GOOD NEIGHBOUR

AGNICO-EAGLE MINES LIMITED

2010 CORPORATE SOCIAL RESPONSIBILITY REPORT

IN ITS 54 YEARS OF OPERATING HISTORY, AGNICO-EAGLE MINES LIMITED HAS DISTINGUISHED ITSELF AS A GOOD NEIGHBOUR. NOT ONLY HAVE WE CONSISTENTLY DELIVERED OUTSTANDING RETURNS TO OUR SHAREHOLDERS, WE HAVE WORKED HARD TO BE A GOOD EMPLOYER, TO BE A CATALYST FOR THE SOCIAL AND ECONOMIC DEVELOPMENT OF THE COMMUNITIES IN WHICH WE OPERATE, AND TO MINIMIZE OUR ENVIRONMENTAL IMPACT. RESPONSIBLE CORPORATE CITIZENSHIP IS AS MUCH A PART OF WHO WE ARE AS OUR STRONG FINANCIAL PERFORMANCE.

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The AEM Way

Local Workforce
We are on our way to having 100% of our workforce at each site come from the region in which the operation is located. See page 38.

Supportive Work Environment
Our range of employee programs includes a family support program for employees and families needing financial assistance to travel for treatment of serious illnesses. See page 44.

Economic Contributions
Whenever possible, we give preference to local and regional suppliers when purchasing goods and services. See page 29.

Community Engagement
We devote time and resources to nurturing dialogue and building relationships with our many different stakeholders. See page 48.

Environmental Stewardship
The size of our operations is limited to just what is needed to operate effectively. Of a total leased or owned land holding of 12,396 hectares, AEM used only 3,793 hectares in 2010. See page 54.

External Initiatives
We have joined the Mining Association of Canada and fully endorse its Towards Sustainable Mining initiative. See page 24.

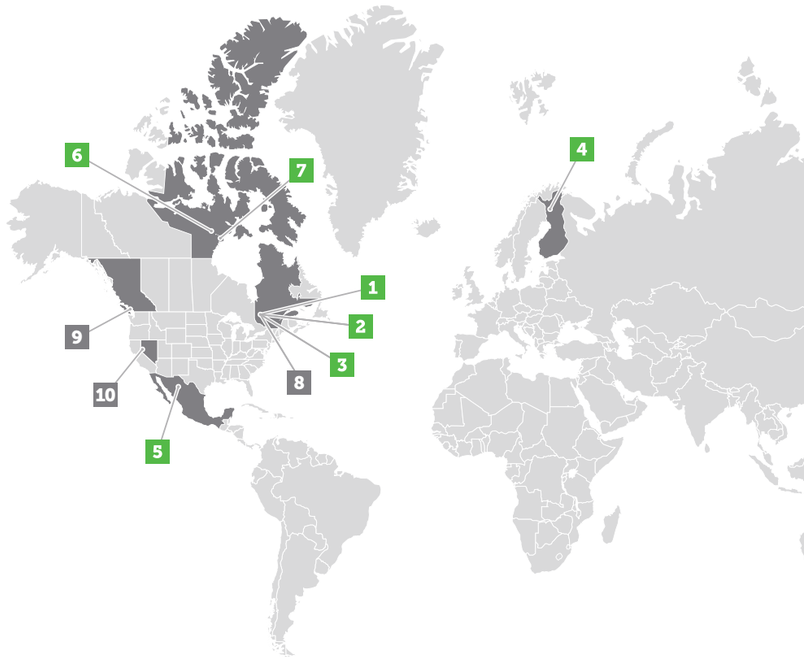
AEM At-a-Glance

AEM is a gold producer with mines and exploration properties in Canada, Finland, Mexico and the U.S., and a strong record of delivering quality growth and low-risk exposure to gold.

CORE VALUES:
OPERATE SAFELY;
PROTECT THE ENVIRONMENT;
TREAT PEOPLE AND COMMUNITIES WELL;
MAKE A PROFIT.

OUR VISION

We have set out to build a company that is focused on quality, growth and a strong financial position, while protecting the environment, maintaining a safe workplace and retaining full leverage to gold prices. We create value for shareholders by growing gold production in regions of low political risk, with careful attention to per share metrics.



1 LaRONDE
QUEBEC, CANADA

Underground mine in Abitibi region of Quebec

Produces gold, silver, zinc, copper and lead

1,034 employees and contractors

Produced 162,806 ounces of gold in 2010

Initial production from deep extension of the mine expected in late 2011

2 GOLDEX
QUEBEC, CANADA

Underground mine in Val-d'Or, Quebec

Produced 184,386 ounces of gold in 2010

308 employees and contractors

One of the lowest-cost underground operations in the gold industry

3 LAPA
QUEBEC, CANADA

Underground mine in Rivière-Héva, Quebec

Produced 117,456 ounces of gold in 2010

305 employees and contractors

Gold grades twice as rich as AEM's average mine grade

4 KITTILA
LAPLAND, FINLAND

Open pit and underground operation in northern Finland

Produced 126,205 ounces of gold in 2010

572 employees and contractors

AEM's largest gold reserve

5 PINOS ALTOS
CHIHUAHUA, MEXICO

Open pit and underground operation in northern Mexico

Produced 131,097 ounces of gold and 1.2 million ounces of silver in 2010

1,099 employees and contractors

Production began at the Creston-Mascota satellite operation in 2010

6 MEADOWBANK
NUNAVUT, CANADA

Open pit mine in the Nunavut territory of Canada

Achieved commercial production in early 2010

Produced 265,659 ounces of gold in 2010

1,180 employees and contractors

7 MELIADINE
NUNAVUT, CANADA

Advanced exploration project acquired in 2010

Located near Rankin Inlet, 300 kilometres from Meadowbank

Initial reserve estimate of 2.7 million ounces of gold

Aggressive exploration program underway

8 EXPLORATION OFFICE
QUEBEC, CANADA

9 EXPLORATION OFFICE
BRITISH COLUMBIA, CANADA

10 EXPLORATION OFFICE
NEVADA, USA

Chief Executive Officer's Report

For AEM, 2010 marked the completion of our transformation from a single mine to a multi-mine gold producer. The opening of Meadowbank was the fifth of five mines built since 2008, increasing annual gold production from 277,000 ounces to 987,609 ounces in 2010. We also achieved record gold reserves and generated record annual earnings and cash flows. To have accomplished so much in such a short period of time is an incredible achievement – and a tribute to the commitment, talent and fortitude of AEM employees.

It is also a testament to the way we do business. From the beginning, AEM has worked in such a way as to take good care of our employees, minimize our environmental footprint and nurture strong relationships with the communities in which we operate. We recognize that we are not simply here to maximize profit, but to support the ongoing prosperity and well-being of our society. Our values-based approach to business has helped us mitigate risk and achieve powerful goals.

As a much larger company, we now have an opportunity, and a responsibility, to do more – for the benefit of individuals, communities and the wider world. In recognition of this fact, our Board of Directors elevated responsibility for environmental and sustainable development (SD) matters to a senior vice-president level in 2010 and allocated more resources to these areas. We strengthened our SD management systems with the implementation of a formal, web-based health, safety and environmental (HSE) management system across all operations and the introduction of external and internal SD audits. We also joined the Mining Association of Canada and fully endorsed its Towards Sustainable Mining initiative.

We are determined to make a significant, positive difference in the lives of the Inuit near our Meadowbank mine in the Nunavut territory of Canada. With the strong support of our Board Chairman, we have made education a priority and are investing heavily in skills training. For example, we have partnered with the Kivalliq Inuit Association, the Government of Nunavut and local communities to create the Kivalliq Mine Training Society. The Society aims to prepare 150 young Inuit to enter the Meadowbank workforce over the next three years. Currently, 40% of our Meadowbank workforce is Inuit. We hope to eventually replace most of our non-Inuit employees with qualified Inuit from the Kivalliq region – and to help develop transferable skills so that Inuit employees can find other work when our mines close.

As we move into 2011, AEM is in a strong position for continued growth. As we do so, we will not only remain committed to the principles of corporate social responsibility, we intend to use our talents and resources as forces for good.

Sincerely,

Sean Boyd, Vice-Chairman and Chief Executive Officer

Chief Operating Officer's Report

I am pleased to report that AEM continued to advance its corporate social responsibility objectives in 2010, even as we transitioned from construction mode to operations at many of our mines. While we had some setbacks, we also embarked on a number of far-reaching new initiatives.

Tragically, we had a fatal incident in April 2010. Underground miner, Mr. Mario Pellerin, inadvertently stepped into a vertical tunnel connecting different mine levels at LaRonde. A thorough investigation of the accident was conducted by the Commission de la santé et de la sécurité du travail du Québec (CSST) as well as LaRonde's joint health and safety committee, which resulted in some new safety measures being put in place. The safety of our people will always come first, and we remain committed to doing everything possible to establish and maintain safe work environments.

At our Meadowbank and Pinos Altos mines, both of which are located in remote areas, we are breaking new ground in community and employee initiatives. At Meadowbank, employees from seven nearby communities are transported to the mine at AEM's expense and work a 14-day in/14-day out rotation. For many, this is the first job they have ever had. Not only is the work new to them, so too is the work routine. We are implementing a wide range of programs and training to support their integration into the workforce, achieve production targets and support the social and economic development of the region.

The challenges and opportunities are somewhat similar at Pinos Altos. It has been especially satisfying to see employees with no prior work experience operating large, expensive mining machinery within one year of joining the Company, or to see hundreds of local residents access our medical and dental clinics. At the same time, we have had to revise our crisis management procedures to address security risks in view of the heightened conflict in parts of Mexico. Ninety-nine percent of our employees working at Pinos Altos are from Mexico, and 67% live in the immediate area around the mine. We strive to create an island of stability for them within the Pinos Altos site.

On the environmental front, our total energy and water consumption volumes rose, as did the amount of waste rock and tailings generated in 2010. This is attributable to the start-up of new operations. However, consumption declined on a per-unit-of-production basis, and we fully expect that as processes are optimized at the new mines, overall consumption will decline.

All in all, we are satisfied with the progress that we were able to make in 2010, while recognizing that we need to do better in many areas. I invite you to review our CSR performance in this year's report.

Sincerely,

Ebe Scherkus, President and Chief Operating Officer

2010 PERFORMANCE

HERE IS A SNAPSHOT OF OUR 2010 PERFORMANCE RELATIVE TO OUR OBJECTIVES AND, WHERE APPLICABLE, 2009 RESULTS.

HEALTH & SAFETY OBJECTIVE	2009 PERFORMANCE	2010 PERFORMANCE
Reduce combined lost-time accident (LTA) frequency for all AEM employees and contractors at all operating mines.	Combined LTA frequency was 2.65.	Combined LTA frequency of 3.32 was higher than in 2009, largely due to the start-up and optimization of the new mines which involved many new employees and procedures.
Achieve a combined LTA frequency at each of our mining operations that is below the industry average in that region.	Combined LTA frequency for employees and contractors at each mine was as follows: Lapa 5.60 Goldex 2.16 LaRonde 3.98 Kittila 3.68 Pinos Altos 1.25 Meadowbank 2.42 **AEM combined 2.65** Average LTA frequency for the metal mining industry in Quebec in 2009 was 4.1.	Combined LTA frequency for employees and contractors at each mine was as follows: Lapa 7.10 Goldex 2.26 LaRonde 5.92 Kittila 5.32 Pinos Altos 1.65 Meadowbank 2.49 Exploration 0 Regional services 0 Head office 0 **AEM combined 3.32** Average LTA frequency for the metal mining industry in Quebec in 2010 was 4.6.
Implement the Supervisory Formula Program including the daily use of work cards at all operations.		The Supervisory Formula Program is being implemented at all of our operations. It does not reach all employees every day and thus our implementation will continue into 2011.
Implement safety indoctrination and training programs for all new employees at each mine.	Programs will be delivered in French in Quebec, Finnish at Kittila, Spanish in Mexico, and in English and Inuktitut at Meadowbank.	Indoctrination safety training programs are now in place at all of our operations. At Meadowbank, we have completed translation of a small portion in Inuktitut and work continues on this objective.
Develop and implement health awareness programs at each mine. Programs to be delivered by dedicated occupational health nursing staff at each mine.		Health awareness programs are in place at each of our mining operations and are being delivered through dedicated occupational health nursing staff.

ENVIRONMENTAL OBJECTIVE	2009 PERFORMANCE	2010 PERFORMANCE
No fines or penalties for environmental failures at any of our mines.	No fines or penalties in 2009.	At Pinos Altos, we were fined $1,000 due to an infraction relating to inadequate labelling of hazardous waste stored in our hazardous waste management facility. A system of identifying and labelling all such waste containers has now been implemented. No other fines or penalties were recorded in 2010.
No category 3, 4 or 5 environmental incidents at any of our operations. A category 3 incident causes moderate, reversible environmental impact, with short-term effect, and requires moderate remediation. A category 4 incident causes serious environmental impact, with medium-term effect, and requires significant remediation. A category 5 incident causes disastrous environmental impact, with long-term effect, and requires major remediation.	No category 3, 4 or 5 environmental incidents.	No category 3, 4 or 5 environmental incidents.
Maximum of 20 regulatory non-compliance incidents. A non-compliance incident refers to any specific measurement that is above our compliance requirement. For example, exceeding maximum total suspended solids on a given day.	One non-compliance event.	No non-compliance events.

ENVIRONMENTAL OBJECTIVE	2009 PERFORMANCE	2010 PERFORMANCE
Complete construction and commissioning of ammonia-stripping treatment circuits for mine waste water at the Lapa and LaRonde minesites. The 2010 target was to meet design performance specifications at both treatment plants.		New ammonia-stripping water treatment plants were constructed and commissioned at the Lapa and LaRonde mines. The plants are now meeting performance targets for ammonia removal. However, we have experienced intermittent toxicity test failures for daphnia and/or trout in the sedimentation pond. During these periods, the batch discharge from the pond is halted and 100% of waste water is recirculated. We continue to address this issue.
Complete construction and commissioning of the cyanide destruction treatment circuit at the Meadowbank mine. The 2010 target was to meet design performance specifications at the new plant.		The cyanide destruction circuit was completed and commissioned in early 2010. It is functioning and achieving design performance specifications.
Continue noise reduction initiatives at the LaRonde mine with the objective of reducing audible underground ventilation fan noise and the associated disturbances to local communities.		The new noise attenuation facilities around the LaRonde ventilation fans were completed in 2010. Sound attenuation performance is such that the ventilators are hardly audible at the minesite.
Develop a formal environmental management system (EMS) consistent with the ISO 14001 international standards at each minesite.	Each mine currently has its own environmental management program. Our two-year objective is to develop a formal EMS program at each mine that meets the specific needs of the mine, is consistent with ISO 14001 standards and incorporates continuous improvement.	AEM started development of a formal health, safety and environmental (HSE) management system at all of its operations in 2010. The first step was to purchase and implement management software based on the ISO 14001 standards. The full system will be implemented in phases continuing through 2011 and 2012.
Environmental audits Complete internal environmental audits at two operating mines.	This continues an initiative started in 2009.	Internal environmental audits were completed at Pinos Altos (general audit) and Kittila (cyanide audit) by an internal, multi-divisional team. External audits were carried out at LaRonde and Goldex.

ENVIRONMENTAL OBJECTIVE	2009 PERFORMANCE	2010 PERFORMANCE
Energy use Implement energy management committees at each mine.	These committees bring together employees and management to conduct energy audits, measurements and studies to identify opportunities for greenhouse gas (GHG) emission reductions.	Energy-use committees are in place at the LaRonde and Meadowbank mines. Similar initiatives are in development at our other divisions.
Waste management Implement five-year waste management plans at each operation to manage waste rock, tailings and other industrial waste.	This is a continuation of an existing initiative.	Five-year tailings management plans exist at all of our operations and will need to be updated annually. We have waste rock management plans in place at Meadowbank, Kittila and Pinos Altos, where we have open pit operations.
Closure plans Update current mine closure and reclamation plans at each AEM mine. The plans will include calculations of closure liability associated with each site.		Each operating division has a mine closure and reclamation plan. In 2010, the plan for the Meadowbank mine was updated to reflect the start of operations. We continue to work on improving these plans, with a focus on updating the plan for the Pinos Altos heap leach facility in 2011.
Towards Sustainable Mining Develop and implement systems at all mines to enable AEM to achieve a Level A self-assessment on all four of the Mining Association of Canada's TSM performance indicators.		AEM joined the Mining Association of Canada (MAC) in late 2010 and has fully endorsed the TSM initiative. AEM conducted self-assessments at each facility in 2010 and early 2011. We will externally verify our TSM performance every three years in accordance with the MAC guidance.

SOCIAL RESPONSIBILITY AND COMMUNITY ENGAGEMENT OBJECTIVE	2009 PERFORMANCE	2010 PERFORMANCE
Each mine has a community engagement plan, which is unique to the setting and updated annually. Our 2010 objective was to continue to implement these community engagement plans at each mine.	Community engagement activities include community newsletters; meeting with representatives of local government, citizens groups and neighbours; visiting local schools to inform students of future job opportunities and motivate them to further their education to pursue these opportunities; participating in local job fairs; and holding periodic townhall meetings to keep the communities informed of our activity and provide a forum for addressing community concerns.	Each mine continued to implement its community engagement plan in 2010.
Continue operation of the Community Liaison Committee at the Meadowbank mine.		The Committee operated in Baker Lake throughout 2010, and we are planning to organize a similar committee in Rankin Inlet in 2011 to engage with local stakeholders as we advance the Meliadine project.
Continue AEM's involvement in community projects in the communities where our mines are located.	These include support for the development of sports-related facilities for youth in these communities, and support for educational and health initiatives.	AEM was involved in community development projects at each division. Please see page 51 for details.
Continue skills training programs at all mining operations. A specific target in 2010 was to work with the Kivalliq Mine Training Society in Nunavut to deliver skills training to Inuit employees at the Meadowbank mine.	In cooperation with the Kivalliq Inuit Association (KIA), AEM is committed to increasing the proportion of Inuit working at the Meadowbank mine. This is part of our Inuit Impact Benefits Agreement with the KIA.	We are an active supporter and contributor to the Kivalliq Mine Training Society, and we have a target of training 50 Inuit beneficiaries each year for three years, leading to direct employment at Meadowbank. To date, 64 Inuit beneficiaries have successfully completed a heavy equipment operator's training program, and are involved in a similar program for mill operators.

