams of gold per tonne and inferred mineral resources of 14,816,000 tonnes of ore grading 6.15 grams of gold per tonne.

(3)

The breakdown of mineral reserves between planned open pit operations and underground operations at the Meliadine project (with tonnage and contained ounces rounded to the nearest thousand) at December 31, 2012 is:

Category	**Mining Method**	**Tonnes**	**Gold Grade (g/t)**	**Contained Gold (oz)**

Proven mineral reserves	Open pit stockpile	34,000	7.31	8,000
Probable mineral reserves	Open pit	5,172,000	5.85	973,000
Probable mineral reserves	Underground	8,094,000	7.71	2,006,000
Total probable mineral reserves		**13,266,000**	**6.98**	**2,979,000**
Total proven and probable mineral reserves		**13,300,000**	**6.98**	**2,987,000**

(4)

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

Risk Mitigation

The Company mitigates the likelihood and potential severity of the various risks it encounters in its day-to-day operations through the application of high standards in the planning, construction and operation of mining facilities. In addition, emphasis is placed on hiring and retaining competent personnel and developing their skills through training in safety and loss control. The Company's operating and technical personnel have a solid track record of developing and operating precious metal mines and several of the Company's mines have been recognized for excellence in this regard with various safety and development awards. Nevertheless, the Company and its employees continue with a focused effort to improve workplace safety and the Company has placed additional emphasis on safety procedure training for both mining and supervisory employees.

The Company also mitigates some of the Company's normal business risk through the purchase of insurance coverage. An Insurable Risk Management Policy, approved by the Board, governs the purchase of insurance coverage and only permits the purchase of coverage from insurance companies of the highest credit quality. For a more complete list of the risk factors affecting the Company, please see "Item 3 Key Information Risk Factors".

Glossary of Selected Mining Terms

"acid mine drainage"	Acidic run-off water from mines and mine waste containing sulphide minerals.
"alteration"	Any physical or chemical change in the mineral composition of a rock subsequent to its formation, generally produced by weathering or hydrothermal solutions. Milder and more localized than metamorphism.
"anastomosing"	A network of branching and rejoining fault or vein surfaces or surface traces.
"andesite"	A dark-coloured, fine-grained calc-alkaline volcanic rock of intermediate composition.
"assay"	To analyze the proportions of metals in an ore; to test an ore or mineral for composition, purity, weight or other properties of commercial interest.
"banded iron formation"	An iron formation that shows marked banding, generally of iron-rich minerals and chert or fine-grained quartz.
"bedrock"	Solid rock exposed at the surface of the Earth or overlain by unconsolidated material, weathered rock or soil.
"bench"	A ledge in an open-pit mine that forms a single level of operation above which minerals or waste rock are excavated. The ore or waste is removed in successive layers (benches), several of which may be in operation simultaneously.
"breccia"	A rock in which angular rock fragments are surrounded by a mass of fine-grained minerals.
"brittle"	Of minerals, proneness to fracture under low stress. A quality affecting behaviour during comminution of ore, whereby one species fractures more readily than others in the material being crushed.
"bulk mining"	A method of mining in which large quantities of low-grade ore are mined without attempt to segregate the high-grade portions.
"byproduct"	A secondary metal or mineral product recovered from the processing of rock.
"carbon-in-leach (CIL)"	A precious metals recovery step in the mill. Gold and silver are leached from the ground ore and at the same time adsorbed onto granules of activated carbon, which is then separated by screening and processed to remove the precious metals.
"carbon-in-pulp (CIP)"	A precious metals recovery step in the mill. After gold and silver have been leached from ground ore, they are adsorbed onto granules of activated carbon, which is then separated by screening and processed to remove the precious metals. A CIP circuit comprises a series of tanks through which leached slurry flows. Gold is captured onto captive activated carbon that will periodically be moved counter-currently from tank to tank. Head tank carbon is extracted periodically to further recover adsorbed gold before being returned to the circuit tails tank.
"chalcopyrite"	A sulphide mineral of copper and iron; the most important ore mineral of copper.
"concentrate"	The clean product recovered by froth flotation in the plant.
"conglomerate"	A coarse-grained sedimentary rock composed of rounded fragments set in a fine-grained cemented matrix.
"contact"	A plane or irregular surface between two types or ages of rock.
"counter-current decantation"	The clarification of washery water and the concentration of tailings by the use of several thickeners in series. The water flows in the opposite direction from the solids. The final products are slurry that is removed and clear water that is reused in the circuit.
"crosscut"	An underground passage driven from a shaft toward the ore, at (or near) right angles to the strike of a vein or other orebody.
"cut-off grade"	The minimum metal grade in an ore that can be mined profitably.

"cyanidation"	A method of extracting exposed gold or silver grains from crushed or ground ore by dissolving (leaching) it in a weak cyanide solution. May be carried out in tanks inside a mill or in heaps of ore out of doors (heap leach).
"deposit"	A natural occurrence of mineral or mineral aggregate, in such quantity and quality to invite exploitation.
"development"	The preparation of a mining property or area so that an orebody can be analyzed and its tonnage and quality estimated. Development is an intermediate stage between exploration and mining.
"diamond drill"	A drilling machine with a rotating, hollow, diamond-studded bit that cuts a circular channel around a core, which can be recovered to provide a more-or-less continuous and complete columnar sample of the rock penetrated.
"dilution"	The contamination of ore with barren wall rock in stoping, increasing tonnage mined and lowering the overall ore grade.
"dip"	The angle at which a vein, structure or rock bed is inclined from the horizontal as measured at right angles to the strike.
"disseminated"	Said of a mineral deposit (especially of metals) in which the desired minerals occur as scattered particles in the rock, but in sufficient quantity to make the deposit an ore. Some disseminated deposits are very large.
"dore"	Unrefined gold and silver bullion bars, which will be further refined to almost pure metal.
"drift"	A horizontal opening in or near an orebody and parallel to the long dimension of the orebody, as opposed to a crosscut that crosses the orebody.
"ductile"	Of rock, able to sustain, under a given set of conditions, 5% to 10% deformation before fracturing or faulting.
"dyke"	An earthen embankment, as around a drill sump or tank, or to impound a body of water or mill tailings. Also, a tabular body of igneous rock that cuts across the structure of adjacent rocks.
"electrowinning"	An electrochemical process in which a metal dissolved within an electrolyte is plated onto an electrode. Used to recover metals such as copper and gold from solution in the leaching of concentrates, etc.
"envelope"	1. The outer or covering part of a fold, especially of a folded structure that includes some sort of structural break. 2. A metamorphic rock surrounding an igneous intrusion. 3. In a mineral, an outer part different in origin from an inner part.
"epigenetic"	Orebodies formed by hydrothermal fluids and gases that were introduced into the host rocks from elsewhere, filling cavities in the host rock.
"epithermal"	Referring to a mineral deposit that formed later than the enclosing rocks consisting of veins and replacement bodies, containing precious metals or, more rarely, base metals.
"extensional-shear vein"	A vein put in place in an extension fracture caused by the deformation of a rock.
"fault"	A fracture or a fracture zone in crustal rocks along which there has been displacement of the two sides relative to one another parallel to the fracture. The displacement may be a few inches or many kilometres long.

"feasibility study"	A comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of realistically assumed mining, processing, metallurgical, economic, marketing, legal, environmental, social and governmental considerations, together with any other relevant operational factors and a detailed financial analysis, that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a pre-feasibility study.
"felsic"	A term used to describe light-coloured rocks containing feldspar, feldspathoids and silica.
"flotation"	The method of mineral separation in which a froth created by a variety of reagents floats some finely crushed minerals, whereas other minerals sink. The metal-rich flotation concentrate is then skimmed off the surface.
"flowsheet"	A diagram showing the progress of material through a treatment plant.
"foliation"	A general term for a planar arrangement of features in any type of rock, especially the planar structure that results in a metamorphic rock.
"footwall"	The rock beneath an inclined vein or ore deposit. (Opposite of a hanging wall).
"fracture"	Any break in a rock, whether or not it causes displacement, due to mechanical failure by stress; includes cracks, joints and faults.
"free gold"	Gold not combined with other substances.
"glacial till"	Dominantly unsorted and unstratified, unconsolidated rock debris, deposited directly by and underneath a glacier.
"grade"	The relative quantity or the percentage of metal content of an orebody, *e.g.*, grams of gold per tonne of rock, or percent copper.
"greenstone belt"	An area underlain by metamorphosed volcanic and sedimentary rocks, usually in a continental shield.
"grouting"	The process of sealing off a water flow in rocks by forcing a thin slurry of cement or other chemicals into the crevices; usually done through a diamond drill hole.
"hanging wall"	The rock on the upper side of a vein or ore deposit.
"head grade"	The average grade of ore fed into a mill.
"hectare"	A metric measurement of area. 1 hectare = 10,000 square metres = 2.47 acres.
"horst"	An up-faulted block of rock.
"hydrothermal alteration"	Alteration of rocks or minerals by reaction with hydrothermal (magmatic) fluids.
"igneous rock"	Rock formed by the solidification of molten material that originated within the Earth.
"indicated mineral resource"	That part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed. While this term is recognized and required by Canadian regulations, the SEC does not recognize it. Investors are cautioned not to assume that any part or all of the mineral deposits in this category will ever be converted into mineral reserves.

"inferred mineral resource"	That part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. While this term is recognized and required by Canadian regulations, the SEC does not recognize it. Investors are cautioned not to assume that any part or all of the mineral deposits in this category will ever be converted into mineral reserves. Investors are cautioned not to assume that part of or all of an inferred mineral resource exists, or is economically or legally mineable.
"infill drilling"	Drilling within a defined mineralized area to improve the definition of known mineralization.
"intrusive"	A body of igneous rock formed by the consolidation of magma intruded below surface into other rocks, in contrast to lavas, which are extruded upon the Earth's surface.
"iron formation"	A chemical sedimentary rock, typically thin-bedded or finely laminated, containing at least 15% iron of sedimentary origin and commonly containing layers of chert.
"kilometre"	A metric measurement of distance. 1.0 kilometre = 1,000 metres = 0.62 miles.
"leaching"	A chemical process for the extraction of valuable minerals from ore; also, a natural process by which ground waters dissolve minerals.
"lens"	A geological deposit that is thick in the middle and tapers towards the ends, resembling a convex lens.
"lithologic groups"	Groups of rock formations.
"lode"	A mineral deposit consisting of a zone of veins, veinlets or disseminations.
"longitudinal retreat"	An underground mining method where the ore is excavated in horizontal slices along the orebody and the stoping starts below and advances upwards. The ore is recovered underneath in the stope.
"mafic"	Igneous rocks composed mostly of dark, iron- and magnesium-rich silicate minerals.
"massive"	Said of a mineral deposit, especially of sulphides, characterized by a great concentration of ore in one place, as opposed to a disseminated or vein-like deposit. Said of any rock that has a homogeneous texture or fabric over a large area, with an absence of layering or any similar directional structure.
"matrix"	The fine-grained rock material in which a larger mineral is embedded.
"measured mineral resource"	That part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity. While this term is recognized and required by Canadian regulations, the SEC does not recognize it. Investors are cautioned not to assume that any part or all of the mineral deposits in this category will ever be converted into mineral reserves.