2011 Targets

We have set the following HSE targets for 2011. Our targets are based on our understanding of the performance indicators that are important to our business and our stakeholders, and our evaluation of how we are currently performing and where we feel we should be challenging ourselves to improve.

PROPOSED HSE TARGETS FOR 2011

	2009 Actual	2010 Actual	2010 Target	2011 Target	Comment
HEALTH & SAFETY OBJECTIVES					
Fatalities	1	1	0	0	
Lost-time accident frequency	2.65	3.32	3.5	3.4	
ENVIRONMENTAL OBJECTIVES					
Environmental compliance	100%	99%	100%	100%	
# of fines or penalties imposed		1	0	0	
Aggregate value of fines imposed		$1,000	$0	$0	
ENVIRONMENTAL SPILLS					
# of category 3, 4 or 5 environmental incidents		0	0	0	
GREENHOUSE GAS EMISSION INTENSITY TARGET					New objective for 2011
Tonnes of CO_2 equivalent per tonne milled	0.02	0.03	NA	0.02	A 5% reduction target for 2011

About This Report

This report presents information on the economic, health, safety, environmental and social performance of AEM from January 1, 2010 through December 31, 2010. The objective is to give our shareholders, employees, communities where we operate and other stakeholders a better understanding of how we manage our operational safety, environmental and social risks. This report also indicates how we are evolving and improving our corporate responsibility and risk management systems and performance.

It covers our six mining operations in northwestern Quebec (LaRonde, Goldex and Lapa), northern Finland (Kittila), northern Mexico (Pinos Altos and the satellite Creston Mascota heap leach mine) and Nunavut in northern Canada (Meadowbank). It also includes discussion of the current status and ongoing liability issues at all of the closed mining sites over which AEM has responsibility. These legacy sites include the Preissac and Joutel minesites in northwestern Quebec and several reclaimed silver minesites in Cobalt, Ontario (formerly owned and operated by Agnico Mines Ltd.).

Our Meadowbank mine commenced production in February 2010 and achieved commercial production in March 2010. Therefore the performance indicator data for Meadowbank represents in some circumstances only the 10 months in 2010 in which the mine was in production.

Our major exploration activities are also included in this report for the first time, although we still need to improve on our performance indicator data collection for ongoing exploration activities. We have hired dedicated health, safety, environment and human resources personnel in the exploration division, which will facilitate reporting and enable us to give a full account in 2011.

This report only addresses those operations where AEM has managing control and thus does not include any activities by companies where AEM holds a minority investment.

In compiling this report, we have measured our performance using indicators developed by the Mining Association of Canada (MAC) under their Towards Sustainable Mining (TSM) initiative (www.mining.ca/www/Towards_Sustaining_Mining/Performance_Indicators/index.php), the Sustainability Reporting Guidelines (G3) developed by the Global Reporting Initiative (GRI) (www.globalreporting.org/ReportingFramework/), including mining industry-specific indicators incorporated in their Mining and Metals Sector Supplement (www.globalreporting.org/ReportingFramework/SectorSupplements/MiningAndMetals/) and by AEM-specific indicators that recognize our values and challenges. We have tried to report in as quantifiable a manner as possible and on a facility-by-facility basis to allow our future trends to be measured against our past performance and objectives and the performance of our industry peers. This enables our readers to benchmark our performance with respect to laws, norms, codes, performance standards and voluntary initiatives, as well as to monitor our annual progress as an organization. It also helps us to improve our performance.

This is our second CSR report and thus we are now able to compare data for most indicators for two years (2009 and 2010), allowing trends to be noted. We have not reported against all possible indicators and have excluded indicators that are not directly applicable to our operations and where internal reporting systems are not yet in place. We have increased the number of indicators reported on from our first CSR report but we continue towards inclusion of all relevant indicators in future reporting. We believe that the indicators that we have reported against reflect the Company's most significant social, socioeconomic and environmental risks and challenges and will help our stakeholders make informed assessments and decisions.

PRESENTATION OF DATA

In this report, all monetary values are expressed in U.S. dollars, and all measurements are in metric units unless otherwise specified.

REPORTING ASSURANCE

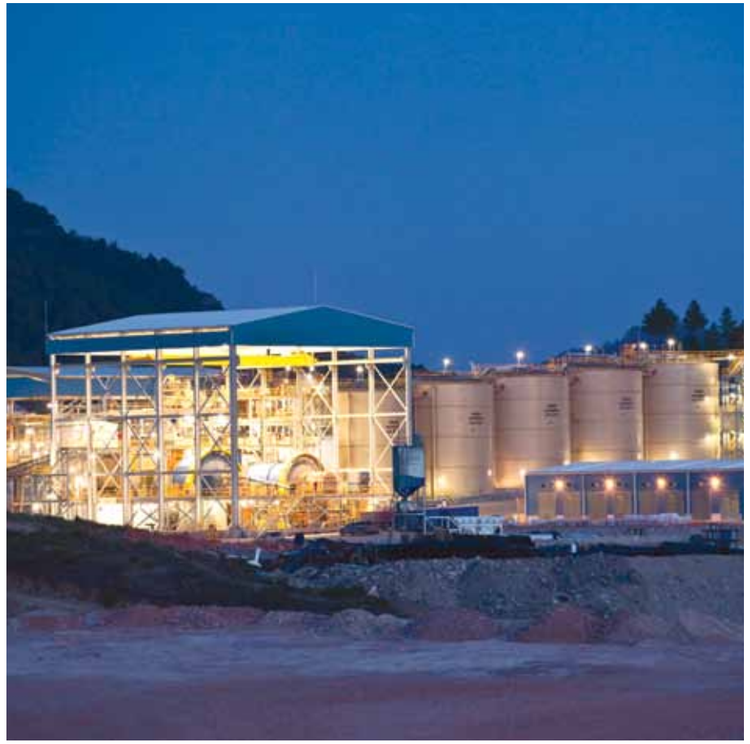
AEM self-declares that this report fulfills the requirements for a Level A in accordance with the criteria set by the GRI under the G3 framework. The Technical Protocols, Indicator Protocols, and the Mining and Metals Sector Supplement guided the development of this report. GRI has not verified the contents of this report, nor does it take a position on the reliability of information reported herein.

AEM has not had this report verified by an independent third party. It is our intent to begin external verification of our CSR reporting in coming years and we will be working with experienced external consultants to establish a framework for such verification.

ABOVE LEFT TO RIGHT:

Near the Meadowbank mine, we are working to enhance potential fish habitat by constructing spawning gravel beds.

In 2010, AEM spent $20.6 million at the LaRonde mine to construct an expansion of its tailings facility as well as a new ammonia reduction plant to improve water quality.



RIGHT:

Our Pinos Altos mine was awarded the "Clean Industry Certificate" in 2010 by the Mexican environmental protection authority.

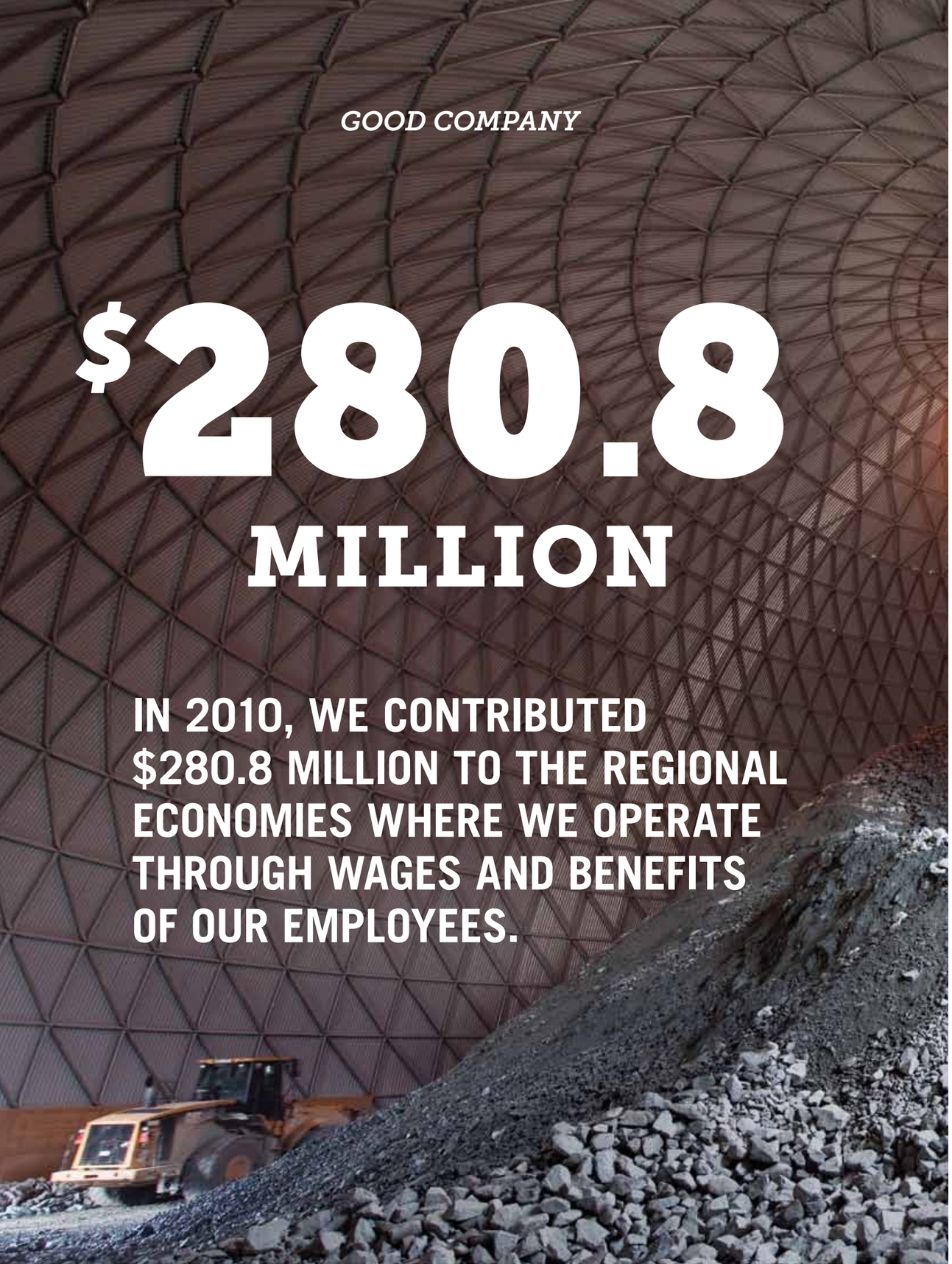
REPORT FEEDBACK

We invite your comments and questions about this report. To learn more, please visit our website at **www.agnico-eagle.com** or email us at: **CSR@agnico-eagle.com**.

CSR REPORTING TO EXTERNAL ORGANIZATIONS

In 2010, we supplied information on our CSR performance to several external tracking organizations. These are independent organizations whose mission is to collect and report on CSR performance of publicly traded corporations for their clients.

In 2010, AEM participated in the SAM Corporate Sustainability Assessment process and for the first time obtained a SAM Bronze Class listing and was rated as a SAM Sector Mover. SAM, an investment boutique focused on sustainability investing, has partnered with Dow Jones Indexes for the publication and licensing of the globally recognized Dow Jones Sustainability Indexes (DJSI) as well as sustainability benchmarks. Within the top 15% of each sector, the title of SAM Sector Mover is awarded to the company that achieved the biggest proportional improvement in its sustainability performance compared with the previous year. AEM was subsequently listed on the DJSI for North America.



Our Approach to CSR

AEM is committed to creating economic prosperity for its stakeholders in a safe and socially and environmentally responsible manner. We believe that it is our responsibility to share the wealth that is created through our investment in the mining and extraction of gold and to be catalysts for the development of sustainable communities where we operate. We do this by:

- Basing our progress on our competence and resources
- Consistently showing respect to our employees and building on the foundations laid out in the early years
- Empowering our employees to work collaboratively in a culture where safety and respect are paramount
- Using best industry practices and innovation to continuously improve our environmental performance wherever we work in the world
- Consistently acting in a socially responsible manner and giving back to the communities in which we operate
- Working together with all of our employees and other stakeholders to create profits which allow all stakeholders to benefit
- Learning from our past experiences

RIGHT:

AEM is committed to creating economic prosperity for its stakeholders in a safe and socially and environmentally responsible manner.

Governance

AEM strives to earn and retain the trust of shareholders through a steadfast commitment to sound and effective corporate governance. Our governance practices reflect the structure and processes we believe are necessary to improve Company performance and enhance shareholder value. As governance standards change and our Company grows, these practices are assessed and modified as needed.

AEM's corporate governance, business practices and policies are set out in several documents that are located at www.agnico-eagle.com/English/Our-Company/corporate-presentation/default.aspx. These include a copy of the mandate for the AEM Board of Directors; the charters for the four Board committees; AEM's Code of Business Conduct and Ethics; and information on the ethics hotline established by AEM to provide for anonymous reporting of any suspected violations or concerns of any matter.

Our Board now consists of 15 directors. All but two directors are independent of management and free from any interest or business that could materially interfere with their ability to act in the Company's best interests.

The Board is ultimately responsible for overseeing the management of the business and affairs of the Company and, in doing so, is required to act in the best interests of the Company. It discharges its responsibilities either directly or through four committees: the Corporate Governance Committee, Audit Committee, Compensation Committee and the Health, Safety and Environment (HSE) Committee.

IN 2010, APPROXIMATELY

$22.4

MILLION WAS INVESTED IN ENVIRONMENTAL PROTECTION AT ALL OF OUR OPERATIONS.

Sustainable Development Assurance

Responsibility for corporate oversight of corporate social responsibility is held by two of AEM's executive officers – the Vice-President of Human Resources is responsible for safety, health and human resources, and the Senior Vice-President of Environment and Sustainable Development (SD) is responsible for environment and community engagement. Both officers report to the Board of Directors on CSR issues through the HSE Committee at least once per quarter. The Corporate Director of Sustainable Development reports to the Vice-President of Environment and Sustainable Development and is tasked with leading AEM's SD initiatives and overseeing SD performance at each operating division. In 2010, AEM created the position of Corporate Director, Communication and Public Affairs, to provide guidance on our communication with stakeholders.

Material Issues

Social, environmental and ethical issues are material to AEM's future success and to the interests of local communities and other stakeholders in the countries where we operate. We focus on issues that are most important to delivering our business strategy and are of greatest interest or concern to our stakeholders.

Our assessment of materiality is a judgement based on a range of factors including our organization's overall strategy, basic expectations expressed in international standards and agreements, feedback from operating management and external stakeholders, public policy, regulations, and media coverage. The issues we regard as the most material are shown below:

We intend to establish a corporate stakeholder advisory group which will help validate our work in identifying material issues. This group will provide third-party views on our prioritization, evaluation, improvement and communication of CSR issues and performance.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics that is applicable to all directors, officers, employees and contractors. The Code embodies the commitment of AEM and its subsidiaries to conduct their business in accordance with all applicable laws, rules and regulations, and the highest ethical standards. The Code of Business Conduct and Ethics is available on our website at www.agnico-eagle.com/English/Our-Company/corporate-presentation/Code-of-Business-Conduct/default.aspx.

We have established a toll-free ethics hotline for anonymous reporting of any suspected Code violations, including concerns regarding accounting, internal accounting controls or other auditing matters. There is no retaliation or other action taken against any Agnico-Eagle employee who reports a complaint. Anyone engaging in retaliatory conduct will be subject to disciplinary action by AEM, which may include termination. Each quarter, a report is submitted to the Audit Committee outlining the number of complaints received since the previous report.

All staff employees are required to review and certify that they have understood the Code of Business Conduct and Ethics annually. Information on how to report suspected Code violations is available on our website at www.agnico-eagle.com/English/Our-Company/corporate-presentation/EthicsHotline/default.aspx.

RIGHT:

AEM has adapted a Code of Business Conduct and Ethics that is applicable to all directors, officers and employees.

POSTERS PROMOTING OUR ETHICS HOTLINE ARE POSTED AT ALL AEM LOCATIONS WORLDWIDE IN THE LANGUAGE OF EACH OPERATION.

Human Rights

As part of the AEM strategy, AEM's Board of Directors has explicitly stated that we will not work in places of high political risk. We define political risk as the risk of a strategic/financial loss for a firm as a result of non-market factors such as macroeconomic and social policies (fiscal, monetary, trade, investment, industrial, income, labour and developmental) or events related to political instability, often resulting in human rights violations, such as terrorism, riots, coups, civil war and insurrection. Our Board of Directors has also made it clear that we will only work in regions where human rights laws are respected.

As a Canadian company, we maintain our commitment to the Canadian charter of rights and freedoms while operating internationally, insuring that all of our employees are treated with the respect and dignity entitled to them. AEM will only operate on private lands, including aboriginal land, with the informed consent of the land owners. This informed consent must be demonstrated through formal agreement or a demonstrable arrangement that can be confirmed.

Child and Forced Labour

AEM does not in any way knowingly support or facilitate child labour or forced labour practices. This applies to the Company's own mining operations, exploration or any other activity in which AEM is directly or indirectly engaged. This also applies to all outsourced or subcontracted activities across the entire supply chain directly supplying our activities. We do our best to ensure that none of AEM's activities result in direct or indirect support of such practices and will take action to terminate any such arrangement when we become aware that such practices are being supported by one of our outsourced suppliers.

Bribery and Corruption

AEM has zero tolerance for corrupt transactions, as clearly stated in our Code of Business Conduct and Ethics. This message is delivered to every employee starting at our employee orientation. It is made clear at the point of hire that we strongly adhere to the anti-corruption rules and principles as outlined in this Code of Business Conduct. Employees sign an acknowledgement that they have read and understand the Code of Business Conduct and Ethics at the point of conduct. This acknowledgement is periodically renewed as set out in the Code. We strongly rely on employee due diligence to ensure that our organization remains corruption free. Failure to adhere to these principles will result in disciplinary action up to dismissal.

Crisis Management and Emergency Preparedness

We have implemented a corporate crisis management policy and plan. The plan was updated in 2010 to include security risks associated primarily with our operations in Mexico. Each of AEM's mining operations has its own emergency preparedness and response plan and has personnel trained to respond to safety, fire or environmental emergencies. Each site also maintains the appropriate response equipment. In view of security concerns in some regions of Mexico, third-party audits were conducted in 2010, and we continued to uphold best practices in personal security for all of our employees in Mexico.

RIGHT:

The Pinos Altos mine rescue team conducts regular training sessions and competes each year in the National Mine Rescue competition in Mexico.