"Merrill-Crowe process"	A separation technique for removing gold from a cyanide solution. The solution is separated from the ore by methods such as filtration and counter-current decantation, and then the gold is precipitated onto zinc dust. Silver and copper may also precipitate. The precipitate is filtered to capture the gold slimes, which are further refined, *e.g.*, by smelting, to remove the zinc and by treating with nitric acid to dissolve the silver.
"metallurgical properties"	Properties characterizing metals and minerals behaviour under various processing techniques.
"metamorphism"	The process by which the form or structure of sedimentary or igneous rocks is changed by heat and pressure.
"mill"	A mineral treatment plant in which crushing, wet grinding and further treatment of ore is conducted; also a revolving drum used for the grinding of ores in preparation for treatment.
"mineral resource"	A concentration or occurrence of diamonds, natural solid inorganic material or natural solid fossilized organic material including base and precious metals, coal and industrial minerals in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. Investors are cautioned not to assume that any part or all of the mineral deposits in any category of resources will ever be converted into mineral reserves.
"mineral reserve"	The economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined.
"muck"	Finely blasted rock (ore or waste) underground.
"net smelter return royalty"	A royalty payment made by a producer of metals based on the proceeds from the sale of mineral products after deducting off-site processing and distribution costs including smelting, refining, transportation and insurance costs.
"ounce"	A measurement of weight, especially used for gold, silver and platinum group metals. 1 troy ounce = 31.1035 grams.
"outcrop"	The part of a rock formation that appears at the surface of the Earth.
"oxidation"	A chemical reaction caused by exposure to oxygen, which results in a change in the chemical composition of a mineral.
"phenocryst"	Large crystals or mineral grains floating in the matrix or groundmass of a porphyry.
"pillar"	A block of ore or other rock entirely surrounded by stoping, left intentionally for purposes of ground control or on account of low value.
"plunge"	The inclination of a fold axis or other linear structure from a horizontal plane, measured in the vertical plane.
"polydeformed"	A rock that has been subjected to more than one instance of folding, faulting, shearing, compression or extension as a result of various tectonic forces.
"porphyritic"	Rock texture in which one or more minerals has a larger grain size than the accompanying minerals.
"porphyry"	Any igneous rock in which relatively large crystals, called phenocrysts, are set in a fine-grained groundmass.

"preliminary feasibility study" or "pre-feasibility study"	A comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method (in the case of underground mining) or the pit configuration (in the case of an open pit) is established, and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on mining, processing, metallurgical, economic, marketing, legal, environmental, social and governmental considerations and the evaluation of any other relevant factors which are sufficient for a qualified person, acting reasonably, to determine if all or part of the mineral resource may be classified as a mineral reserve.
"pressure oxidation"	A process by which sulphide minerals are oxidized in order to expose gold that is encapsulated in the mineral lattice. The main component of a pressure oxidation circuit consists of a pressurized vessel (autoclave) where the oxygen level, process temperature and acidity are the primary control parameters.
"probable mineral reserve"	The economically mineable part of an indicated and, in some circumstances, a measured mineral resource demonstrated by at least a preliminary feasibility study.
"proven mineral reserve"	The economically mineable part of a measured mineral resource demonstrated by at least a preliminary feasibility study.
"pyrite"	A yellow iron sulphide mineral, FeS_2, normally of little value. It is sometimes referred to as "fool's gold".
"pyroclastic"	Rocks produced by explosive or aerial ejection of ash, fragments and glassy material from a volcanic vent.
"recovery"	The percentage of valuable metal in the ore that is recovered by metallurgical treatment.
"reverse circulation drilling"	A type of drilling into rock using a solid bit to produce a hole and deliver rock chips (rather than core) to surface for analysis.
"rock burst"	A sudden and often violent breaking of a mass of rock from the walls of a mine, caused by failure of highly stressed rock and the rapid release of accumulated strain energy.
"run-of-mine ore"	The raw, mined material as it is delivered, prior to sorting, stockpiling or treatment.
"sandstone"	A sedimentary rock consisting of grains of sand cemented together.
"schist"	A strongly foliated crystalline rock that can be readily split into thin flakes or slabs due to the well-developed parallelism of more than 50% of the minerals present in it, such as mica or hornblende.
"sedimentary rocks"	Rocks resulting from the consolidation of loose sediment that has accumulated in layers. Examples are limestone, shale and sandstone.
"semi-autogenous grinding (SAG)"	A method of grinding rock whereby larger chunks of the rock itself and steel balls form the grinding media.
"shear" or "shearing"	The deformation of rocks by lateral movement along innumerable parallel planes, generally resulting from pressure and producing metamorphic structures such as cleavage and schistosity.
"shear zone"	A tabular zone of rock that has been crushed and brecciated by many parallel fractures due to shear stress. Such an area is often mineralized by ore-forming solutions.
"sill"	An intrusive sheet of igneous rock of roughly uniform thickness that has been forced between the bedding planes of existing rock.
"slurry"	Fine rock particles in circulating water in a treatment plant.

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"stope"	1. Any excavation in a mine, other than development workings, made for the purpose of extracting ore. 2. To excavate ore in an underground mine.
"strike"	The direction, or bearing from true north, of a horizontal line on a vein or rock formation at right angles to the dip.
"stringers"	Mineral veinlets or filaments occurring in a discontinuous subparallel pattern in a host rock.
"sublevel retreat"	An underground mining method in which the ore is excavated in horizontal slices along the orebody, starting below and advancing upwards. The ore is recovered underneath in the stope.
"sulphide"	A mineral characterized by the linkage of sulphur with a metal, such as pyrite, FeS_2.
"tabular"	Said of a feature having two dimensions that are much larger or longer than the third, such as a dyke.
"tailings"	Material rejected from a mill after the economically and technically recoverable valuable minerals have been extracted.
"tailings dam" or "tailings impoundment" or "tailings pond"	Area closed at the lower end by a constraining wall or dam to which mill effluents are sent, the prime function of which is to allow enough time for metals to settle out or for cyanide to be naturally destroyed before the water is returned to the mill or discharged into the local watershed.
"tenement"	The right to enter, develop and work a mineral deposit. Includes a mining claim or a mining lease. A synonym of mineral title.
"thickener"	A vessel for reducing the proportion of water in a pulp by means of sedimentation.
"thickness"	The distance at right angles between the hanging wall and the footwall of a lode or lens.
"tonne"	A metric measurement of mass. 1 tonne = 1,000 kilograms = 2,204.6 pounds = 1.1 tons.
"transfer fault"	A structure that can accommodate lateral variations of deformation and strain.
"transverse open stoping"	An underground mining method in which the ore is excavated in horizontal slices perpendicular to the orebody length and the stoping starts below and advances upwards. The ore is recovered underneath the stope through a drawpoint system.
"trench"	A narrow excavation dug through overburden, or blasted out of rock, to expose a vein or ore structure for sampling or observation.
"vein"	A mineral filling of a fault or other fracture in a host rock.
"wacke"	A "dirty" sandstone that consists of a mixture of poorly sorted mineral and rock fragments in an abundant matrix of clay and fine silt.
"winze"	An internal mine shaft.
"Zadra elution circuit"	The process in this part of a gold mill strips gold and silver from carbon granules and puts them into solution.
"zone"	An area of distinct mineralization, *i.e.*, a deposit.