Public Policy Participation

AEM is a member of the Mining Association of Canada (MAC), L'Association minière du Québec and the NWT/Nunavut Chamber of Mines. We typically participate in public policy issues as a member of these industry organizations. In Mexico, we are a member of the Canadian Mexican Chamber of Mines. In Finland, we are a member of the Finnish Association for Extractive Industries "KAIVANNAISTEOLLISUUS RY – FinnMin." We are also a member of the European Association of Mining Industries, Metal Ores & Industrial Minerals "Euromines" through our Finnish subsidiary Agnico-Eagle Finland Oy.

In December 2010, AEM became a member of MAC and fully endorsed the Towards Sustainable Mining (TSM) initiative developed by the Association to improve the industry's performance by aligning its actions with the priorities and values of Canadians. TSM was developed to help mining companies evaluate the quality, comprehensiveness and robustness of their management systems under four performance elements: tailings management, energy use and greenhouse gas emissions management, external outreach and crisis management planning. The TSM initiative sets criteria for each of these four indicators to help companies address their TSM performance. More detailed information can be found at: www.mining.ca/www/Towards_Sustaining_Mining/Performance_Indicators/index.php.

Our self-assessment of how we currently rate against the TSM indicators is presented in the Performance Data section of this report.

In 2011, we will be fully implementing the TSM initiative across all of our operating divisions. Our objective is to aim for a Level A rating at all mines by the end of 2011. To achieve this goal, we will complete TSM training and self-assessment at all divisions in 2011, which will lead to external verification in subsequent years. In endorsing the TSM initiative, AEM has committed to conducting external verification of its performance at each facility every three years.

Political Contributions

It is our policy to not contribute to national political parties in the jurisdictions in which we operate, and we upheld this commitment in 2010.

Awards and Certifications

In 2010, several of our operations were recognized by industry and government organizations for their "best-in-class" achievements.

F.J. O'CONNELL SAFETY AWARDS

The Lapa and Goldex mines both won F.J. O'Connell Safety Awards, presented in June 2010 by L'Association minière du Québec, for the most noticeable improvements in the field of accident prevention in 2009.

SILVER HELMET CAMIMEX SAFETY AWARD

The Pinos Altos mine was honoured by the Mexican Chamber of Mines (CAMIMEX) with the 2009 Silver Helmet CAMIMEX Safety Award for its improved safety performance. The award is presented to open pit mines with less than 500 workers.

SOCIALLY RESPONSIBLE COMPANY

For the third year in a row, Pinos Altos received certification as a Socially Responsible Company from the Mexican Centre for Philanthropy (Centro Mexicano para a Filantropia) and the Alliance for Social Responsibility of Enterprises (Alianza por la Responsabilidad Social Empresarial de Mexico).

EQUAL OPPORTUNITY EMPLOYER

In 2009 and again in 2010, the Company's Mexico division earned the distinction awarded by the Mexican Government of being an "equal opportunity" employer in Mexico, specifically for providing equality of women's rights in the workplace (Equidad de Genero).

ENERGY EFFICIENCY AWARD

The LaRonde mine was presented the Energy Efficiency Agency Award by the Agency and the Quebec Chambers of Commerce Federation at a gala hosted by the Chamber of Commerce of Rouyn-Noranda, Quebec. The award recognizes both the efforts of our LaRonde employees to adopt high standards of energy efficiency and AEM's support for this important objective.

CLEAN INDUSTRY

Pinos Altos received certification as an Industria Limpia (Clean Industry) from La Procuraduria Federal de Proteccion al Ambiente (the equivalent of the U.S. Environmental Protection Agency in Mexico). Certification came after extensive third-party auditing of the mine's environmental management system.

SAM BRONZE CLASS LISTING

In 2010, AEM participated in the SAM Corporate Sustainability Assessment process and for the first time obtained a SAM Bronze Class listing and was rated as a SAM Sector Mover. Within the top 15% of each sector, the title of SAM Sector Mover is awarded to the company that achieved the biggest proportional improvement in its sustainability performance compared with the previous year. AEM was subsequently listed on the Dow Jones Sustainability Index for North America.

GOOD BUSINESS

53%

IN 2010, 53% OF ALL PURCHASES OF SERVICES AND SUPPLIES BY OUR OPERATIONS WERE SPENT WITH LOCAL SUPPLIERS AND CONTRACTORS. OUR GLOBAL OPERATING COSTS AMOUNTED TO $677.5 MILLION.

Our Approach

AEM's presence brings economic opportunities to regions around our mines and projects. We strive to be a catalyst for sustainable, long-term development by hiring and training local people to improve their long-term career prospects; by creating business opportunities for local entrepreneurs so that they build and maintain an expertise that will be marketable in the future; by providing work terms for students enrolled in disciplines related to mining; and by offering scholarships and summer employment for our employees' children. We also provide financial support for community programs and infrastructure development.

RIGHT:

Our Pinos Altos mine in Mexico earned the distinction awarded by the government as being an "equal opportunity" employer.

Economic Contributions

Generating employment is a direct benefit of our mining operations. We strive to have 100% of our workforce at each site come from the region in which the operation is located. In 2010, we paid $280.8 million in employee compensation, up from $166.8 million in 2009. Through the payment of wages and benefits, we contributed approximately $114.2 million to the economy of the Abitibi region of Quebec, Canada; $25.5 million to the economy of Finland; $51.7 million to the economy of Nunavut, Canada; and $23.0 million to the economy of Chihuahua State in Mexico.

We also made payments (such as taxes and royalties) to governments at all levels totalling $97 million in 2010, up from $26.5 million in 2009.

LaRonde	**28%**
Goldex	**9%**
Lapa	**6%**
Kittila	**10%**
Pinos Altos	**3%**
Meadowbank	**19%**
Exploration (Abitibi+Vancouver+Reno)	**2%**
Meliadine	**0%**
Corporate	**23%**

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED
(thousands)

	2009	**2010**
Revenue	613,762	**1,422,500**
Operating costs	306,318	**677,472**
Employee compensation	166,844	**280,800**
Donations and other community investments	1,113	**1,552**
Retained earnings	216,158	**332,100**
Payments to capital providers	8,448	**49,493**
Payments to governments	26,514	**97,012**
Dividends per share	0.18	**0.18**

Donations and other community investments were $1.55 million in 2010. Of this total, approximately $0.27 million was invested in post-secondary educational programs in Canada, Mexico and Finland. For more information about our community investments, please see page 80.

Local Purchasing

While we do not have an official policy on local procurement, we believe in buying locally to support our communities and minimize environmental impact due to transportation. We give preference to local suppliers, provided they meet the criteria specified for all potential suppliers.

PROPORTION OF SPENDING ON LOCALLY BASED SUPPLIERS

LOCATION	**2010**
LaRonde	**57%**
Goldex	**58%**
Lapa	**57%**
Kittila	**27%**
Pinos Altos	**69%***
Meadowbank	**48%**

* Due to its remote location in the Sierra Madre region of northern Mexico, the infrastructure does not exist for significant local purchases. All purchasing and contracting for AEM's operations in Mexico are sourced through Mexican suppliers and distributors, based primarily in the northern Mexico states of Chihuahua and Sonora.

RIGHT:

In 2010, all of the work related to the construction of a new crushing facility at our Meadowbank mine was awarded to Inuit companies.

At Meadowbank, we initiated the Inuit Business Opportunities Initiative (IBOI) in 2010. The IBOI involves working with our community and government partners to help regional businesses develop and grow so that they can take advantage of the new business opportunities created by the Meadowbank operations.

Under the IBOI, we developed a workshop that was then delivered across the region outlining the types of goods and services that would be needed at the mine. This enabled existing Inuit businesses to determine the contracts that they might wish to pursue. We also created a registry in which existing Inuit businesses in the Kivalliq region could let us know the types of materials or services they were willing to provide to Meadowbank in a competitive manner. The registry allowed us to notify these businesses ahead of any request for proposal going out to the market.

Under the Meadowbank Inuit Impact Benefits Agreement (IIBA), we committed to giving Inuit firms preference for material supply and service contracts under a predetermined points award system. This system could provide up to a 15% price adjustment if the bid met all of the Inuit content requirements. This process was explained to the business community during the workshops.

In addition, we encouraged discussions between southern businesses with whom we have worked and Inuit businesses that have identified themselves as being interested in a potential joint venture partnership under the IBOI. To date, this approach has been embraced by many Inuit companies in the Kivalliq Region of Nunavut. Since the IBOI launch, we are aware of at least 35 new joint venture partnerships that have formed.

The recent expansion of the crushing facilities is a good example of how this initiative is helping local Inuit-owned businesses gain new opportunities.

The crushing expansion project was broken into four smaller packages for the purpose of tendering the work rather than one large contract – steel erection, building construction, mechanical installations and electrical work. Under the IBOI, AEM facilitated communication between Inuit firms in the region and southern companies on potential joint venture approaches. We provided advance notice of the tenders to Inuit firms so that they had an opportunity to put appropriate joint venture arrangements in place. All of the tenders contained a requirement for an Inuit content plan. This content plan required potential bidders to define in their proposals how they would maximize Inuit employment and how they would maximize northern purchases of materials and services. It required bidders to outline the amount of wages that would go to Inuit employees working on the contract and the training that would occur if appropriate.

AEM received 27 proposals for these four packages of work, of which 18 came from Inuit companies or joint ventures. The work was awarded based on overall cost, capacity and Inuit content. In the end, all of the contracts were awarded to Inuit firms (these are firms that are defined as meeting the legal definition established by Nunavut Tunngavik Inc., the umbrella Inuit organization administering the Nunavut Land Claims Agreement). This would not have been possible just three years earlier when the original Meadowbank construction contracts were being awarded.

At Meadowbank, a food supply contract was awarded to a new joint venture set up between a major southern-based food distributor and the local co-op in Baker Lake. All of the food purchased for the mine is now routed through the co-op, giving the co-op greater purchasing volumes and allowing for better pricing. This in turn can be passed on to the community where the cost of food is very high due to the remote location. In addition, AEM returns its share of the annual co-op dividend back to the co-op so that it can improve its facilities.

Corporate Financial Performance

The growth plan that transformed AEM over the past several years resulted in record gold reserves and record annual financial and operating results in 2010. As we begin the next five-year growth phase from a newly expanded production base, our strategy remains unchanged: continue to increase gold reserves, gold production, earnings and cash flow, each on a per share basis.

FINANCIAL HIGHLIGHTS

SALES	2009	2010
Gross sales (millions of US$) – revenues from mining operations	$ 6,134.0	$ 1,422.5
NET INCOME		
Net income (millions of US$)	$ 87.0	$ 332.0
Net income per share (US$/share)	$ 0.55	$ 2.05
CASH FLOW		
Cash flow provided by operating activities (millions of US$)	$ 115.0	$ 484.0
Cash flow provided by operating activities per share (US$/share)	$ 0.73	$ 2.98
Capital expenditures (millions of US$)	$ 657.0	$ 512.0

AEM ended 2010 with a strong financial position highlighted by cash and cash equivalents of $104.6 million, long-term debt of $650 million and available credit facilities of $1.1 billion.

Gold production rose by 100% from 2009 levels as the fifth of five new mines came on line. With six mines producing gold, AEM achieved record gold production of 987,609 ounces in 2010, helping to push net earnings to $332.1 million. At the Goldex and Kittila mines, annual gold production rose by 24% and 76%, respectively, as a result of ongoing optimization efforts. The Lapa and Pinos Altos mines both saw their first full year of production in 2010 and the new Meadowbank mine achieved commercial production in March 2010, producing a total of 265,659 ounces.

Total cash cost to produce an ounce of gold was $451 per ounce of gold, up significantly from $347 in 2009. This is expected to improve as operations at the newer mines are optimized and the production bugs are ironed out. This is especially true at the Meadowbank mine where additional crushing capacity is being added in 2011 to allow design mill throughputs to be consistently achieved.

Capital expenditures decreased in 2010 to $511 million, down from $657 million in 2009, as the development of the new mines reached completion. Ongoing capital expenditures in 2011 are estimated to further decrease to approximately $310 million.

At year-end 2010, AEM's proven and probable gold reserves totalled 21.3 million ounces, net of depletion, an increase of 2.9 million ounces (or 16%) over 2009 levels. The largest increase (2.6 million ounces) came from the conversion of resources to reserves at the newly acquired Meliadine project in Nunavut, Canada.

In 2010, AEM paid shareholders a dividend of $0.18 per share (the 29th consecutive year in which AEM paid a dividend to its shareholders) and announced that the dividend payable to shareholders in 2011 will be increased by 256% to $0.64 per share.

As we enter a new phase of our development, we are positioned for continued strong performance. In 2011, gold production is forecasted to increase by 18% from 2010 levels, growing to 1.5 million ounces by 2014, with total cash costs peaking in 2012 (between $420 and $470 per ounce) and then decreasing to approximately $400 per ounce by 2014, placing us among the lowest-cost major gold producers in the world.

For more information about AEM's 2010 financial and operational performance, please see our 2010 Annual Report at www.agnico-eagle.com.

MEADOWBANK PROJECT EXPENDITURES

	2010 up to Q4	%	Project to date (Q2/2007 through Q4/2010)	%
Total project expenditures – all suppliers	$ 119,144,730	100.0%	$ 1,260,413,840	100.0%
Expenditures to NTI registered companies	$ 25,687,331	21.6%	$ 261,461,531	20.7%
Expenditures to Nunavut-based suppliers	$ 57,002,407	47.8%	$ 347,445,670	27.6%
Expenditures to northern-based suppliers (NU, NT, YT)	$ 57,419,032	48.2%	$ 519,256,846	41.2%
Expenditures to Baker Lake-based suppliers	$ 28,496,914	23.9%	$ 108,156,042	8.6%

OUR IMPACT AT MEADOWBANK

Since the start of construction in the third quarter of 2007 through 2010, construction and operating expenditures at Meadowbank mine have totalled approximately $1.26 billion. Of this amount, 20.7% ($261.5 million) was paid to Inuit firms, where an Inuit firm is defined as meeting the ownership requirements established by Nunavut Tunngavik Inc. (the Inuit organization in Nunavut with responsibility for administering the Nunavut Land Claims Agreement for all Inuit beneficiaries in the territory). In a study entitled "Territorial Outlook February 2011," the Conference Board of Canada reported that the gross domestic product of the Nunavut territory increased by 11.8% in 2010 primarily due to the start of production at the Meadowbank mine.

RIGHT:

Hamlet of Baker Lake, Nunavut.

METAL PRODUCTION

	2009	**2010**
Gold (ounces)	492,972	**987,609**
Silver (000s of ounces)	4,035	**5,305**
Zinc (tonnes)	56,186	**62,500**
Copper (tonnes)	6,671	**4,200**
Total cash cost per ounce of gold	$ 347	**$ 451**

SITE PERFORMANCE

MINE	2009	**2010**
LaRonde	203,494	**162,806**
Goldex	148,849	**184,386**
Lapa	56,602*	**117,456**
Kittila	71,838	**126,205**
Pinos Altos	16,189*	**131,097**
Meadowbank	–	**265,659***

* Partial year of production

GOOD EMPLOYER

78.8%

WORLDWIDE, 78.8% OF OUR EMPLOYEES, INCLUDING MOST LEVELS OF MANAGEMENT, ARE FROM THE REGIONAL AREA WHERE THE MINE IS LOCATED.

Our Approach

We have built our Company on the premise that our most important assets are our employees. We want to recruit and retain the best talent to enable us to respond to technical and operational challenges. We also look for people with a good attitude toward work and their co-workers. In recognizing the importance of our employees, we strive to create a corporate culture in which every person is treated with dignity and respect, and our people interact on the basis of mutual respect, commitment and dedication to excellence. The employees of AEM have responded with strong loyalty and performance.

RIGHT:

Our Lapa mine was recognized by L'Association minière du Québec for most noticeable improvements in accident prevention.

Our People

At the end of 2010, AEM employed a total of 3,243 people at all of its sites worldwide. Including contractor employees, this number increases to 4,782 people, up from 4,578 in 2009.

LOCATION	AEM Employees	Contractor Employees	Total
LaRonde	735	299	**1,034**
Lapa	192	113	**305**
Goldex	213	95	**308**
Pinos Altos	972	127	**1,099**
Kittila	369	203	**572**
Meadowbank	497	683	**1,180**
Exploration (Canada and U.S.)	15	2	**17**
Technical services in Abitibi	156	17	**173**
Corporate office	94	0	**94**
TOTAL	**3,243**	**1,539**	**4,782**

AEM strives to maximize local employment at each of its operations worldwide, with the ultimate goal of having 100% of our workforce (including management) coming from the local region in which the operation is located.

More than 99% of our workforce in Mexico is from Mexico, primarily from the northern states of Chihuahua, Sonora and Sinaloa. Sixty-three percent of the workforce is from the immediate local area in the Sierra Madre region. Nearly all of our management team at Pinos Altos is from Mexico.

At our Meadowbank mine, approximately 40% of our workforce are Inuit beneficiaries from the Kivalliq Region of Nunavut. AEM transports employees to the mine at AEM's expense from all seven of the communities in the Kivalliq Region (Arviat, Baker Lake, Chesterfield Inlet, Coral Harbour, Rankin Inlet, Repulse Bay and Whale Cove) to ensure that employment opportunities are equally available across the region. Employees work a 14-day in – 14-day out work rotation.

We eventually want to replace as many of our non-Inuit employees at Meadowbank as possible with qualified Inuit from the Kivalliq region. To achieve this goal, we have invested heavily in skills training and partnered with the Kivalliq Inuit Association, the Government of Nunavut and the local communities to create the Kivalliq Mine Training Society. The Society has embarked on an ambitious program aimed at preparing 150 young Inuit to enter the workforce at Meadowbank over the next three years. For many, it will be their first time in a conventional employment role.

In addition, AEM has implemented internal training programs at Meadowbank to help Inuit employees move up in the workforce by learning new skills while on the job. Our initial focus is on heavy equipment operators and mill operators. To date, 64 Inuit have been trained at the Ontario Heavy Equipment Operators and Engineers Training program in Morrisburg. As a direct result, the majority of our haul truck operators at Meadowbank are Inuit, both male and female. These new operators are now honing their skills and starting to advance to training on other pieces of heavy equipment in the mine. Our challenges are to start training Inuit as tradespeople (such as heavy equipment mechanics, electricians, millwrights and welders) and to convince young Inuit to seek professional careers in the mining industry as engineers, geologists, technicians and accountants.

Through the Inuit Impact Benefits Agreement with the Kivalliq Inuit Association, AEM has committed to partner with the Inuit to create both employment and new business opportunities for the Inuit of the Kivalliq Region so that they can fully participate in the future development of their land in Nunavut.

RIGHT:

Haul truck drivers at our Meadowbank mine.

AN EMPLOYEE'S STORY

ABOVE:

Drill operator Vince Pattunguyak at the Meadowbank mine.

VINCE PATTUNGUYAK, DRILL OPERATOR, MEADOWBANK

Vince Pattunguyak is a drill operator in his late 20s who works at Meadowbank. Vince started as a night watchman in 2008. From the start, Vince decided that he would pursue a promotion during his time at AEM. He advises other young people:

"When I started at Meadowbank, I saw the drillers at work and saw myself doing that work some day. I also felt that Agnico-Eagle might have an excellent program, where employees would be given a chance for a promotion. As work progressed, I was promoted and I am now a driller operator. I encourage other young people to set goals and work towards them. And I tell them that it's important to finish high school.

The fun part of my job is following the daily plan that my supervisor, an engineer, sets for us. I've learned that there is no room for mistakes. In drilling holes in the ground, the number, the depth and the location of the holes are all set in advance.

I'm happy to help my parents with necessities like buying food and to buy some things for myself. In Baker Lake, food and necessities are expensive. I hope that other young people have a chance to be what they want to be, as I have been able to do."

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AN EMPLOYEE'S STORY

ABOVE:

Process Water Monitoring by Petri Peltonen.

PETRI PELTONEN, ENVIRONMENTAL ASSISTANT, KITTILA

Petri Peltonen is an environmental assistant at the Kittila mine. He joined Riddarhyttan Resources in 2004 as a geological technician, when there were only six people working at the Kittila project. Two years later, AEM acquired the project and Petri was offered an opportunity to work in the Environmental department. Petri describes his job:

"My main tasks are environmental monitoring and sampling and waste management planning. I also do gold refining, and I am the primary contact person for the neighbours of the mine, local reindeer herders and fishermen. We hold community information sessions twice a year. We tell them what is going on at the mine, and they have an opportunity to raise concerns and ask questions. It's an important forum for communication. We also have a tradition of fish stocking at the nearby Seurujoki and Loukinen rivers every June. We stock brown trout together with a group of local residents.

My work is diverse and challenging. Every day is different. I worked in tourism before I came to work here. The tourism business in northern Finland is seasonal. Now I know that I have year-round work and that is great. It brings a certain routine and security to life."

PETRI PELTONEN, YMPÄRISTÖOSASTON KENTTÄMESTARI, KITTILÄN KAIVOS

Petri Peltonen työskentelee ympäristöosaston kenttämestarina Kittilän kaivoksella. Petri tuli alun perin töihin Riddarhyttan Resourcesille vuonna 2004 näytteenkäsittelijäksi ja teknikoksi; Kittilä -projektissa oli tuolloin vain kuusi työntekijää. Pari vuotta myöhemmin, kun projekti oli siirtynyt AEM:lle, Petrille tarjottiin työtä ympäristöosastolla.

Petri kuvailee työtään:

"Päätyötehtäviini kuuluu ympäristöasioiden seuranta, ympäristönäytteiden otto, jätehuollon suunnittelu ja valvonta – sekä kultaharkkojen valaminen.

Toimin lisäksi yhteyshenkilönä Kaivoksen lähialueen asukkaille, poromiehille sekä kalastajille. Pidämme heille pari kertaa vuodessa tiedotus- ja keskustelutilaisuuden: kerromme, mitä Kaivoksella on tekeillä ja naapureilla on mahdollisuus kertoa mieltään askarruttavista asioista. Mielestäni tämä on tärkeä vuorovaikutustapahtuma.

Meillä on tapana istuttaa kalanpoikasia läheisiin Seurujokeen ja Loukiseen. Istutamme taimenia yhdessä paikallisen talkoojoukon kanssa aina kesäkuussa.

Työni on hyvin vaihtelevaa ja haastavaa: jokainen päivä on erilainen.

Olin aiemmin töissä matkailualalla, ja matkailu on täällä Pohjois-Suomessa kovin sesonkiluontoista. Nyt tiedän varmasti, että minulla riittää töitä ympäri vuoden, ja se on tietysti mahtavaa. Vakituinen työ tuo elämään rutiineja ja turvallisuudentunnetta."

Safety

Creating and maintaining a safe workplace is a shared responsibility of the Company and each employee. AEM's Health & Safety Policy sets out our commitments and expectations. Our overriding goal is zero harm to all workers at our sites.

Despite our efforts, we are saddened to report that one of our employees suffered a fatal accident at our LaRonde mine in April 2010. Underground miner, Mr. Mario Pellerin, inadvertently stepped into a vertical tunnel connecting different mine levels. We wish to express our heartfelt condolences to Mr. Pellerin's family, friends and colleagues. A thorough investigation of the accident was conducted by the Commission de la Santé et de la Sécurité du travail du Québec (CSST) as well as LaRonde's joint health and safety committee. Following the investigation, the CSST recommended three corrective actions and the mine recommended an additional 26 actions aimed at preventing similar accidents in the future. The Company acted on all of the recommended actions.

In 2010, AEM had a combined lost-time accident frequency at all of its operations of 3.32. This compares to a combined frequency of 2.65 in 2009. The 2010 statistics reflect a total of 163 accidents at all of our operations that either resulted in work time lost or assignment to modified duty while the employee fully recovered. For perspective, our total workforce in 2010 was 4,782 for calculation of this accident frequency (this includes AEM and contractor employees working at our minesites). The increase in accident frequency from 2009 to 2010 was largely due to the start-up and optimization of the new mines, which involved many new employees and new procedures.

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
Number of fatalities in 2010	1	–	–	–	–	–	**1**
Number of lost-time accidents in 2010	14	–	6	30	2	12	**63**
Number of light duty accidents in 2010	30	3	17	1	28	17	**100**
Number of medical aid accidents in 2010	84	24	25	16	40	44	**254**
Person days lost in 2010 due to accidents	2,564	–	341	286	286	162	**1,985**
Person days lost in 2010 due to occupational illness	185	115	302	2,703	–	–	**3,305**
Combined lost-time accident and light duty accident frequency (per 200,000 person hours)	4.11	0.24	7.1	5.32	1.65	2.49	**3.32**
% absenteeism for all AEM employees for all causes at this mine in 2010	0.53	0.00	–	3.41	0.00	2.00	**NA**

In our view, no accident is acceptable, and we will never let safety take a back seat to efficient production. We need to work collectively with all of our employees and contractors to find ways to eliminate accidents and incidents from our workplaces. However, we also recognize that accidents do occur and setting targets and measuring actual outcomes helps us to improve our safety performance.

On our journey to zero harm, we have set a lost-time accident frequency target of 3.4 for 2011.

SAFETY AWARDS

Our Lapa and Goldex mines both won F.J. O'Connell Safety Awards, presented in June 2010 by L'Association minière du Québec, for the most noticeable improvements in the field of accident prevention in 2009. The Pinos Altos mine was honoured by the Mexican Chamber of Mines (CAMIMEX) with the 2009 Silver Helmet CAMIMEX Safety Award for its improved safety performance. The award is presented to open pit mines with less than 500 workers.

Mine Rescue and Emergency Response Preparedness

We all know that emergencies can occur at any time and that the best prevention is through preparation. AEM has developed the emergency response capacity at all of its operating divisions. The training of personnel to respond to all forms of emergencies remains a key element of our health and safety programs across the Company.

In 2010, the Goldex mine rescue team qualified for the Quebec Mine Rescue Provincial competition. This follows a string of five consecutive provincial mine rescue championships for the LaRonde mine rescue team (2005 through 2009). The Goldex and LaRonde divisions have both qualified for the provincial mine rescue competition in 2011.

The Pinos Altos mine rescue team competed for the second year in the National Mine Rescue Competition in Mexico. After a 12th place finish in 2009, they finished 7th among 35 participating mines in 2010.

The Kittila mine rescue team had to be built up from scratch. We started by sending one of our trainers for a one-month course in emergency measures in Sudbury, Ontario, to obtain his qualification as an instructor in mine rescue recognized in Canadian mines. Our instructor then trained the Kittila mine rescue team to a certification level. He also participated in a conference on emergency response measures and presented the work done with mine rescue at the Kittila mine. A number of local mines in Finland have since visited the Kittila mine to see how mine rescue is applied.

Recreation and Well-Being

While we all work hard at AEM, we also recognize the value of having fun together. At all of our locations, our employees have organized recreational committees. Here are examples of their activities:

- Kittila has an active recreational committee that organizes activities throughout the year for employees and their families. Events in 2010 included an ice fishing derby, golf lessons, mountain biking, canoeing lessons, summer season opening party, hiking, local theatre festival, bowling and a family Christmas party.
- The Abitibi recreation committee for the LaRonde, Lapa and Goldex mines is partially funded by the Company and by the employees. It organizes social and cultural events for the employees, their spouses and their children, such as hockey tournaments, fishing derbies, golf tournaments, summer family picnics and Christmas parties. More than 1,000 people attended the summer picnic in 2010.
- At Pinos Altos, the camp for our employees is like a small village. Special activities are organized to make the employees' stay at camp more enjoyable. Activities include organized sports teams, themed evening meals and a monthly celebration of birthdays.
- At Meadowbank, the recreation committee organizes special evenings with musicians and magicians to add variety to the employees' life at work. Once a month, the kitchen prepares a special, theme-based meal.

Supportive Work Environment

We strive to create a culture of collaboration and respect at our workplaces, which has translated into strong, long-lasting relationships between the Company and all of its employees.

Our support for our employees extends to their families. For example, we introduced the family support program two years ago to provide financial assistance to employees and families in need of medical treatment for serious illnesses outside of their home location. As most of our operations are located far from large cities, this program is truly appreciated and has been used on numerous occasions.

We grant annual scholarships of $1,000 (community college level) and $2,000 (college/university level) to children of our employees who are full-time students. We also provide summer jobs to all of our employees' children enrolled in post-secondary education.

A supportive work environment also means good labour relations. In order to maintain those good labour relations, a Collaboration Committee has been established at each operating mine. The committees, consisting of employees from different departments who are elected by their co-workers, meet frequently with the mine management to discuss various issues of concern (such as employment conditions, compensation and benefits, and safety). Meetings between senior managers and employees are also conducted at least three times a year to keep people informed about the mine's activities, results and challenges and any other relevant topics. These two initiatives have contributed to the maintenance of good labour relations and a positive work environment.

1,039

WORKPLACE HEALTH AND SAFETY INSPECTIONS CARRIED OUT IN 2010

Our challenge is to keep all lines of communication open and to empower our employees to participate in the building of a work environment that benefits the Company, our employees and their families and the communities in which we operate.

Additionally, a supportive environment promotes healthy choices. In Abitibi, the health and safety committees have renamed themselves "Health, Safety and Well-Being" committees to reflect the stronger emphasis on health care and prevention. These committees carry out campaigns for better nutrition, prevention of heart disease, and so forth. A similar approach has been implemented at Pinos Altos and has included local communities. This type of interaction with our employees will be expanded throughout the Company in the coming years.

In 2011, we are planning to conduct an engagement survey to ensure that we are in touch with employees' attitudes towards the Company. The results will be shared internally and assist in making adjustments to our employee programs and communication tools.

Training and Development

Training and development is an important aspect of the support given to AEM employees. Cross-pollination of knowledge between divisions, including the Technical Services division, took place during the commissioning of the Goldex, Lapa, Kittila, Pinos Altos and Meadowbank mines, benefiting the new mines by adding to their local technical knowledge and skills and facilitating the start-up of operations.

An inter-divisional mobility program was established during the Company's growth period as another way of supporting employees' career development. The program offers employees the opportunity, under certain conditions, to transfer to another division or position. Those employees who transfer, and those who replace them, gain valuable knowledge and experience through the program.

Communications

To promote internal communication and build a common culture across the Company, we launched AEM TV in 2010. Television monitors have been installed in high-traffic areas such as dining rooms and receptions at each site. AEM TV broadcasts Company and site-specific news and events, as well as other information of interest.

We also introduced a Company magazine called "The Eagle", which is published four times a year and sent to employees' homes so that the whole family can learn about what is happening at AEM.

Diversity and Equal Opportunity

We place a high value on the diversity of our workforce. With operations around the world, we are influenced by many different cultures. The blending of these different cultures creates a unique working environment at our sites where the values of respect and competency are the common denominator.

Our Code of Business Conduct and Ethics, which is part of every employee's induction, states very clearly our belief in gender equality. We manage employees based on their abilities and merit, and recognize their contribution equally, irrespective of their gender. We do not tolerate or condone any type of discrimination prohibited by law, including harassment. Employees who experience or observe work-related discrimination, harassment or similar problems are urged to report them.

At Meadowbank, where more than 40% of our permanent and temporary employees are Inuit, and the remainder come predominantly from Quebec, we implemented a cross-cultural training program in 2010. The aim of the program is to help sensitize, inform and teach our workforce about the differences and values found in the multiple cultures of their co-workers. Attention is also paid to hiring as many women as possible in the operations department where they have demonstrated tremendous abilities driving large trucks in the open pit mine.

At Kittila, all of the employees are Finnish with the exception of a small number of expatriates who were assigned to the project for specific technical and administrative skills. We work hard to promote gender diversity within the workforce and have achieved great success in the mine and technical departments.

At Pinos Altos, 99% of our workforce is Mexican and 63% of those employees come from the local economic area. Mexico boasts a high level of expertise in mining operations, to the extent that the number of expatriates at Pinos Altos has been minimal since the inception of the project. In 2009 and again in 2010, the Mexican Government awarded the Company's Mexico division the distinction of being an "equal opportunity" employer, specifically for providing equality of women's rights in the workplace (Equidad de Genero). We are in the process of implementing the gender equity model, which is done through the National Women's Institute in Mexico and involves external auditing of the Company's gender equality performance and of the systems in place to promote gender equality in the workplace.

COMMUNITY SERVICE AWARDS

ABOVE RIGHT:

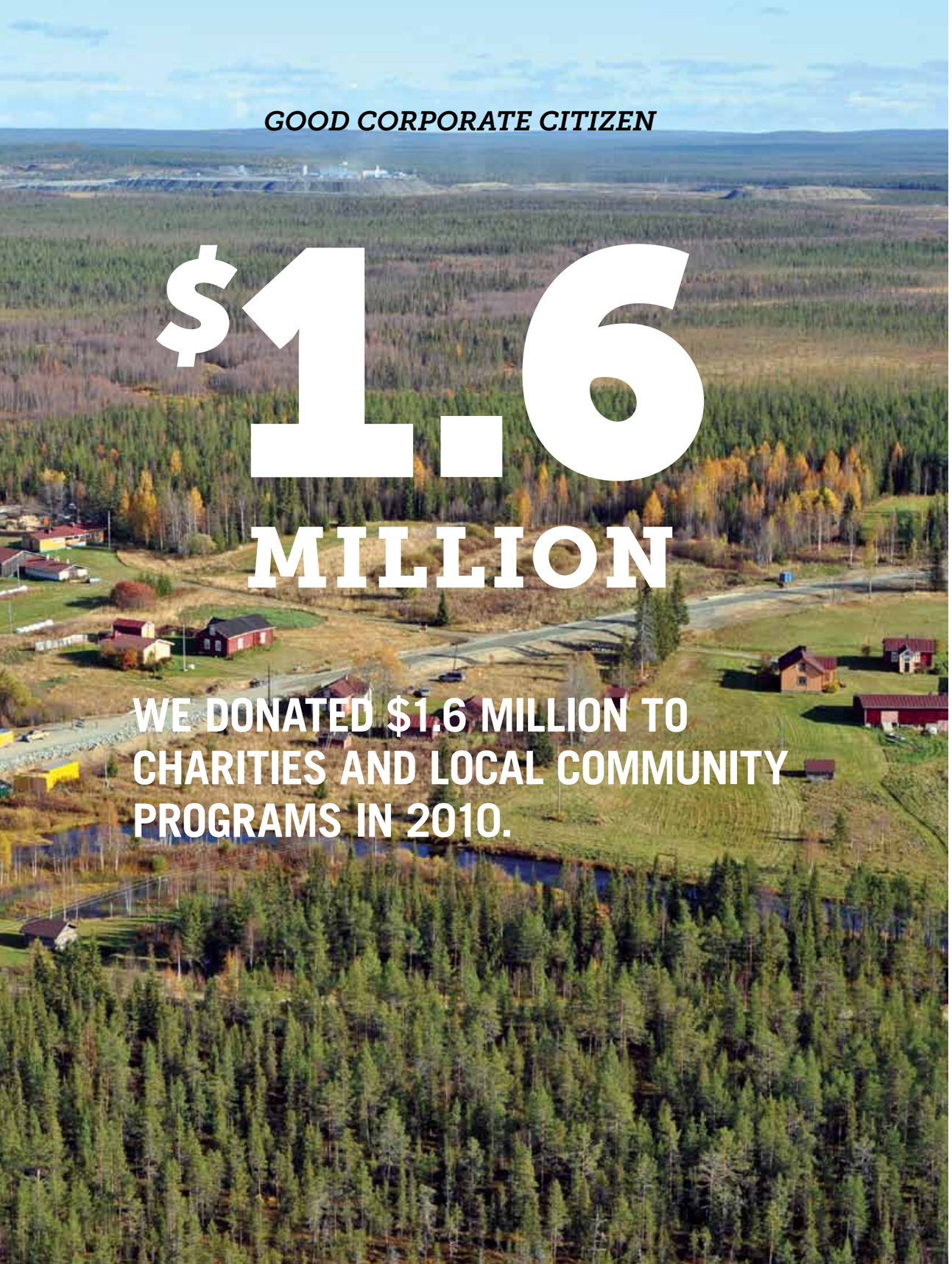
AEM Chairman James Nasso presents Claudette Purdy with the Paul Penna Award.

In the spirit of the Company's founder, Paul Penna, AEM encourages all of its employees to support the communities in which they live and work. Each year, we recognize the extraordinary achievements of an AEM employee or a group of employees for their volunteer work. As part of the recognition, AEM makes a donation of C$5,000 on behalf of the recipient to the community initiative embraced by the winner of the award or to a charitable organization chosen by the winner.

Our 2010 recipient was Ms. Claudette Purdy, a 23-year employee who is an executive assistant at our regional office in the Abitibi region of Quebec. Claudette was nominated by her colleagues for her more than 30 years of extraordinary volunteer involvement in the community. Having first focused on youth, she now spends her volunteer hours with the elderly. She divides her time among several organizations and has held a variety of positions within these organizations such as secretary and treasurer, and she is currently president of the Seniors Club.