ITEM 4A UNRESOLVED STAFF COMMENTS

None.

ITEM 5 OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Results of Operations

Revenues from Mining Operations

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

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

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

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

Copper (tonnes)	4,115	3,194	4,223

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

Revenues from silver sales decreased by $31.5 million, or 18%, in 2012 compared with 2011 due primarily to a lower realized silver price and lower silver grade and silver mill recoveries at the LaRonde mine. Revenues from zinc sales

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

Production Costs

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

The table below details production costs by mine:

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

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

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

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

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

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

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

Total Production Costs by Category

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

Total cash costs per ounce of gold produced is not a recognized measure under US GAAP and this data may not be comparable to data presented by other gold producers. This measure is calculated by adjusting production costs as recorded in the consolidated statements of income (loss) and comprehensive income (loss) for byproduct revenues, unsold concentrate inventory production costs, non-cash reclamation provisions, deferred stripping costs and other adjustments, and then dividing by the number of ounces of gold produced. The Company believes that this generally accepted industry measure is a realistic indication of operating performance and is a useful comparison point between

periods. Total cash costs per ounce of gold produced is intended to provide investors with information about the cash generating capabilities of the Company's mining operations. Management also uses this measure to monitor the performance of the Company's mining operations. As market prices for gold are quoted on a per ounce basis, using this per ounce measure allows management to assess a mine's cash generating capabilities at various gold prices. Management is aware that this per ounce measure of performance can be impacted by fluctuations in byproduct metal prices and exchange rates. Management compensates for these inherent limitations by using this measure in conjunction with minesite costs per tonne (discussed below) as well as other data prepared in accordance with US GAAP. Management also performs sensitivity analyses in order to quantify the effects of fluctuating metal prices and exchange rates.

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

Minesite costs per tonne is not a recognized measure under US GAAP and this data may not be comparable to data presented by other gold producers. This measure is calculated by adjusting production costs as shown in the consolidated statements of income (loss) and comprehensive income (loss) for unsold concentrate inventory production costs, non-cash reclamation provisions, deferred stripping costs and other adjustments, and then dividing by tonnes of ore processed. As the total cash costs per ounce of gold produced measure can be impacted by fluctuations in byproduct metal prices and exchange rates, management believes that the minesite costs per tonne measure provides additional information regarding the performance of mining operations. Management is aware that this per tonne measure of performance can be impacted by fluctuations in production levels and compensates for this inherent limitation by using this measure in conjunction with production costs prepared in accordance with US GAAP.

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

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

Total Production Costs by Mine

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

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

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

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

Lapa Mine Total Cash Costs per Ounce of Gold Produced	**2012**	**2011**	**2010**
		(thousands of United States dollars, except as noted)	
Production costs	$ 73,376	$ 68,599	$ 66,199
Adjustments:			
Byproduct metal revenues, net of smelting, refining and marketing charges	513	663	644

Inventory and other adjustments[ii]	(71)	631	(4,683)
Non-cash reclamation provision	191	(348)	(57)
Cash operating costs	$ 74,009	$ 69,545	$ 62,103
Gold production (ounces)	106,191	107,068	117,456
Total cash costs per ounce of gold produced ($ per ounce)[iii]	$ 697	$ 650	$ 529

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

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

Meadowbank Mine Total Cash Costs per Ounce of Gold Produced	**2012**	**2011**	**2010**
	(thousands of United States dollars, except as noted)		
Production costs	$ 347,710	$ 284,502	$ 182,533

Adjustments:			
Byproduct metal revenues, net of smelting, refining and marketing charges	(1,651)	(546)	(584)
Inventory and other adjustments[ii]	4,582	(1,670)	6,911
Non-cash reclamation provision	(1,611)	(1,679)	(1,315)
Stripping costs[iv]	(14,806)	(9,746)	(4,321)
Cash operating costs	$ 334,224	$ 270,861	$ 183,224
Gold production (ounces)	366,030	270,801	264,576
Total cash costs per ounce of gold produced ($ per ounce)[iii]	$ 913	$ 1,000	$ 693

Reconciliation of Production Costs to Minesite Costs per Tonne by Mine

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

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

Lapa Mine Minesite Costs per Tonne	**2012**	**2011**	**2010**
		(thousands of United States dollars, except as noted)	
Production costs	$ 73,376	$ 68,599	$ 66,199
Adjustments:			

Inventory adjustment[v]	54	1,071	(4,683)
Non-cash reclamation provision	191	(348)	(57)
Minesite operating costs	$ 73,621	$ 69,322	$ 61,459
Minesite operating costs (thousands of C$)	$ 73,813	$ 68,403	$ 62,771
Tonnes of ore milled (thousands of tonnes)	641	621	552
Minesite costs per tonne (C$)[vi]	$ 115	$ 110	$ 114

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

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

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

Notes:

(i)

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

(ii)

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

(iii)

Total cash costs per ounce of gold produced is not a recognized measure under US GAAP and this data may not be comparable to data presented by other gold producers. This measure is calculated by adjusting production costs as recorded in the consolidated statements of income (loss) and comprehensive income (loss) for byproduct revenues, unsold concentrate inventory production costs, non-cash reclamation provisions, deferred stripping costs and other adjustments, and then dividing by the number of ounces of gold produced. The Company believes that this generally accepted industry measure is a realistic indication of operating performance and is a useful comparison point between periods. Total cash costs per ounce of gold produced is intended to provide investors with information about the cash generating capabilities of the Company's mining operations. Management also uses this measure to monitor the performance of the Company's mining operations. As market prices for gold are quoted on a per ounce basis, using this per ounce measure allows management to assess a mine's cash generating capabilities at various gold prices. Management is aware that this per ounce measure of performance can be impacted by fluctuations in byproduct metal prices and exchange rates. Management compensates for these inherent limitations by using this measure in conjunction with minesite costs per tonne (discussed below) as well as other data prepared in accordance with US GAAP. Management also performs sensitivity analyses in order to quantify the effects of fluctuating metal prices and

exchange rates.