Claudette also works with a team of volunteers to prepare meals for various community events and organize outings for several groups. AEM made a donation to Chevaliers de Colomb, Club des Aînés, Les Fermières, La Paroisse Ste-Brigitte and L'Association des Loisirs de Cadillac on behalf of Claudette.

We salute Claudette and encourage all employees to follow in her footsteps by giving back to their communities.



Our Approach

Our activities take place in and around communities in which our employees live. In addition to delivering economic benefits, we seek to participate in these communities and improve the quality of life, by supporting initiatives in the areas of health, education, sports and culture. We also work to maintain broad-based, ongoing support for our activities and devote time and resources to nurturing dialogue and building relationships with our many different stakeholders.

Stakeholder Engagement

AEM stakeholders include the investment community, employees, contractors, national, regional and local governments, regulators, communities associated with our operations, business and joint venture partners, non-governmental and development organizations, suppliers, customers and media.

Engagement takes many forms. At the corporate level, our stakeholder engagement is focused on shareholders, capital market participants, government (usually at the national level) and civil society (principally national and international NGOs). Communication processes include regulatory filings, annual and quarterly reports, news releases, fact sheets, presentations by senior management, as well as meetings, telephone conversations, media interviews, speeches, press conferences and conference calls. The Company website (www.agnico-eagle.com) is also a primary source of information for our key stakeholders.

At the community level, stakeholder engagement includes newsletters; meeting with representatives of local government, citizens groups and neighbours; visiting local schools to inform students of future job opportunities and motivate them to further their education to pursue these opportunities; participating in local job fairs; and holding periodic townhall meetings to keep the communities informed of our activity and provide a forum for addressing community concerns. Community engagement processes and 2010 activities are outlined on a site-by-site basis in the following section.

The primary areas of interest for our community stakeholders in 2010 were local employment, local entrepreneurship, education and work opportunities for youth, AEM's environmental performance, mine closure and new gold reserves for existing mines.

RIGHT:

New noise reduction structures were installed at the LaRonde mine to the satisfaction of the local community.

Community Initiatives

GOLDEX

Our Goldex mine is located on the outskirts of the city of Val-d'Or, Quebec, in an area that was not previously serviced by municipal water supply. In early presentations to the community, one of the concerns raised was the effect of mining activities on their wells. In 2010, in cooperation with the municipality, AEM contributed funds for an extension of the municipal water supply line to service our immediate neighbours, ensuring quality water supply from the municipal well, that is being fed by an esker.

For this mine surrounded by residential homes and businesses, it is important that our neighbours are informed about the activities taking place at the mine and have an opportunity to give us feedback on any unforeseen impact. This information is disseminated in the form of a newsletter in which a contact person is identified for feedback or questions. We have also implemented a phone contact system to advise neighbours of upcoming underground blasting activity.

In addition, Goldex management regularly attend neighbourhood council meetings to keep them apprised of mine activities and to discuss any outstanding issues.

ABOVE:

AEM closely monitors all aspects of its operations and strives to minimize any impacts.

LaRONDE

Our LaRonde mine is located about four kilometres from the communities of Cadillac and Preissac, Quebec. Throughout the year, LaRonde's management and environmental department met with citizens in Preissac who were experiencing increased noise levels from the deteriorated noise attenuation facility around our underground ventilation fans. In response to this issue, we retained a consultant who worked with the Company and the local homeowners and the rural municipality to understand how the fan noise was affecting the community. This led to the design of a new noise attenuation structure that was fabricated and installed in 2010. The structure incorporates enclosures and baffles built around the fans. As part of the process, a committee was established to keep residents informed of progress and to seek out feedback after the installation. A group of citizens visited the mine to see the equipment and better understand what was being done. The results have been highly positive.

LaRonde management also meets regularly with the Preissac and Cadillac municipal councils to keep them apprised of mine activities.

During the summer, we sent some student employees to neighbouring towns to work on improvement initiatives such as landscaping projects. We also contributed to the Preissac interpretive centre and trails.

ABOVE:

Our Pinos Altos mine organized local dental clinics for communities near the mine.

PINOS ALTOS

The Pinos Altos mine is located near the community of Cahuisori where our camp is installed. We also interact with the smaller, more isolated, mountainous communities of Jesus del Monte and La Bateria.

Our community relations team has developed a proactive community relations program that strives to support the local communities in the areas of greatest need. We believe that initiatives should come from the community because they stand a better chance of being carried forward in the future after mine closure.

In 2010, we participated in the Mexican government's Quality Education Program aimed at improving the infrastructure of schools located in the communities of Yepachi, Jesus del Monte, La Bateria, Cahusori, Basaseachi, Huajumar, Las Estrellas, El Perico and Gasachi. The program involved renovating classrooms; donating sports equipment, materials and school kitchen appliances; implementing environmental training programs; and establishing ongoing relationships with specific schools. The overall objective is to motivate students of all ages to continue their studies all the way through to obtaining professional qualifications. In 2010, nine schools benefited from AEM's involvement in the Quality Education Program. Another 61 schools were awarded scholarships from AEM.

Pinos Altos mine emergency response teams, fire brigade, paramedics and doctors provide emergency services to the neighbouring communities. In 2010, the minesite medical staff provided open clinics during the year for people from the local communities and supplied basic medicines to the medical centres.

We also organized local dental clinics with the assistance of dentists from the Universidad Autonoma de Chihuahua (UACH). We acknowledge and thank the dentists from UACH, local school teachers and community leaders who helped make this program a success. Through this program, local residents receive free preliminary check-ups, radiography (dental x-rays), dental extractions and medicine for an initial treatment. To date, four dental campaigns have been conducted, benefiting approximately 360 patients in total.

TORONTO

In 2010, AEM's Toronto office participated in the Toronto Community Foundation's Recipe for a Community project in St. James Town. Recipe for Community uses ideas from residents to strengthen the community's sense of opportunity, belonging and pride, and to build community skills and capacity. Initiatives focus on food and nutrition, greening and beautification, community co-operation and youth engagement.

Along with volunteer services, AEM provided support to the Bicycle Repair program. Many residents of St. James Town use bicycles as an active, economical mode of transportation. Recipe for Community saw the creation of a hugely popular new program that taught residents how to refurbish, repair and maintain their bicycles. It also encouraged the adoption and reuse of many of the hundreds of bicycles left abandoned throughout the neighbourhood.

KITTILA

At Kittila, we are a strong supporter of local sports. Beginning in 2008, we helped fund reconstruction of the Kittila soccer stadium and have since committed to sponsoring the field until 2015. This support enables the local junior soccer team to afford coaching from the Rovaniemi soccer club which has helped increase the number of players on the team. AEM also provided opportunities for employees to support young players on the team. We contributed to the reconstruction of the Kittila ice hockey arena between 2007 and 2008, and continue to sponsor activities there.

AEM has participated in the World Cup at Levi ski hill, which is close to the mine, for the past few years. This event attracts tourists from around the world and is of great interest to our employees.

MEADOWBANK

The Meadowbank mine is located about 100 kilometres from the community of Baker Lake, Nunavut. Baker Lake has a very young population, with more than 50% under 18 years of age. The community wanted a baseball field to keep this young population active. AEM provided funding for a local entrepreneur to construct the field and came out to celebrate with the community by participating in the first baseball tournament.

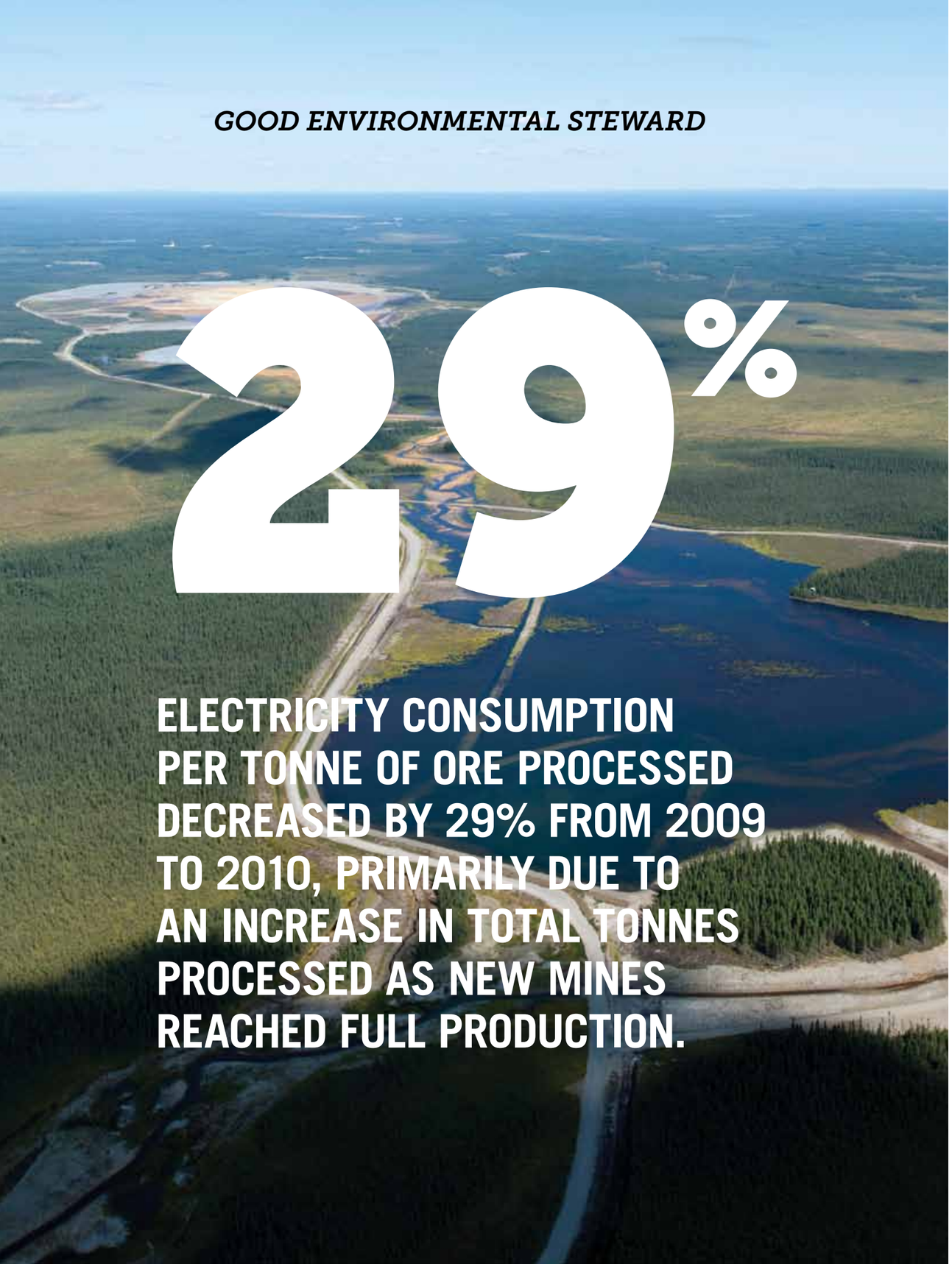
Good communications are vital to safe operation in the Canadian Arctic. As such, we determined that we needed cell phone service at the mine and along much of the access road between the mine and Baker Lake. As part of this investment, AEM paid to have equipment installed in Baker Lake so that cell phone service could also be extended to the community.

BELOW:

Youth representatives from Baker Lake participated in AEM's Youth Entrepreneurship program in 2010.

NURTURING THE FUTURE

Recognizing that the future of Nunavut is in its youth, Meadowbank mine management makes presentations at schools about job opportunities in the mining industry. We are also helping to build the next generation of Nunavut entrepreneurs. We have put together an "entrepreneurship" travelling tour of Nunavut to present to existing and would-be entrepreneurs the products and services needed by an operating mine. We hope to nurture an entrepreneurial culture that will be able to sustain the communities past the mine closure.



Our Approach

AEM's commitment to protecting the environment starts with the Board of Directors and is communicated to all levels of the organization through our corporate Environmental Policy. While responsibility starts at the top, accountability for protecting the environment extends to every employee and contractor. Everyone is expected to understand and act in accordance with Company and regulatory compliance requirements and to report unacceptable practices to management. We are committed to open and transparent reporting on our environmental performance to the relevant regulatory agencies, local communities and land owners, and to the general public potentially affected by our activities.

In line with our Environmental Policy, we are committed to achieving high standards of environmental performance. Our operations are required to meet and, where practical, exceed relevant laws, regulations and standards. We believe in using industry best practices to ensure that our operations minimize their impact on the environment to the greatest practical extent possible. Each operation is required to identify, analyze and manage the environmental risks specific to its activities and to work in a transparent manner with involved local stakeholders. At LaRonde, Goldex and Lapa, we have established environmental committees, consisting of employees and management, to address local issues and performance. Similar programs will be put in place at our newer operations of Kittila, Pinos Altos and Meadowbank in 2011.

In all parts of our business, we limit our environmental impacts by the efficient use of natural resources, by limiting or preventing pollution, and by reducing waste.

When environmental incidents occur, we determine the cause and take steps to prevent recurrence. We have emergency preparedness and spill response plans at each of our operations and train our employees to ensure efficient response when incidents do occur. We have initial emergency response equipment in place at all operations.

Environmental Management System

In 2010, we continued to develop and implement a formal Health, Safety and Environmental (HSE) management system at all six of our mining operations worldwide. As a first step, we wanted to standardize processes, procedures and information gathering and management, and we decided to look for an HSE management software system that could be used at all sites. We selected a web-based system that allows for easy access by all operating divisions in their host country language.

The selected HSE management software is consistent with the ISO 14001 environmental management system and the OHSAS 18001 health and safety management system. Implementation is being rolled out in phases, or modules, with the development being led by an internal implementation committee composed of health, safety and environmental professionals at each operating mine. Allowing for local differences, we aim to implement standard health, safety and environmental management processes throughout the Company using the software as a tool.

The first modules implemented included incident reporting, investigation and follow-up, document control, and legal and permit management. While we already had an incident reporting and investigation process in place, the software enables us to automate part of the process, ensures consistency between divisions and makes it easier to draw statistics and follow up on actions. The document control module provides a platform for managing Company procedures, policies, job procedures and management plans. The legal and permit management module provides a platform to manage all of AEM's legal and permit requirements.

Over the next two years AEM intends to implement additional modules including emergency response management, audit and inspection management, management review and non-conformance, and management of preventative/corrective action and training.

Pinos Altos received certification as an Industria Limpia (Clean Industry) from Mexico's environmental regulator La Procuraduría Federal de Protección al Ambiente. Certification came after extensive third-party auditing of the mine's environmental management system.

Incidents and Compliance

There were no serious environmental incidents recorded in 2010 and no significant compliance actions were taken at any of our sites.

However, at Pinos Altos, we were fined $1,000 for a 2009 administrative infraction that involved inadequate labelling of waste materials stored at a hazardous waste management facility. This prompted implementation of appropriate on-site labelling procedures to ensure that all hazardous waste placed in the facility is labelled.

Our employees are urged to report all environmental incidents no matter how small so that they can be investigated and appropriate actions taken to prevent reoccurrence and ensure remediation. In 2010, 135 such incidents were reported. Of these, 109 involved the spill of less than 100 litres in volume and 11 involved a quantity greater than 1,000 litres. Of these incidents, 95% occurred within the minesite boundary with no effect or release of spilled material or affected water outside of the minesite.

Three of these spill events were of significance and deemed to be category 2 events resulting in minor, localized, reversible environmental impact, with short-term effect, and requiring moderate remediation. Two of the incidents occurred at the Meadowbank mine and involved the rollover accident of a contractor-operated fuel truck transporting diesel fuel to the mine from Baker Lake. Both occurred under winter conditions which aided in the containment of the spilled fuel and prevented fuel from entering local water bodies. The third incident occurred at the Pinos Altos mine and involved the rollover accident of a contractor-operated fuel truck transporting diesel fuel from Pinos Altos to the Creston-Mascota satellite mine. The fuel was contained and the contaminated soil was excavated and transported to the mine for disposal. No fuel reached local water bodies.

ENVIRONMENTAL SPILLS

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
Total number of spills in 2010	10	0	1	32	4	88	**135**
Total volume of spills inside mine boundary	1,522	–	1,200	34,342	NA	5,969	**43,033**
% of these spills that were retained inside the mine boundary	100%	NA	100%	100%	75%	93%	**95%**

Environmental Audits

In 2010, we conducted 517 environmental inspections to verify processes such as waste segregation, proper handling of hazardous waste, proper labelling of hazardous material, water segregation and drainage.

In addition, internal environmental audits were conducted at LaRonde, Kittila and Pinos Altos by our own multi-divisional teams, and third-party environmental audits were conducted at LaRonde and Goldex. These audits verify compliance with permit conditions and application of best practices. Audit recommendations are translated into action plans to remedy any identified deficiencies. No major problems were noted in the 2010 audits. Recommendations were focused on more consistent application of best practices.

ENVIRONMENTAL AUDITS

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
Environmental inspections	52	75	30	52	262	46	**517**
Internal environmental audits	1	0	0	1	2	0	**4**
External environmental audits	1	1	0	0	0	0	**2**

Environmental Expenditures

In 2010, our total operating expenditure on environmental protection at all of our operations totalled $22.4 million (this does not include capital expenditure related to environmental protection such as tailings dams, etc.).

ENVIRONMENTAL EXPENDITURES

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
Environmental operating expenditures in 2010	**$ 7,083,074**	**$ 426,004**	**$ 1,468,472**	**$ 4,923,697**	**$ 1,863,057**	**$ 4,996,885**	**$ 22,361,189**
Expenditures on environmental protection & management in 2010	$ 1,360,000	$ 114,055	$ 232,719	$ 4,553,239	$ 1,495,912	$ 4,096,427	**$ 11,852,352**
Expenditures on waste disposal, water treatment and remediation in 2010	$ 5,723,074	$ 311,949	$ 1,235,753	$ 370,458	$ 367,145	$ 900,458	**$ 10,508,837**
Environment – capital expenditure in 2010	$20,620,412		$ 1,600,000				

Energy and Climate Change

ENERGY USE

In 2010, AEM's overall energy use increased primarily due to production capacity increases at our mines. The past year saw a full year of production at the Kittila, Lapa and Pinos Altos operations and the start of commercial production at the Meadowbank mine in March 2010. Kittila and Lapa achieved commercial production in May 2009 and Pinos Altos in November 2009, so that our energy use data for these three operations in 2009 was only for a partial production year.

Total electricity consumption increased from 587 million to 791 million KW in 2010, a 35% increase. Diesel fuel consumption increased from 13,345 kilolitres to 77,816 kilolitres, a 4.8 times increase primarily associated with the start of production at Meadowbank, which produces electricity from fuel. Natural gas usage decreased by 14.3% in 2010 due to energy efficiency gains at the LaRonde mine.

ENERGY USE BY SOURCE 2009

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
Electricity (in millions of KW)							
2009	327	114	29	105	12	NA	587
2010	**351**	**110**	**36.8**	**109.9**	**83.4**	**100.4**	**791**
Natural gas (in GJ)							
2009	238,332	34,837	34,066	–	–	NA	313,694
2010	**203,587**	**65,113**	**46**	**–**	**–**	**–**	**268,747**
Diesel (in kilolitres)							
2009	4,438	1,319	1,129	3,774	2,085	NA	13,345
2010	**4,887**	**1,068**	**1,217**	**5,633**	**16,851**	**48,160**	**77,816**
Propane (in kilolitres)							
2009	–	–	–	–	1	NA	1
2010	**–**	**–**	**–**	**–**	**–**	**9**	**9**
Gasoline (in kilolitres)							
2009	0	0	5.2	0	0.4	NA	5.6
2010	**0**	**0**	**10.4**	**0.1**	**327.7**	**27.3**	**365.52**
Tonnes of ore mined							
2009	2,546,000	2,615,000	299,000	563,000	227,000	NA	6,250,000
2010	**2,592,000**	**2,782,000**	**552,000**	**960,000**	**2,436,000**	**2,036,000**	**11,358,000**

The primary energy source at the LaRonde, Goldex, Lapa and Kittila Mines is hydroelectric power drawn from either the provincial (Quebec) or national (Finland) power grids.

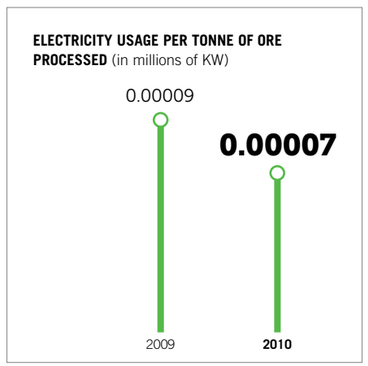
At Pinos Altos, the primary energy source is electricity, also drawn from the national power grid. However, in Mexico, this power comes from a combination of hydroelectric and thermal power plants (mostly from burning diesel or other petroleum-based fuel).

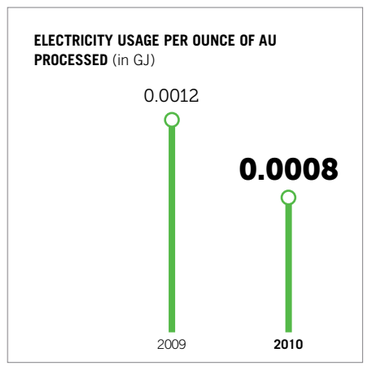
There is a shortage of power available from the national grid during peak hours. As a result, we use our own diesel-generated power to reduce our draw during these peak periods. In 2010, approximately 98.9% of our electrical power came from the utility grid system.

Meadowbank is a remote site with no viable connection to any power grid. Nunavut currently has no power distribution grid due to the vast size of the territory and the remoteness of its communities. Consequently, we generate our own power through the combustion of diesel fuel. In 2010, we generated 100.4 million KW of power on site from 27,460 kilolitres of diesel fuel shipped north by the annual sealift. Waste heat from the Meadowbank power plant is used to heat the buildings at the mine which, in this Arctic setting, is a considerable power savings. Aviation fuel is also used at Meadowbank, in the amount of 314 kilolitres in 2010. In late 2009, we installed a wind turbine data collection tower to assess the feasibility of utilizing wind-generated power as a secondary power source to offset diesel fuel-generated power. This data collection program continued throughout 2010.

Site management, sometimes assisted by local energy management committees, look for initiatives that can be implemented at each worksite to reduce costs and overall energy use per unit of production, and thereby also reduce associated greenhouse gas (GHG) emissions per unit of production. In 2010, several energy efficiency programs initiated at LaRonde resulted in approximately 4.2 million KW of electrical power savings and 20,840 GJ of natural gas. These included installation of a heat exchanger at the mine's water treatment plant, replacement of air compressors, elimination of some equipment and modification of the mine's cyanide destruction process to reduce humid air consumption requirements. These reductions in energy consumption reduced the quantity of greenhouse gases released by about 3,000 tonnes.

At Goldex, energy efficiency gains were achieved from two initiatives: automation of the cooling system on the main hoist motor; and internal recycling of mine water on the 38 and 76 levels of the underground mine to reduce the total volume pumped to surface.

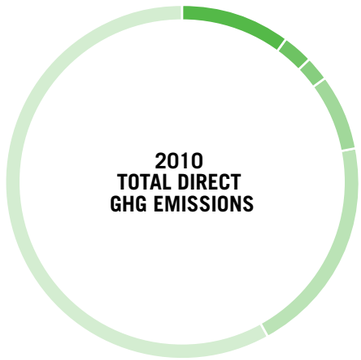




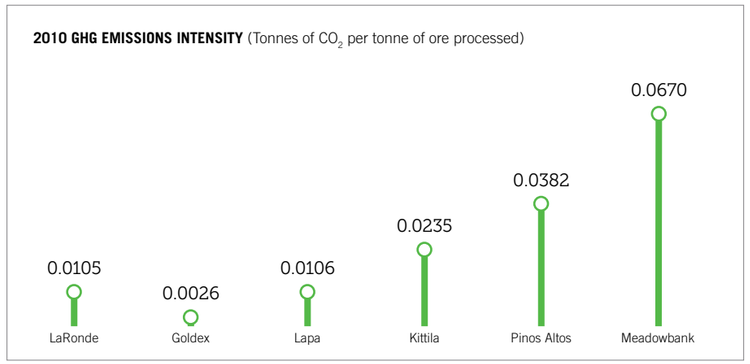
While total energy use increased in 2010, consumption of electricity and natural gas on a per-unit-of-production basis decreased.

Greenhouse Gas Emissions

In 2010, AEM's total direct GHG emissions were calculated to be 236,542 tonnes of CO_2 from all sources (including fuel used to generate power, fuel for mining vehicles and natural gas for heating and explosives used for blasting at our operating mines). This was a 127% increase from 2009, primarily due to increased production capacity (a 79% increase in the tonnes of ore mined and processed) and from the start of production at Meadowbank where we have to generate our own electrical power using diesel fuel shipped in from the south.



A high proportion of AEM's total annual direct GHG emissions were associated with the start-up of the Meadowbank mine.



We monitor and report annually our direct and indirect GHG emissions to the international Carbon Disclosure Project both in tonnes of GHG and intensity (amount of emissions per unit of production). We have set up energy management committees at LaRonde, Goldex and Meadowbank to monitor energy performance and work on initiatives to minimize energy consumption. These reductions are often achieved in small steps suggested and led by our employees. For example, Meadowbank has introduced a no idling policy for all light mine vehicles despite being located in one of the harshest Arctic winter climates on earth. It was found that leaving light vehicles idling when not in operation in winter was unnecessary and other techniques could be used to keep the vehicles operational.

AEM's total direct GHG emission intensity (emissions as a function of tonnes of ore processed and ounces of gold produced) at each of our operating mines is shown in the table on the next page. Meadowbank has the highest intensity values as it has no alternative but to generate all of its own electrical power from diesel fuel. In Finland and Quebec, electrical power comes primarily from hydroelectric sources, which results in significantly lower GHG emissions and hence lower intensity values. Overall, AEM's combined GHG emission intensity values were 0.0208 tonnes of CO_2 equivalent per tonne of ore mined and milled (processed for gold extraction) and 0.2395 tonnes of CO_2 equivalent per ounce of gold produced.

GHG EMISSIONS AND EMISSION INTENSITIES

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
Total direct GHG emissions							
2009	27,882	6,008	3,785	9,809	39,498	NA	86,982
2010	**24,051**	**6,342**	**5,828**	**15,870**	**47,959**	**136,492**	**236,542**
Total indirect GHG emissions							
2009	2,975	1,038	262	6,415	6,380	–	17,070
2010	**3,189**	**1,001**	**31**	**6,734**	**45,193**	**–**	**56,148**
Total emissions							
2009	30,857	7,046	4,047	16,224	45,878	NA	104,052
2010	**27,240**	**7,343**	**5,859**	**22,604**	**93,152**	**136,492**	**292,690**
GHG INTENSITY (TOTAL GHG EMISSIONS)							
CO_2 equivalent per tonne of ore processed (tonnes of CO_2 equivalent per tonne milled)							
2009	0.0121	0.0027	0.0135	0.0288	0.2021	NA	0.0166
2010	**0.0105**	**0.0026**	**0.0106**	**0.0235**	**0.0382**	**0.0670**	**0.0258**
CO_2 equivalent per ounce of gold produced (tonnes of CO_2 equivalent per ounce of payable gold produced)							
2009	0.1516	0.0473	0.0715	0.2258	2.8339	NA	0.2094
2010	**0.1673**	**0.0398**	**0.0499**	**0.1791**	**0.7106**	**0.5138**	**0.2964**
Tonnes milled							
2009	2,546,000	2,615,000	299,000	563,000	227,000	NA	6,250,000
2010	**2,592,000**	**2,782,000**	**552,000**	**960,000**	**2,436,000**	**2,036,000**	**11,358,000**
Payable gold production (ounces)							
2009	203,494	148,849	56,602	71,838	16,189	NA	496,972
2010	**162,806**	**184,386**	**117,456**	**126,205**	**131,097**	**265,659**	**987,609**

CLIMATE CHANGE

AEM recognizes that changing environmental conditions have major implications for our economic viability and for the social and cultural well-being of our world as a whole. We understand that taking a proactive approach to reducing future uncertainties starts by identifying and anticipating potential vulnerabilities at each of our operations.

In 2010, we continued a process of identifying key environmental risks including those associated with climate change. An environmental risk identification and rating process was started at our Abitibi operations and continues at each of our other mining operations. This allows us to focus on developing mitigation and/or adaptive strategies in those parts of our operations where the risks are identified as being significant.

Water Management

The management of the water we use and the effluents that we discharge is a significant component of the environmental management programs at all of our mining operations.

WATER USE

In 2010, the total water consumed by AEM from all sources was 5.8 million cubic metres, up from 4.0 million cubic metres in 2009, an increase of 49%, driven largely by increased production. Our consumption of fresh water from all sources was 5.97 cubic metres per ounce of payable gold produced in 2010, down from 7.94 in 2009 (a reduction of 24.8%).

On a per tonne processed basis, water consumption was 0.52 cubic metres per tonne milled, down from 0.63 in 2009 (a reduction of 18%), reflecting optimization of new processing facilities at Kittila and Pinos Altos.

A key objective is to minimize the amount of fresh water we consume from all sources. We strive to increase the internal recycling of water at each operation and to reduce the volume of fresh water needed to produce each ounce of gold. We also manage all storm water at our sites to divert “clean” or unimpacted precipitation runoff (snow melt and rain) away from our work areas wherever practical. We collect precipitation runoff from impacted lands, monitor its quality and release or treat it where necessary to ensure protection of the surrounding aquatic environment.

WATER USE BY SOURCE

(cubic metres)

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
Total volume of water withdrawn from any source						
2009	1,097,085	1,321,504	373,095	1,096,668	57,614	NA
2010	**1,250,124**	**1,788,350**	**380,620**	**1,115,811**	**208,886**	**1,148,505**
Groundwater consumption						
2009	–	7,300	7,300	7,560	57,614	NA
2010	**3,156**	**7,300**	**7,330**	**6,966**	**183,326**	**–**
Surface water consumed						
2009	1,097,085	1,092,184	218,795	1,089,108	–	NA
2010	**1,246,968**	**1,302,434**	**150,000**	**1,108,845**	**25,560**	**1,148,505**
Rainwater collected and stored						
2009	–	220,221	147,000	–	–	NA
2010	**–**	**478,616**	**4,320**	**–**	**–**	**–**
Total recycled water consumed						
2009	3,878,785	1,413,536	144,000	1,069,348	51,738	NA
2010	**4,540,367**	**5,037,000**	**201,600**	**2,122,218**	**NA**	**2,067,095**
Percent of total water recycled or reused/total volume of water withdrawn from any source						
2009	353%[1]	107%[2]	39%[6]	97%[3]	90%[4]	NA
2010	**363%**[1]	**282%**[2]	**53%**[6]	**190%**[3]	**NA**	**180%**[5]

(1) This number is calculated using the GRI definition. Most of the water feeding the mill is recirculated: the freshwater intake represents only a small portion of the water usage.

(2) This number is calculated using the GRI definition. Most of the water feeding the mill comes from recirculation from the auxiliary tailings pond.

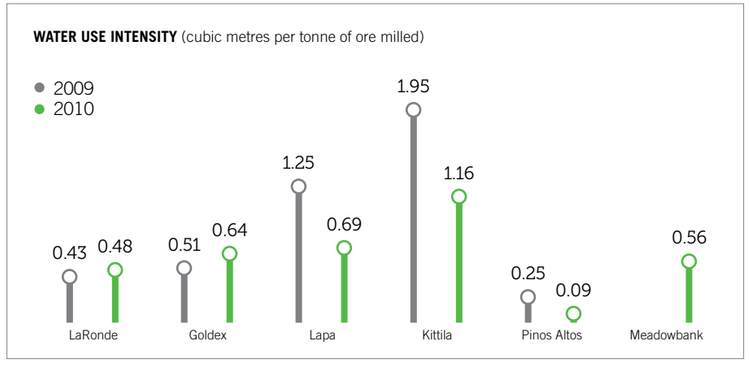
(3) This number is calculated using the GRI definition. A large portion of the water in the Kittila tailings pond is recycled internally inside the mill thus significantly reducing the use of freshwater at this site. Kittila started commercial production in May of 2009, so 2009 data is for a partial production year.

(4) This number is calculated using the GRI definition. Pinos Altos filters dry all of its mill tailing and reuses this water in the milling process. Because these are recycle streams that are internal to the milling process they do not show up under the GRI definition because the water never reaches the tailings containment area. Additional mill water comes from the dewatering water pumped from the underground mine, hence freshwater use at Pinos Altos is quite low. Pinos Altos started production in November of 2009 hence 2009 data is for only a partial production year.

(5) This number is calculated using the GRI definition. A large proportion of the water used in the mill at Meadowbank is recycled internally within the mill or is recycled to the mill from the tailings pond. Meadowbank started commercial production in March of 2010, hence there was no data reported for 2009 and the data for 2010 is for a partial year of production.

(6) This number is calculated using the GRI definition. This is only the recycling from the mine sedimentation pond.

WATER USE INTENSITY (cubic metres per tonne of ore milled)

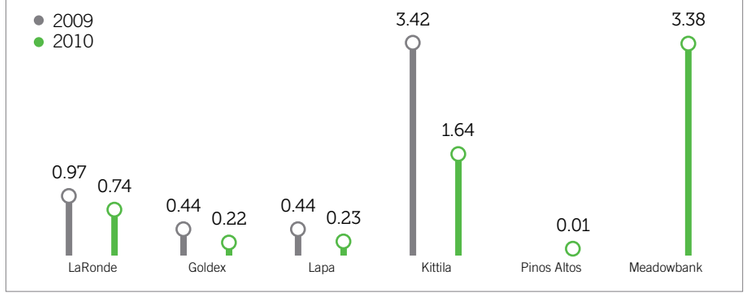


DISCHARGES TO WATER

The total volume of effluent discharged from all of our mining operations in 2010 was 11.1 million cubic metres, up from 5.7 million in 2009, an increase of 95%. This figure is somewhat distorted by the start-up of Meadowbank. At Meadowbank, no effluent was discharged from our tailings containment facilities; however, the mine discharged 6.9 million cubic metres of water to the receiving environment. This water was not used but is part of the dewatering required to mine the deposit. It was pumped from the portion of Second Portage Lake that lies behind the East dewatering dyke constructed to isolate the mining area from the lake. Pumping began in 2009 and continued in 2010. It is expected to be completed in 2011. Prior to being transferred to Third Portage Lake, the water was treated in a water treatment plant as needed to remove suspended solids. Because of this treatment, this water transfer is defined under our operating permit as a final effluent.

Without accounting for this water transfer, the total volume of effluent discharged from all of our other mining operations in 2010 would amount to 4.26 million cubic metres, down from 5.69 million cubic metres in 2009 (a decrease of 25%). A significant part of this reduction was due to an abnormally dry summer in Abitibi in 2010, which resulted in less storm water being collected in tailings containment facilities.

EFFLUENT DISCHARGE INTENSITY (cubic metres per tonne of ore milled)



None of the effluents discharged from our operations has a significant impact on the receiving streams in which they are discharged. The LaRonde, Goldex and Pinos Altos mines discharge into small streams, none of which are considered environmentally sensitive nor are they listed as protected waterbodies. They do not contain protected species.
The Lapa and Kittila mines discharge into wetland areas, none of which are considered environmentally sensitive nor are they listed as protected wetlands. The Meadowbank mine discharges into a relatively large lake which is not considered environmentally sensitive nor is it listed as a protected waterbody and it does not contain protected species.

All of our operations have stringent regulatory requirements that must be met at the point of effluent discharge. The requirements were established taking into account the capacity of the receiving water to receive these effluents without resulting in harm. Our operations also conduct regular environmental effects monitoring programs in these receiving water bodies and downstream to check for ecological effects from our effluent discharges. Based on all of these measures, we are confident that our effluent is not significantly affecting these receiving waters.