(iv)

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

(v)

This inventory adjustment reflects production costs associated with unsold concentrates.

(vi)

Minesite costs per tonne is not a recognized measure under US GAAP and this data may not be comparable to data presented by other gold producers. This measure is calculated by adjusting production costs as shown in the consolidated statements of income (loss) and comprehensive income (loss) for unsold concentrate inventory production costs, non-cash reclamation provisions, deferred stripping costs and other adjustments, and then dividing by tonnes of ore milled. As the total cash costs per ounce of gold produced measure can be impacted by fluctuations in byproduct metal prices and exchange rates, management believes that the minesite costs per tonne measure provides additional information regarding the performance of mining operations, eliminating the impact of varying production levels. Management also uses this measure to determine the economic viability of mining blocks. As each mining block is evaluated based on the net realizable value of each tonne mined, in order to be economically viable the estimated revenue on a per tonne basis must be in excess of the minesite costs per tonne. Management is aware that this per tonne measure of performance can be impacted by fluctuations in processing levels and compensates for this inherent limitation by using this measure in conjunction with production costs prepared in accordance with US GAAP.

Exploration and Corporate Development Expense

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

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

Canadian regional exploration expenditures, excluding the Goldex mine project, amounted to $22.7 million in 2012 compared with $29.9 million in 2011. This decrease was due primarily to a $6.5 million reduction in exploration expenditures at the Meliadine project between periods.

On October 19, 2011, mining operations at the Goldex mine were suspended as a result of geotechnical concerns with the rock above the mining horizon. In 2011, investigation expenditures of $19.7 million were incurred which included rock mechanic and mining studies, drilling and development exploration of the deeper D zone and care

and maintenance of general infrastructure. In 2012, exploration expenditures increased to $37.6 million with focus on the new M and E Zones at the Goldex mine project which were approved for development during the year.

Latin American regional exploration expenses increased to $28.4 million in 2012 compared with $8.3 million in 2011, due primarily to drilling at the La India mine project in Mexico which is expected to be developed as an open pit heap leach operation.

Exploration expenditures in the United States and Europe of $14.9 million in 2012 were comparable with expenditures of $13.9 million in 2011.

The Company's corporate development team remained active in 2012, evaluating new properties and potential acquisition opportunities.

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

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

Amortization of Property, Plant and Mine Development

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

General and Administrative Expense

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

Provincial Capital Tax

Prior to 2011, provincial capital tax was assessed on the Company's capitalization (paid-up capital and debt) less certain allowances and tax credits for exploration expenses incurred. Ontario capital tax was eliminated on July 1, 2010, while Quebec capital tax was eliminated at the end of 2010. Provincial capital tax expenses of $4.0 million and $9.2 million were recorded in 2012 and 2011, respectively, due to government audit assessments relating to prior years. In 2010, the Company recorded a provincial capital tax recovery of $6.1 million due to non-recurring items relating to prior years. Provincial capital tax is expected to be nil going forward.

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Interest Expense

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

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

Foreign Currency Translation Gain (Loss)

The Company's operating results and cash flow are significantly impacted by changes in the US dollar/Canadian dollar exchange rate, as all of the Company's revenues are earned in US dollars but most of its operating costs and a substantial portion of its capital costs are incurred in Canadian dollars. The US dollar/Canadian dollar exchange rate has varied significantly over the past three years. During the period from January 1, 2010 through December 31, 2012, the daily noon exchange rate as reported by the Bank of Canada has fluctuated between C$0.94 per US$1.00 and C$1.08 per US$1.00. In addition, a significant portion of the Company's expenditures at the Kittila mine and the Pinos Altos mine are denominated in Euros and Mexican pesos, respectively. The Euro and Mexican peso have also varied significantly against the US dollar over the past three years.

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

Income and Mining Taxes

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

Supplies Inventories

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

Liquidity and Capital Resources

At December 31, 2012, the Company's cash and cash equivalents, short-term investments and restricted cash totalled $332.0 million, compared with $221.5 million at December 31, 2011. Cash provided by operating activities increased by $28.8 million to $696.0 million in 2012 compared

with 2011 due primarily to a 6% increase in both gold prices realized

and gold production. The increase in cash provided by operating activities was partially offset by a $15.2 million increase in production costs and a $33.8 million increase in exploration and corporate development expenses between 2011 and 2012. Cash used in investing activities decreased significantly to $376.2 million in 2012 from $760.5 million in 2011 due primarily to the acquisition of Grayd in November 2011, a decrease in available-for-sale securities investments, an increase in proceeds on available-for-sale securities and a decrease in capital expenditures between these periods. Cash used in financing activities was $202.6 million in 2012 compared with cash provided by financing activities of $178.8 million in 2011 due primarily to a change from net proceeds from long-term debt of $270.0 million in 2011 to net repayments of long-term debt of $290.0 million in 2012.

In 2012, the Company invested cash of $445.6 million in projects and sustaining capital expenditures. Significant capital expenditures in 2012 included $105.1 million at the Meadowbank mine, $83.3 million at the Meliadine project, $39.2 million at the La India mine project, $26.8 million at the Goldex mine project and $183.7 million at the LaRonde, Kittila, Pinos Altos and Lapa mines. Capital expenditures to complete the Company's growth initiatives are expected to be funded by cash provided by operating activities and cash on hand. A significant portion of the Company's cash and cash equivalents are denominated in US dollars.