WATERBODIES RECEIVING EFFLUENT

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
Name of waterbody into which our final effluent is discharged	Dormenan Creek	Unnamed Stream	Unnamed Wetland	Unnamed Wetland	El Sabinal Creek	Third Portage Lake
Type of waterbody	Stream	Stream	Wetland	Wetland	Stream	Lake
Stream – average flow in cubic metres per second	2	NA	NA	NA	Low	
Size of the receiving lake in cubic metres	NA	NA	NA	NA	NA	446,000,000
Is the waterbody designated as a protected area (nationally or internationally)?	NO	NO	NO	NO	NO	NO
Is the receiving waterbody recognized by professionals to be particularly sensitive?	NO	NO	NO	NO	NO	NO
Are there protected species in this waterway?	NO	NO	NO	NO	NO	NO
Is the waterbody a Ramsar-listed wetland or other nationally or internationally proclaimed conservation area?	NO	NO	NO	NO	NO	NO
Does the amount of effluent discharged into this waterbody account for an average of 5% or more of the annual average volume of the waterbody?	NO	NO	NO	NO	NO	NO
Based on the above is this waterbody significantly affected by the discharge?	NO	NO	NO	NO	NO	NO

SEWAGE TREATMENT

At all operations both grey water and domestic sewage are collected and treated at sewage treatment facilities located on site. The sewage treatment processes used at each operation are summarized as follows:

SITE PERFORMANCE

MINE	Sewage Treatment Type
LaRonde	Septic Field
Goldex	Septic Field + UV Treatment
Lapa	Rotating Biological Contactor – 3 Stage Treatment
Kittila	Rotating Biological Contactor – 3 Stage Treatment
Pinos Altos	Activated Sludge Biological Treatment Plant
Meadowbank	Rotating Biological Contactor – 3 Stage Treatment

LaRonde has commenced construction of a new sewage treatment process using aerated lagoons, which should be in service in 2011.

Land Use and Biodiversity Conservation

At each operation, we strive to minimize our surface footprint in order to limit the impact on the surrounding ecosystems. We have reclamation plans in place for all mining operations with the long-term objective of restoring each site to an environmentally safe, chemically and physically stable condition.

None of our operations adjoin or directly impact protected areas or areas of high biodiversity importance. Nevertheless, we follow procedures to minimize any potentially adverse impacts.

At Pinos Altos, we collect and relocate flora of local significance. We also operate a plant nursery to provide a source of local seedlings for our ongoing revegetation and reforestation activities on mine-impacted lands.

At Meadowbank, we respect the wildlife that migrates into areas close to our operations. In 2010, traffic on the access road between Baker Lake and Meadowbank was suspended for several days to allow a large herd of caribou to pass safely through the area. We have extensive wildlife monitoring programs and contribute financially to the Government of Nunavut's caribou monitoring and collaring activity.

At each of our operations, we limit the size of our facilities to just what is needed to operate effectively. For example, at Meadowbank, our leased boundary takes in approximately 2,292 hectares but our actual disturbance has been limited to approximately 1,704 hectares. Our total land use at all of our operations in 2010 was 3,793 hectares out of a total leased or owned land holding of 12,396 hectares.

LAND USE

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
Total land area in hectares owned or leased that make up the mine	785	517	70	847	7,885	2,292	12,396
Total amount of this land that is physically disturbed by mining (hectares)	706	330	12	680	361	1,704	3,793
Total amount of this land that has been reclaimed (hectares)	2.6	–	–	–	–	–	2.6

Near the Meadowbank mine, we are working to enhance the potential fish habitat in other areas of the same watershed. New spawning gravel beds were constructed at a stream crossing along the 110-kilometre access road between Baker Lake and Meadowbank to offset any harm caused by the nine clear span bridges constructed along the road. Similar projects are in development to offset the impact on fish habitat caused by the dewatering of a portion of Second and Third Portage Lakes to allow mining. These activities are undertaken under authorizations obtained from Fisheries and Oceans Canada.

PEREGRINE FALCONS NEAR MEADOWBANK

A 110-kilometre long, all-weather access road connects the Hamlet of Baker Lake, Nunavut to the Meadowbank mine. Prior to mine development, peregrine falcons were not identified as nesting within two kilometres of the road alignment or proposed mine area. However, in 2010, three of the 22 quarries that were created along the road to obtain the construction materials for the road were occupied by nesting peregrine falcons. In this region, there are no trees and consequently the walls in these new quarry sites offered the falcons new opportunities for nesting in areas where the chicks could be safe from predators. As a result, our mine environmental team developed and implemented a raptor management plan to ensure that the new nesting sites are protected from our ongoing mine activity along the road.

Waste and Tailings Management

In 2010, AEM's mining operations generated 49.9 million tonnes of waste rock and 10.2 million tonnes of mill tailings, up from 9.8 million and 8.2 million tonnes, respectively, in 2009. The large increase in waste rock generated is primarily associated with the start of open pit mining operations in 2010 at the Pinos Altos and Meadowbank mines.

Mining by its nature generates large volumes of waste rock and mill tailings because of the very low quantity of metal per tonne of mined rock (especially for gold mining). Mill tailings are the ore residue that remains following the extraction of gold or other metals of value. They are fine sand mixed with process water. Not all tailings and waste rock are hazardous. For example, the waste rock and mill tailings at both Goldex and Pinos Altos have no acid-generating and zero, or low, metal leaching potential.

At AEM, all mine waste rock and mill tailings are managed in accordance with waste management plans that have been pre-approved by the appropriate regulatory agencies overseeing mining in these jurisdictions. Each plan includes monitoring and reporting activities to ensure that any contaminants coming from these waste sources are not adversely impacting the surrounding aquatic environment. The reuse of waste in paste backfill and cemented rockfill underground at LaRonde, Lapa and Pinos Altos helps minimize the long-term surface remediation requirements by returning the waste to where it originated, while contributing to the safety of the underground opening. In 2010, approximately 20% of the waste rock produced by mining at all of AEM's operations was either used underground as backfill or in construction of tailings containment dams and other infrastructure such as roads. Approximately 6.3% of the mill tailings generated at all of AEM's mining operations were returned underground as backfill (note that Meadowbank has no underground component).

With the exception of LaRonde, all of our mines using cyanide treat their mill tailings for destruction of residual cyanide compound at the mill before the tailings are deposited into their respective tailings containment sites. This is in accordance with the International Cyanide Management Code to ensure that all water stored in our tailings impoundments is not acutely toxic to wildlife such as birds and other animals. LaRonde has a cyanide destruction treatment plant at the tailings containment area to treat water before it is reused at the mill or discharged to the environment.

AEM endorses the International Cyanide Management Code and will become a signatory to the Code at all of its operations (except LaRonde) in 2011. LaRonde will be able to meet all of the requirements of the Code except the pre-treatment for cyanide prior to discharge of tailings into the tailings containment area, which uses natural degradation.

MINING WASTE PRODUCED

	LaRonde	Goldex[1]	Lapa[2]	Kittila	Pinos Altos[3]	Meadowbank[4]	Total
Overburden							
2009	0	0	0	507,300	NA	NA	507,300
2010	**–**	**–**	**–**	**157,412**	**497,181**	**–**	**654,593**
Heap leach[5]							
2010					**990,783**		**990,783**
Waste rock (total)							
2009	36,250	173,736	414,745	9,187,790	NA	NA	9,812,521
2010	**1,275,000**	**200,399**	**82,732**	**9,395,000**	**25,688,614**	**13,285,739**	**49,927,484**
Returned UG as backfill							
2009	0	0	0	77,790	NA	NA	77,790
2010	**657,000**	**0**	**58,395**	**14,000**	**–**	**–**	**729,395**
Used in tailings dam construction							
2009	18,125	25,000	0	1,200,000	NA	NA	1,243,125
2010	**1,078,000**	**0**	**–**	**960,000**	**10,000**	**3,767,538**	**5,815,538**
Used in other construction							
2009	0	27,829	0	0	NA	NA	27,829
2010	**30,000**	**16,314**	**–**	**200,000**	**–**	**4,172,315**	**4,418,629**
Placed on surface waste rock piles							
2009	18,125	120,907	414,745	7,910,000	NA	NA	8,463,777
2010	**237,175**	**184,085**	**24,337**	**8,221,000**	**25,678,414**	**5,345,886**	**39,690,897**
Mill tailings (total)							
2009	1,961,967	2,573,645	0	3,679,200	NA	NA	8,214,812
2010	**3,148,200**	**2,731,750**	**–**	**939,582**	**1,327,486**	**2,048,538**	**10,195,556**
Returned UG as backfill							
2009	466,166	0	0	0	NA	NA	466,166
2010	**540,200**	**–**	**–**	**–**	**101,372**	**–**	**641,572**
% of tailings returned UG as backfill							
2009	24%	0%	NA	0%	NA	NA	6%
2010	**17%**	**0%**	**NA**	**0%**	**8%**	**NA**	**6%**
Placed in surface tailings containment							
2009	1,495,801	2,573,645	0	3,679,200	NA	NA	7,748,646
2010	**2,608,000**	**2,731,750**	**–**	**939,582**	**1,226,114**	**2,048,538**	**9,553,984**

(1) At Goldex the majority of the mill tailings are directed to the Manitou site for use in capping to neutralize and rehabilitate the pre-existing acid-generating tailings. Only a small amount of tailings have been placed in the Goldex Tailings Containment area since the start of operations in 2008 (~ 5,882 tonnes).

(2) Lapa ore is milled at LaRonde with tailings co-disposed with LaRonde mill tailings.

(3) Pinos Altos mill did not come into production until late 2009.

(4) Meadowbank did not come into production until 2010.

(5) After leaching of the ore is complete, the tonnes on the heap leach pad will be considered as waste.

SOLID WASTE GENERATED

None of our operations shipped any hazardous waste outside of their home countries for disposal (Basel Convention) in 2010. All hazardous wastes (except for tailings and waste rock) generated at each mine are collected, stored in appropriately labelled containers and then shipped to licensed treatment, recycling or disposal facilities in the country in which the waste was generated. Typically this involves used vehicle batteries, antifreeze, solvents, grease and engine lubricating oils. In some operations, a portion of our waste lubricating oils is filtered and reused in special waste oil furnaces to create building heat, thus reducing the use of other heating fuels.

TYPE OF WASTE GENERATED IN 2010

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
Paper and cardboard (tonnes)	54	4	24	4	0	0	85
Plastics (tonnes)	0	–		1	0	0	3
Metals (tonnes)	884	478	132	478	116	0	2,088
Wood (tonnes)	333	183	1,110	183	35	0	1,843
Used oil sent off site for treatment/ disposal or used on site as fuel (litres)	241,030	61,022	35,735	61,022	264,000	132,200	795,009
Contaminated soil stored on site in 2010	–	15	–	15	–	–	30
Contaminated soil shipped off site for disposal at a licensed facility (tonnes)	40	–	7	–	29	–	76
Domestic garbage sent to an on-site landfill facility (tonnes)	0	0	0	0	183	30,600	30,783
Domestic garbage sent to an on-site incinerator (tonnes)	0	0	0	0	0	548	548
Domestic garbage sent to off-site municipal landfill (tonnes)	412	343	204	343	0	0	1,302
Hazardous wastes shipped by the mine to a licensed off-site disposal/recycle facility (tonnes)	273	83	68	144	75	187	830

At all of our operations, other than Meadowbank, programs are in place to segregate recyclable materials such as paper, cardboard, plastics, metals and wood from the domestic garbage streams generated at the mine. These materials are then sent for recycling.

The Meadowbank site is isolated and remote, making viable recycling programs difficult to sustain (the environmental gain would be cancelled by the use of fuel to transport the material south). At Meadowbank, all domestic waste that could contain organic food material is segregated from the other domestic garbage streams and then incinerated in a two-stage, high-temperature incinerator to ensure that no residual food waste ends up in the on-site landfill. This is to prevent such waste from attracting wildlife. The incinerator used conforms to the criteria to meet the Canadian CCME Guidance to prevent generation of dioxins and furans from burning plastic. At our LaRonde, Lapa, Goldex and Kittila mines, all non-hazardous domestic garbage is transported to a local municipal landfill for disposal and we pay a tipping fee to the municipality. At Meadowbank and Pinos Altos, we operate our own landfill sites for the disposal of non-hazardous garbage (other than that incinerated at Meadowbank).

GOOD PRACTICES IN EXPLORATION

AEM's exploration team has established a series of best practices in carrying out drilling activities. For example, in the Abitibi region, they include the following:

- At the planning stage, identifying any impact on the population and contacting the potentially affected residents to inform them about the proposed activities and mitigation measures (see photo of noise barrier for drilling close to population); if on private land, contacting the owner to arrange access.
- If the drilling is to take place on Crown Land and in a forested area, getting a permit from the Ministry of Natural Resources to cut a trail and an area for the drilling platform. If on private land, an agreement is made about the location of the trail.
- Preparing the trail or the drill area by cutting trees. The trees that are larger than three inches are offered to the local forestry companies or, if on private land, as agreed with the owner.
- Locating an appropriate water source for drilling water and arrange for the outflow not to disturb surrounding water courses. If the drilling is to last for a long time (deeper holes), a small sedimentation basin is dug.
- Once the drilling is completed, all material is removed; the area is leveled and replanted as necessary or as agreed with the owner if on private land. The restoration is documented in a report.

Transporting Products, Goods and Materials

AEM uses only reputable, experienced transportation companies to move the goods and materials it uses at its mines from their purchased source. In the case of Meadowbank, most operating supplies come to the mine by sea during an annual sealift during the relatively short ice-free Arctic shipping season. We require the marine transport company moving the fuel and operating supplies to have appropriate emergency response and spill procedures in place along with the equipment and training required to implement the plan in the event of an accident. Transportation of hazardous chemicals including cyanide is done by certified transporters under hazardous chemical transportation regulations.

Product Stewardship

AEM is a member of the World Gold Council and supports its initiatives to create a program to assure consumers that their gold jewelry is coming from a mining source where responsible, sustainable practices are being followed and that their purchase is not going to fund unethical business practices or conflicts. AEM is primarily a gold producer.

RIGHT:

AEM participates in industry forums to share best practices in responsible mining.

Closed Sites

All AEM operating sites have up-to-date mine closure and reclamation plans. The asset retirement obligation (ARO) has been calculated for each site and accounting provisions taken for this liability. Financial assurance requirements for mine reclamation are being met as required at each site.

In addition to our active mining sites, we are responsible for a few closed mining properties in Quebec and Ontario.

PREISSAC, QUEBEC

AEM holds a mining concession in the Preissac Township, about 10 kilometres north of the LaRonde mine. This property, a former molybdenite mine, was part of the 1978 deal with Noranda for the acquisition of the Dumagami mine (now the LaRonde mine). The site was mined from 1962 to 1971 and has seen a number of owners over the years. The last owner to operate at this site left in 1972 and used the site for metal recovery from scrap metal. The previous owner left the site littered with barrels of chemicals and contaminated ground. During the molybdenite mine operation, the tailings were discharged directly into the environment without containment and were never rehabilitated by the original owner. AEM's only involvement with the site was to conduct an underground exploration campaign in the 1990s. In meeting its obligation for the long-term care and maintenance of this site, we have demolished foundations, sealed openings, fenced potential subsidence areas and cleaned the site of all remaining chemical and other scrap metal debris. We are in the process of demonstrating to the Quebec Government that the site is now stable, with the objective of returning the site to the province.

JOUTEL, QUEBEC

The former Eagle and Telbel mines and mill were closed in 1993. The remaining mine infrastructure (including all buildings) was demolished and removed between 1996 and 2000. All mine surface openings were sealed in accordance with the requirements of the Quebec Mining Act. The area where the mine building and other infrastructure had been located was cleared, covered with a layer of soil and successfully revegetated in 2004. In response to questions from the Quebec Ministry of Natural Resources and Fauna about the chemical reactivity of tailings, AEM conducted a number of studies over the years, concluding that the tailings are chemically stable. Meanwhile, AEM is continuing post-closure monitoring of the final effluent to support the conclusion of the studies and models.

We have also conducted some reclamation work on the tailings pond during the past years, most notably to increase pond stability by constructing larger and more stable spillways. The final reclamation plan was submitted to the Quebec Ministry of Natural Resources and Fauna in 2010. Final reclamation will be done once their approval is obtained. It will be followed by a period of post-reclamation monitoring to demonstrate that the site has been fully reclaimed, is physically stable and is no longer a significant source of contamination risk to the surrounding environment.

COBALT, ONTARIO

AEM holds historical mining properties in the Cobalt area of Ontario where numerous mines have been exploited for silver since 1903. AEM operated some of the mines again for silver and cobalt between 1956 and 1989. The mining activities ceased in 1989 due to the low silver prices. A closure plan was submitted for each of the mines to the Ministry of Northern Development and Mines, and all requirements from these plans were fulfilled. In 2010, as a result of the installation of a new waterline in the area, AEM had to remediate a short portion of a road that was crossing historical mine workings.

TRUMPETER SWANS AT JOUTEL

In 2008, during a routine site visit to the Joutel closed tailings pond, Jean-François Doyon, biologist with AEM, noticed the presence of two swans in the polishing pond. He identified them as trumpeter swans and he took their presence as an indication that the site was slowly returning to nature. On the same visit, there was also a female moose with her calf swimming in the polishing pond.

In 2010, during a similar inspection, he saw the swans again in the polishing pond, but this time a closer range picture was taken and sent to an ornithologist. It turned out to be the first sighting of trumpeter swans in Quebec in 150 years. From the picture, they could identify the tag number on the animal and confirmed that it was a female tagged in Burlington, Ontario on November 2, 2005. The sighting was labelled as the ornithological event of the year in Quebec.

2010 PERFORMANCE DATA

Global Reporting Initiative

G3 CONTENT INDEX

In compiling this report, we have measured our performance using the Sustainability Reporting Guidelines (G3) developed by the Global Reporting Initiative (GRI) (www.globalreporting.org/ReportingFramework/), including mining industry-specific indicators incorporated in their Mining and Metals Sector Supplement (www.globalreporting.org/ReportingFramework/SectorSupplements/MiningAndMetals/) and by AEM-specific indicators that recognize our values and challenges.

We have tried to report in as quantifiable a manner as possible and on a facility-by-facility basis to allow our future trends to be measured against our past performance and objectives, and the performance of our industry peers. We have reported information for all of the Core GRI Indicators and for most of the Additional GRI Indicators for all elements. Where an indicator is not material due to the nature of our business we have provided an explanation of why in our view this indicator is not material.

The following tables present AEM's 2010 performance data for each of these indicators.