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

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

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

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

On December 12, 2012, the Company declared a cash dividend payable on March 15, 2013, marking the 31st consecutive year that the Company has paid a cash dividend. During 2012, the Company paid dividends of $118.1 million compared with $98.4 million in 2011. Although the Company expects to continue paying dividends, future dividends will be at the discretion of the Board and will be subject to factors such as income, financial condition and capital requirements. The Company also issued common shares for gross proceeds of $32.7 million in 2012 due primarily to stock option exercises and issuances under the Company's employee share purchase plan.

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

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

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

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

In June 2009, the Company entered into a C$95 million financial security guarantee issuance agreement with Export Development Canada (the "EDC Facility"). Under the agreement, which matures in June 2014, Export Development Canada agreed to provide guarantees in respect of letters of credit issued on behalf of the Company in favour of certain beneficiaries in respect of obligations relating to the Meadowbank mine. As at December 31, 2012, outstanding letters of credit drawn under the EDC Facility totaled nil.

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

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

Notes:

(i) Mining operations are subject to environmental regulations that require companies to reclaim and remediate land disturbed by mining operations. The Company has submitted closure plans to the appropriate governmental agencies which estimate the nature, extent and costs of reclamation for each of its mining properties. The estimated undiscounted cash outflows of these reclamation obligations are presented here. These estimated costs are recorded in the Company's consolidated financial statements on a discounted basis in accordance with ASC 410-20 *Asset Retirement Obligations* and ASC 410-30 *Environmental Obligations*. See Note 6(a) to the consolidated financial statements.

(ii) The Company provides a non-registered supplementary executive retirement defined benefit plan for certain senior officers (the "Executives Plan"). The Executives Plan provides pension benefits to certain senior officers equal to 2% of their final three-year average pensionable earnings for each year of service with the Company, less the annual pension payable under the Company's basic defined contribution pension plan. Payments under the Executives Plan are secured by letter of credit from a Canadian chartered bank. The figures presented in this table have been actuarially determined.

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

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

Off-Balance Sheet Arrangements

The Company's off-balance sheet arrangements include operating leases of $7.6 million (see Note 13(b) to the consolidated financial statements) and outstanding letters of credit for environmental and site restoration costs, custom credits, government grants and other general corporate purposes of $147.3 million of (see Note 12 to the consolidated financial statements). If the Company were to terminate these off-balance sheet arrangements, the penalties or obligations would be insignificant based on the Company's liquidity position, as outlined in the table below.

2013 Liquidity and Capital Resources Analysis

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

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

While the Company believes its capital resources will be sufficient to satisfy all 2013 commitments (mandatory and discretionary), the Company may choose to decrease certain of its discretionary expenditure commitments, which includes certain capital expenditures and undeclared dividends, should unexpected financial circumstances arise in the future.

Outlook

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

Gold Production Growth

LaRonde Mine

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

Total cash costs per ounce of gold produced at the LaRonde mine are expected to be approximately $650 in 2013 compared with $569 in 2012, reflecting expectations of lower grades and lower metal prices for the mine's byproducts going forward. However, depending on prevailing byproduct prices over the next several years, the potential exists to

extend the life of the upper mine by mining lower grade (predominantly zinc) ore that becomes economic. The effect of this would likely be lower total cash costs per ounce due to the byproduct metal revenue.

Goldex Mine Project

The Goldex mine is expected to commence production from the M and E Zones in the second quarter of 2014. In 2014, payable gold production at the Goldex mine project is expected to be approximately 49,000 ounces. Annual average payable gold production at the Goldex mine project is expected to be approximately 80,000 ounces at total cash costs per ounce of gold produced of approximately $900 over a mine life of approximately three to four years. Exploration on several other satellite zones, including the deeper D Zone, has the potential to extend mine life at Goldex.

Lapa Mine

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

Kittila Mine

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

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

Pinos Altos Mine

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

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

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

Meadowbank Mine

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

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

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La India Mine Project

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

Growth Summary

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

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

Financial Outlook

Mining Revenue and Production Costs

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

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

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

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

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

costs at the Pinos Altos mine are denominated in Mexican pesos, the Canadian dollar/US dollar, Euro/US dollar and Mexican peso/US dollar exchange rates also impact the total cash costs per ounce of gold produced estimates.

The table below details the metal price assumptions and exchange rate assumptions used in deriving the estimated 2013 total cash costs per ounce of gold produced (production estimates for each metal are shown in the table above) as well as the market average closing prices for each variable for the period of January 1, 2013 through March 12, 2013.

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

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

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

Note:

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

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Exploration and Corporate Development Expense

In 2013, Agnico-Eagle expects to incur expenditures of $92.0 million on minesite and advanced project exploration, greenfield exploration and corporate development. Approximately $21.0 million is expected to be spent on greenfield exploration outside of the Company's currently contemplated mining areas in Canada, Latin America, Finland and the United States. Exploration is success driven and thus these estimates could change materially based on the success of the various exploration programs. When it is determined that a mining property can be economically developed as a result of established proven and probable reserves, the costs of drilling and development to further delineate the ore body on such a property are capitalized. In 2013, the Company expects to capitalize $38.0 million on drilling and development related to further delineating ore bodies and converting resources into reserves.

Other Expenses

Cash general and administrative expenses are not expected to increase significantly in 2013. However, non-cash variances from budget may occur as a result of variances in the Black-Scholes pricing of stock options granted by the Company in 2013. Provincial capital tax expense is expected to be nil in 2013 due to the elimination of the Ontario provincial capital tax on July 1, 2010 and the elimination of the Quebec capital tax at the end of 2010. Amortization of property, plant and mine development is expected to increase to approximately $293.1 million in 2013 compared with $271.9 million in 2012. Interest expense is expected to decrease to approximately $55.1 million in 2013 compared with $57.9 million in 2012 due primarily to decreased amounts drawn under the Credit Facility, offset partially by amounts owing on the 2012 Notes. The Company's effective tax rate is expected to be approximately 34.6% in 2013 compared with an effective rate of 28.5% in 2012. The 2012 effective tax rate resulted from the factors detailed in " Results of Operations Income and Mining Taxes" above.

Capital Expenditures

Agnico-Eagle's gold growth program remains well funded. Capital expenditures, including construction and development costs, sustaining capital and capitalized exploration costs, are expected to total approximately $596.0 million in 2013. In 2013, the Company expects to generate internal cash flow from the sale of its gold production and the associated byproduct metals. Significant components of the expected 2013 capital expenditures program include the following:

- $357.0 million in capitalized development expenditures relating primarily to the La India mine project ($92.0 million), Goldex mine project ($63.0 million), Meliadine project ($59.0 million), Meadowbank mine ($39.0 million), Kittila mine ($34.0 million) and Pinos Altos mine ($33.0 million);

- $201.0 million in sustaining capital expenditures relating to the LaRonde mine ($61.0 million), Meadowbank mine ($40.0 million), Kittila mine ($39.0 million), Pinos Altos mine ($29.0 million), Lapa mine ($19.0 million) and Creston Mascota deposit at Pinos Altos ($13.0 million); and

- $38.0 million in capitalized drilling expenditures;

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

Outstanding Securities

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

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

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Critical Accounting Estimates

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

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

Mining Properties, Plant and Equipment and Mine Development Costs

Significant payments related to the acquisition of land and mineral rights are capitalized as mining properties at cost. If a mineable ore body is discovered, such costs are amortized to income when production begins, using the unit-of-production method, based on estimated proven and probable reserves. If no mineable ore body is discovered, such costs are expensed in the period in which it is determined the property has no future economic value.

Expenditures for new facilities and improvements that can extend the useful lives of existing facilities are capitalized as plant and equipment at cost. Interest costs incurred for the construction of projects are capitalized.

Mine development costs incurred after the commencement of production are capitalized or deferred to the extent that these costs benefit the mining of the entire ore body. Costs incurred to access single ore blocks are expensed as incurred; otherwise, such vertical and horizontal development is classified as mine development costs.

Agnico-Eagle records amortization on both plant and equipment and mine development costs used in commercial production on a unit-of-production basis based on the estimated tonnage of proven and probable mineral reserves of the mine. The unit-of-production method defines the denominator as the total proven and probable tonnes of reserves.

Repairs and maintenance expenditures are charged to income as production costs. Assets under construction are not depreciated until the end of the construction period. Upon achievement of commercial production, the capitalized construction costs are transferred to the appropriate category of plant and equipment.

Mineral exploration costs are charged to income in the year in which they are incurred. When it is determined that a mining property can be economically developed as a result of established proven and probable reserves, the costs of drilling and development to further delineate the ore body on such property are capitalized. The establishment of proven and probable reserves is based on results of final feasibility studies, that indicate whether a property is economically feasible. Upon commencement of the commercial production of a development project, these costs are transferred to the appropriate asset category and are amortized to income using the unit-of-production method described above. Mine development costs, net of salvage values, relating to a property that is abandoned or considered uneconomic for the foreseeable future are written off.

The carrying values of mining properties, plant and equipment and mine development costs are periodically reviewed for possible impairment, when impairment factors exist, based on the future undiscounted net cash flows of the operating mine or development property. If it is determined that the estimated net recoverable amount is less than the carrying value, then a write down to the estimated fair value amount is made with a charge to income. Estimated future cash flows of an operating mine and development properties include estimates of recoverable ounces of gold based on the proven and probable mineral reserves. To the extent that economic value exists beyond the proven and probable mineral reserves of an operating mine or development property, this value is included as part of the estimated future cash flows. Estimated future cash flows also involve estimates regarding metal prices (considering current and historical prices, price trends and related factors), production levels, capital and reclamation costs, and related income and mining taxes, all based on detailed life-of-mine plans. Cash flows are subject to risks and uncertainties and changes in the estimates of the cash flows may affect the recoverability of long-lived assets.

Goodwill

Business combinations are accounted for using the purchase method whereby assets acquired and liabilities assumed are recorded at their fair values as of the date of acquisition and any excess of the purchase price over such fair values is recorded as goodwill. Goodwill is not amortized.

The Company performs goodwill impairment tests on an annual basis as well as when events and circumstances indicate that the carrying amounts may no longer be recoverable. In performing the impairment tests, the Company estimates the fair values of its reporting units that include goodwill and compares those fair values to the reporting units' carrying amounts. If a reporting unit's carrying amount exceeds its fair value, the Company compares the implied fair value of the reporting unit's goodwill to the carrying amount, and any excess of the carrying amount of goodwill over the implied fair value is charged to income.

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

Revenue Recognition

Revenue is recognized when the following conditions are met:

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

(b) the price is determinable;

(c) the product has been delivered; and

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

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

Under the terms of the Company's concentrate sales contracts with third-party smelters, final prices for the metals contained in the concentrate are determined based on the prevailing spot market metal prices on a specified future date, which is based on the date that the concentrate is delivered to the smelter. The Company records revenues under these contracts based on forward prices at the time of delivery, which is when transfer of legal title to concentrate passes to the third-party smelters. The terms of the contracts result in differences between the recorded estimated price at delivery and the final settlement price. These differences are adjusted through revenue at each subsequent financial statement date.

Revenues from mining operations consist of gold revenues, net of smelting, refining, transportation and other marketing charges. Revenues from byproduct metals sales are shown net of smelter charges as part of revenues from mining operations.

Reclamation Costs

On an annual basis, the Company assesses cost estimates and other assumptions used in the valuation of asset retirement obligations ("AROs") at each of its mineral properties to reflect events, changes in circumstances and new information available. Changes in these cost estimates and assumptions have a corresponding impact on the fair value of the AROs. For closed mines, any change in the fair value of AROs results in a corresponding charge or credit within other expense, whereas at operating mines the charge is recorded as an adjustment to the carrying amount of the corresponding asset.

AROs arise from the acquisition, development, construction and operation of mining properties and plant and equipment due to government controls and regulations that protect the environment on the closure and reclamation of mining properties. The major parts of the carrying amount of AROs relate to: tailings and heap leach pad closure and rehabilitation; demolition of buildings and mine facilities; ongoing water treatment; and ongoing care and maintenance of closed mines. The fair values of AROs are measured by discounting the expected cash flows using a discount factor that reflects the credit-adjusted risk-free rate of interest. The Company prepares estimates of the timing and amount of expected cash flows when an ARO is incurred. Expected cash flows are updated to reflect changes in facts and circumstances. The principal factors that can cause expected cash flows to change are: the construction of new processing facilities; changes in the quantities of material in

reserves and a corresponding change in the life of mine plan; changing ore characteristics that impact required environmental protection measures and related costs; changes in water quality that impact the extent of water treatment required; and changes in laws and regulations governing the protection of the environment. When expected cash flows increase, the revised cash flows are discounted using a current discount

factor, whereas when expected cash flows decrease, the reduced cash flows are discounted using the historical discount factor used in the original estimation of the expected cash flows. In either case, any change in the fair value of the ARO is recorded. Agnico-Eagle records the fair value of an ARO when it is incurred. AROs are adjusted to reflect the passage of time (accretion), which is calculated by applying the discount factor implicit in the initial fair value measurement to the beginning-of-period carrying amount of the AROs. For producing mines, accretion expense is recorded in the cost of goods sold each period. Upon settlement of an ARO, Agnico-Eagle records a gain or loss if the actual cost differs from the carrying amount of the ARO. Settlement gains/losses are recorded in income.

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

The Company is required to recognize a liability for obligations associated with ERLs arising from past acts. ERL fair value is measured by discounting the expected related cash flows using a discount factor that reflects the credit-adjusted risk-free rate of interest. The Company prepares estimates of the timing and amount of expected cash flows when an ERL is incurred. On an annual basis, the Company assesses cost estimates and other assumptions used in the valuation of ERLs to reflect events, changes in circumstances and new information available. Changes in these cost estimates and assumptions have a corresponding impact on the fair value of the ERL. Any change in the fair value of ERLs results in a corresponding charge or credit to income. Upon settlement of an ERL, Agnico-Eagle records a gain or loss if the actual cost differs from the carrying amount of the ARO. Settlement gains/losses are recorded in income.

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

Income and Mining Taxes

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

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

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

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

Financial Instruments

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

The Company recognizes all derivative financial instruments in the consolidated financial statements at fair value regardless of the purpose or intent for holding the instrument. Changes in the fair value of derivative financial instruments

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are either recognized periodically in the consolidated statements of income (loss) and comprehensive income (loss) or in shareholders' equity as a component of accumulated other comprehensive loss, depending on the nature of the derivative financial instrument and whether it qualifies for hedge accounting. Financial instruments designated as hedges are tested for effectiveness on a quarterly basis. Gains and losses on those contracts that are proven to be effective are reported as a component of the related transaction.

Stock-Based Compensation

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

Fair value is determined using the Black-Scholes option valuation model which requires the Company to estimate the expected volatility of the Company's share price and the expected life of the stock options. Limitations with existing option valuation models and the inherent difficulties associated with estimating these variables create difficulties in determining a reliable single measure of the fair value of stock option grants. The dilutive impact of stock option grants is factored into the Company's reported diluted net income (loss) per share.

Commercial Production

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

Stripping Costs

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

Recently Issued Accounting Pronouncements and Developments

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

Disclosure about Offsetting Assets and Liabilities

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

Disclosure of Payments by Resource Extraction Issuers

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

Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income

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

International Financial Reporting Standards

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

SUMMARIZED QUARTERLY DATA

CONSOLIDATED FINANCIAL DATA

	Three Months Ended				
	March 31, 2012	**June 30, 2012**	**September 30, 2012**	**December 31, 2012**	**Total 2012**
	(thousands of United States dollars, except where noted)				
Operating margin					
Revenues from mining operations	$ 472,934	$ 459,561	$ 535,836	$ 449,383	$ 1,917,714
Production costs	215,035	219,906	220,408	242,363	897,712
Operating margin	257,899	239,655	315,428	207,020	1,020,002
Operating margin by mine					
LaRonde mine	63,266	29,342	45,625	35,363	173,596
Lapa mine	27,677	26,222	25,723	20,755	100,377
Kittila mine	49,049	31,489	52,655	53,199	186,392
Pinos Altos mine[(i)]	69,135	79,887	87,167	61,533	297,722
Meadowbank mine	48,772	72,715	104,258	36,170	261,915
Operating margin	257,899	239,655	315,428	207,020	1,020,002
Amortization of property, plant and mine development	64,553	66,310	68,318	72,680	271,861

Corporate and other	85,836	96,169	94,763	36,232	313,000
Income before income and mining taxes	107,510	77,176	152,347	98,108	435,141
Income and mining taxes	28,962	33,904	46,021	15,338	124,225
Net income for the period	$ 78,548	$ 43,272	$ 106,326	$ 82,770	$ 310,916
Net income per share basic	$ 0.46	$ 0.25	$ 0.62	$ 0.48	$ 1.82
Net income per share diluted	$ 0.46	$ 0.25	$ 0.62	$ 0.48	$ 1.81
Cash flows					
Cash provided by operating activities	$ 196,497	$ 194,082	$ 199,464	$ f105,964	$ 696,007
Cash used in investing activities	$ (88,908)	$ (68,619)	$ (121,837)	$ (96,792)	$ (376,156)
Cash (used in) provided by financing activities	$ (132,078)	$ (29,258)	$ (55,406)	$ 14,136	$ (202,606)

Realized prices					
Gold (per ounce)	$ 1,684	$ 1,602	$ 1,695	$ 1,684	$ 1,667
Silver (per ounce)	$ 34	$ 26	$ 34	$ 31	$ 32
Zinc (per tonne)	$ 2,125	$ 1,901	$ 1,836	$ 1,906	$ 1,955
Copper (per tonne)	$ 9,006	$ 6,455	$ 9,046	$ 7,668	$ 8,083

Payable production:[ii]

Gold (ounces)					
LaRonde mine	43,281	40,206	40,477	36,911	160,875
Lapa mine	28,499	28,157	24,914	24,621	106,191
Kittila mine					