ASPECT: AEM-SPECIFIC ORGANIZATIONAL INDICATORS

AEM1

Number of inspections carried out	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
Total number of workplace Health & Safety inspections carried out in 2010	167	111	60	31	444	226	1,039
Total number of workplace environmental inspections carried out in 2010	52	75	30	52	262	46	517

AEM2

Number of internal audits carried out	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
Total number of workplace internal Health & Safety audits carried out in 2010	24	2	2	28	13	26	95
Total number of workplace internal environmental audits carried out in 2010	1	–	–	1	2	–	4
Total number of external environmental audits	1	1	–	–	–	–	2

AEM3

Number of persons that received the Health, Safety and Environment Induction Training in 2010	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
	1,240	375	42	855	738	676	3,926

AEM4

Number of formal safety meetings with employees carried out in 2010	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
	720	192	180	174	120	400	1,786

AEM5

Number of accident/incident analyses carried out in 2010 involving employees	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
	740	64	23	99	153	35	1,114

TOWARDS SUSTAINABLE MINING INITIATIVE – AEM SELF-ASSESSMENT FOR 2010

TSM PERFORMANCE ELEMENT	LaRonde	Goldex	Lapa[1]	Kittila	Pinos Altos
TM1 tailings management policy and commitment	Level B	Level B	NA	Level B	Level B
TM2 tailings management system	Level A	Level B	NA	Level B	Level B
TM3 assigned accountability and responsibility for tailings management	Level A	Level B	NA	Level A	Level B
TM4 annual tailings management review	Level A	Level B	NA	Level B	Level A
TM5 operating, maintenance and surveillance manual for tailings and water management facilities	Level A	Level A+	NA	Level B	Level A
EU1 energy use management system	Level B	Level B	Level B	Level C	Level B
EU2 energy use reporting system	Level A	Level A	Level A	Level B	Level A+
EU3 energy use intensity performance target	Level C	Level C	Level C	Level B	Level C
GHG1 GHG management system	Level C	Level C	Level C	Level C	Level B
GHG2 GHG reporting system	Level A	Level A	Level A	Level A	Level B
GHG3 GHG emissions intensity performance targets	Level C	Level C	Level C	Level C	Level C
EO1 community of interest identification	Level A	Level A+	Level B	Level A	Level A
EO2 effective community of interest engagement and dialogue	Level B	Level B	Level B	Level B	Level A
EO3 community of interest response mechanism	Level A	Level A	Level B	Level B	Level A+
EO4 reporting	Level B	Level B	Level B	Level B	Level A+
CM1 Crisis Management Plan (CMP) exists	Y	Y	Y	Y	Y
CM2 CMP reviewed regularly	Y	Y	Y	Y	Y
CM3 Training on crisis management	Y	Y	Y	N	N

(1) Lapa has no tailings facility.

GRI Economic Performance Indicators

ASPECT: ECONOMIC PERFORMANCE

EC1
Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments (thousands of US$) – *includes exploration/Toronto/Vancouver

	Total
DIRECT ECONOMIC VALUE GENERATED	
a) Revenues	1,422,500
ECONOMIC VALUE DISTRIBUTED	
b) Operating costs	677,472
c) Employee wages and benefits	280,812
d) Payments to providers of capital	49,493
e) Payments to government by country – gross taxes	97,012
f) Community investments – voluntary contributions and community investments	1,552
ECONOMIC VALUE RETAINED	
g) Retained earnings	332,100

EC2
Financial implications and other risks and opportunities for the organization's activities due to climate change

AEM recognizes that changing environmental conditions have major implications for our economic viability, and for the social and cultural well-being of our world as a whole. We understand that taking a proactive approach to reducing future uncertainties starts by identifying and anticipating potential vulnerabilities at each of our operations. The major risks from climate change at our operations are summarized as follows: 1) water shortages at Pinos Altos – AEM has installed equipment to filter all mill tailings at Pinos Altos to reduce risk associated with chronic shortages of water at this geographic location; 2) Degradation of permafrost at Meadowbank – AEM has designed all facilities to accommodate degradation of permafrost at Meadowbank without compromising facility performance. From our risk analysis we see no other significant climate change related risks that could materially impact our mining operations. Most of our operations draw power from hydroelectric sources; the main exception being Meadowbank where we generate our own power through the use of diesel. We see no approaching regulatory change that would put this operation at risk. In summary AEM sees no material financial implications from climate change at its six operating mine sites.

EC3
Coverage of the organization's defined benefit plan obligations

100% – AEM's defined benefit plan obligations are fully funded.

EC4

Significant financial assistance received from government	Total
Nunavut Fuel Tax Rebate under Development Partnership Agreement	$4.7 million

EC5

Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Average
EC5A) What was the starting entry level wage ($/Hr) at this mine in 2010?	$ 26.67	$ 24.67	$ 27.74	$ 17.31	$ 20.05	$ 18.97	$ 22.57
EC5B) What was the local minimum wage in the jurisdiction in which the mine is located?	$ 9.50	$ 9.50	$ 9.50	$ 15.00	$ 6.81	$ 10.00	$ 10.05
The ratio of the mine's entry level wage to the local minimum wage = EC5A/EC5B	2.8	2.6	2.9	1.2	2.9	1.9	2.2

GRI Economic Performance Indicators

ASPECT: MARKET PERFORMANCE

EC6

Policy, practices and proportion of spending on locally based suppliers at significant locations of operation	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Average
Proportion of mine spending (%) on supplies that goes to local suppliers – where local is defined as the geographic or economic region in which the mine is located, such as northern Quebec for the Abitibi, Chihuahua State for Pinos Altos, Lapland for Kittila, Nunavut for Meadowbank	57.19%	57.81%	57.00%	27.00%	69.00%	47.80%	52.63%

EC7

Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operations	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Average
Proportion of the mine workforce (%) that is hired from the local region in which the mine is located, such as northern Quebec for the Abitibi, Chihuahua State for Pinos Altos, Lapland for Kittila, Nunavut for Meadowbank	93.00%	100.00%	100.00%	90.00%	62.75%	37.50%	78.05%
Proportion of the mine management team (%) that is hired from the local region in which the mine is located, such as Northern Quebec for the Abitibi, Chihuahua State for Pinos Altos, Lapland for Kittila, Nunavut for Meadowbank	100.00%	100.00%	100.00%	50.00%	51.25%	0.00%	66.88%

ASPECT: INDIRECT ECONOMIC IMPACTS

EC8
Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement

In 2010 AEM invested ~$300K to construct a new baseball sports field in the community of Baker Lake, Nunavut. This investment was made based on a request by the community government to AEM that identified this project as a top priority for their citizens. In a similar manner AEM invested in helping local communities upgrade local school infrastructure in communities in the immediate area of the Pinos Altos mine in northern Mexico. These investments were made with the involvement of local government in these areas. More detail on these and similar investments in public infrastructure is presented in the section on sustainable communities, entitled "Good Neighbour".

GRI Environment Performance Indicators

ASPECT: MATERIALS

EN1

Materials used by weight and volume	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
Tonnes of ore milled	2,592,000	2,782,000	552,000	960,000	2,436,000	2,036,000	11,358,000
Tonnes of waste rock mined	1,275,000	200,399	82,732	9,395,000	25,688,614	13,285,739	49,927,484

EN2

Percentage of materials used that are recycled input materials	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
Percentage of materials used that are recycled input material	Nil	Nil	Nil	Nil	Nil	Nil	Nil

ASPECT: ENERGY

EN3

Direct energy consumption by primary energy source	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
How much diesel fuel was used to generate power at this minesite (litres)?	Nil	Nil	Nil	Nil	238,531	27,460,270	27,698,801
HOW MUCH DIESEL FUEL WAS USED BY MINING EQUIPMENT (HEAVY EQUIPMENT & LIGHTER VEHICLES) AT THIS MINESITE (LITRES)?	4,886,507	1,067,513	1,217,315	4,793,894	16,612,798	20,385,985	48,964,012
Was diesel fuel used for any other purposes? If yes – what was this fuel used for?	No	No	No	Heating	No	No	Heating
If yes – how much diesel Fuel was used for this purpose (litres)?	Nil	Nil	Nil	265,441	Nil	Nil	265,441
Was mine air heated at this minesite – yes or no?	Yes	Yes	Yes	Yes	No	No	–
If yes – what fuel was used to heat mine air?	Natural Gas	Natural Gas	Natural Gas	Heavy Diesel	NA	NA	–
IF YES – HOW MUCH OF THIS FUEL WAS USED TO HEAT MINE AIR (LITRES X 1,000)?	4,750,510	1,748,939	1,248	574	Nil	Nil	6,501
How much gasoline was used at this minesite (litres)?	Nil	4,800	10,400	Nil	327,722	27,328	370,250
How much aviation fuel was used at this minesite (litres)?	Nil	Nil	Nil	Nil	Nil	314,000	314,000
How much propane (other than for mine air heating) was used at this minesite (litres)?	Nil	Nil	Nil	Nil	Nil	8,712	8,712
Was there any other fuel used by the division and if so what was used, why and how much (litres)?	No	No	No	No	No	No	–
Natural gas for heating buildings and air compressors (litres)	717,851,000	Nil	Nil	Nil	Nil	Nil	717,851,000

GRI Environment Performance Indicators

EN4

Indirect energy consumption by primary source	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
Electricity purchased from an outside utility (kWh)	350,465,195	110,046,502	36,800,000	109,847,820	83,366,681	–	690,526,198

EN5

Energy saved due to conservation and efficiency improvements initiatives implemented in 2010	Estimate of the amount of energy saved over the past year
LaRONDE	
New heat exchanger at the final water treatment plant (litres of natural gas)	560,000,000
Replacing compressors (kWh)	2,565,150
Elimination of pumps BPRPL0A-B (kWh)	325,000
Reduction in consumption of humid air in the cyanide destruction process (kWh)	1,300,000
GOLDEX	
Water recycling on 38 and 76 levels	Not Available
Automation of the cooling system of the main hoist motor	Not Available
LAPA	
No initiatives to report in 2010	
KITTILA	
No initiatives to report in 2010	
PINOS ALTOS	
No initiatives to report in 2010	
MEADOWBANK	
No initiatives to report in 2010	

GRI Environment Performance Indicators

ASPECT: WATER

EN8

Total water withdrawal by source	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
1) Total amount of freshwater pumped by AEM from a lake, river, stream, wetland and used at this minesite (m^3)	1,246,968	1,302,434	150,000	1,108,845	25,560	1,148,505	4,982,312
2) Total amount of groundwater (well water) pumped by AEM at this minesite (m^3)	3,156	7,300	7,330	6,966	183,326	–	427,048
3) Total amount of rain water (and snowmelt) collected directly, stored and used by AEM at this minesite (m^3)	–	478,616	4,320	–	–	–	482,936
4) Total amount of municipal water (water taken from a town system) used by AEM at this minesite (m^3)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
1+2+3+4) Total volume of all freshwater used for all mine uses (m^3)	1,250,124	1,788,350	380,620	1,115,811	208,886	1,148,505	5,892,296

EN9

Water sources significantly affected by withdrawal of water	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
Where does the mine get its freshwater (name of lake, river, stream or groundwater)?	Lac Chassignole	Thompson River	Heva River	River Seurujoki	UG Ramp & Well	Third Portage Lake
IF A LAKE, WHAT IS THE SIZE OF THE LAKE IN CUBIC METRES?	>25 000 000	Not Applicable	Not Applicable	Not Applicable	Not Applicable	446,000,000
If a river or stream, what is the average flow in cubic metres per second	Not Applicable	62,000	0.14	4.0	Not Applicable	Not Applicable
Is the source designated as a protected area (nationally and/or internationally)?	No	No	No	No	No	No
Is the water source recognized by professionals to be particularly sensitive (due to size, function, status as a rare, threatened or endangered species habitat)?	No	No	No	No	No	No
NUMBER OF PROTECTED SPECIES IN THE WATERBODY	None	None	None	None	None	None
Is the waterbody a Ramsar-listed wetland or any other nationally and/or internationally proclaimed conservation area?	No	No	No	No	No	No
Does the withdrawal account for an average of 5 percent or more of the annual average volume of the waterbody?	No	No	No	No	No	No
Based on the above is the water source significantly affected by the withdrawal?	No	No	No	No	No	No

GRI Environment Performance Indicators

EN10

Percentage and total volume of water recycled and reused	LaRonde	Goldex	Lapa	Kittila	Pinos Altos[1]	Meadowbank	Total
Total volume of water recycled & reused at this minesite (cubic metres)	4,540,367	5,037,000	201,600	2,122,218	Not Applicable	2,067,095	13,968,280
Percent recycle/reuse	363%	282%	53%	190%	Not Applicable	180%	

(1) At Pinos Altos water is internally recycled within the milling circuit through filtering of tailings. The GRI Indicator for this aspect only addresses recycle of water from outside the process plant, such as recycle from the tailings impoundment and thus is not really applicable at Pinos Altos. In reality Pinos Altos recycles nearly all of its process water.

ASPECT: BIODIVERSITY

EN11

Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity values outside protected areas	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
At this mine site is there any mine land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity values outside protected areas? If yes how many hectares of mine land is involved?	None	None	None	None	None	None

EN12

Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	LaRonde	Goldex	Lapa	Kittila	Pinos Altos[1]	Meadowbank
At this mine site is the mine having any significant impact on biodiversity?	No	No	No	No	No	No

(1) At Pinos Altos some deforestation is taking place on the mine impacted land and some protected tree species are being impacted. Consequently the mine operates a tree nursery at the site to replace sensitive vegetation and tree species so that this impact can be reversed during mine reclamation.

EN13

Habitats protected or restored	LaRonde[1]	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
At this mine site was there any mine impacted land restored in 2010? If yes, please describe the restoration completed and the amount (Ha) of land restored	2.6	No	No	No	No	No

(1) At the LaRonde mine site 2.6 hectares of land at the old Bousquet truck weigh scale area was reclaimed in 2010. Contaminated rock and soil from the old balance area was removed and replaced and the land then reclaimed.

GRI Environment Performance Indicators

ASPECT: EMISSIONS, EFFLUENTS AND WASTE

EN16
Total direct and indirect greenhouse gas emissions by weight (tonnes)

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
Total GHG emissions	27,240	7,342	6,163	22,604	93,152	136,492	292,993
Total direct GHG emissions	24,051	6,341	5,828	15,870	47,959	136,492	236,541
Total indirect GHG emissions	3,189	1,001	335	6,734	45,193		56,452

EN17
Other relevant indirect greenhouse gas emissions by weight

AEM has indirect GHG emissions through the purchase of electricity from third-party utilities. These have been reported under EN16. AEM does not track indirect GHG emissions from employee travel or from employees commuting to and from work. AEM does have programs in place at its operations to enhance car pooling or through providing bus transportation to and from the mine site at no cost to the employees to minimize personal use of individual cars.

EN18
Initiatives to reduce greenhouse gas emissions and reductions achieved

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
Were there any initiatives taken at this mine site in 2010 to reduce greenhouse gas emissions? Yes or no	Yes	No	No	No	No	No
IF YES – PLEASE DESCRIBE THE INITIATIVE AND ESTIMATE THE EMISSION REDUCTION ACHIEVED	LaRonde – Energy reduction initiatives as previously described under EN5 such as reduction of natural gas used in mine air heating and other energy use reductions plus planting of trees at the mine in 2010. Goldex – Energy use reductions as previously reported under EN5.					

EN19
Emissions of ozone-depleting substances by weight

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
Ozone-depleting substances emitted in 2010	None	None	None	None	None	None	None

EN20
NOx, SOx, and other significant air emissions by type and weight

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
Estimated SOx emissions from fuel (tonnes in 2010)	20	4	6	23	70	197	320
Estimated NOx emissions from fuel (tonnes in 2010)	25	7	6	15	45	126	224

GRI Environment Performance Indicators

EN21
Total water discharge by quality and destination

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
Volume of final effluent discharged to the receiving environment at this mine site (m³)	1,918,427	617,863	124,255	1,576,413	19,968	6,881,583	11,138,509
What type of effluent treatment is used at this mine?	Chemical & Biological Treatment	Sedimentation	Ammonia Air Stripping & Precipitation of metals	Cyanide Destruction, Sedimentation & Precipitation of metals	Cyanide Destruction & filtration	Cyanide destruction & enhanced settling of total suspended solids using the Actiflow Process	
Volume of sewage (black & grey water) discharged by the mine into a municipal sewage treatment system (m³)	None	None	None	671	None	None	671
Volume of sewage (black & grey water) treated at the mine and discharged (m³) to the receiving environment	Not measured because it is disposed through a septic field on the mine site	7,300	7,300	5,443	7,840	None – treated and then held within tailings impoundment with no release to environment	27,883
What type of sewage treatment system is used at this mine site?	Septic Field	UV Treatment & Septic Field	Septic Field followed by biological treatment (Bionest)	Biological Process	Activated Sludge Process	Rotary Biological Contactor	

EN22
Total weight of waste by type and disposal method

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
Paper and cardboard (tonnes)	54	4	24	4	0	0	85
Plastics (tonnes)	0	1		1	0	0	3
Metals (tonnes)	884	478	132	478	116	0	2,088
Wood (tonnes)	333	183	1,110	183	35	0	1,843
Used oil sent off site for treatment/disposal or used on site as fuel (litres)	241,030	61,022	35,735	61,022	264,000	132,200	795,009
Contaminated soil stored on site in 2010	–	15	–	15	–	–	30
Contaminated soil shipped off site for disposal at a licensed facility (tonnes)	40	–	7	–	29	–	76
Domestic garbage sent to an on-site landfill facility (tonnes)	0	0	0	0	183	30,600	30,783
Domestic garbage sent to an on-site incinerator (tonnes)	0	0	0	0	0	548	548
Domestic garbage sent to off-site municipal landfill (tonnes)	412	343	204	343	0	0	1,302
Total domestic waste generated in 2010	1,683	1,008	1,471	1,008	333	31,148	36,652
% of total domestic waste recycled at each site	76%	66%	86%	66%	45%	0%	11%
Hazardous wastes shipped by the mine to a licensed off-site disposal/recycle facility (tonnes)	273	83	68	144	75	187	830

GRI Environment Performance Indicators

EN23

Total number and volume of significant spills	LaRonde	Goldex	Lapa	Kittila	Pinos Altos[1]	Meadowbank[2]	Total
TOTAL NUMBER OF SPILLS IN 2010	10	0	1	32	4	88	135
% of these spills that were retained inside the mine boundary	100%	NA	100%	100%	75%	93%	95%
Total volume of spills inside mine boundary	1,522	–	1,200	34,342	NA	5,969	43,033
% of these spills that affected area outside the mine boundary	0%	0%	0%	0%	25%	7%	5%
Total volume of spills outside the mine boundary	–	–	–	–	13,000	4,614	17,614
SPILLS > 100 LITRES < 1,000 LITRES	3	0	0	8	2	13	26
% of these spills that were retained inside the mine boundary	100%	NA	NA	100%	100%	69%	85%
Total volume of spills inside mine boundary	300	–	–	2,475	NA	4,730	7,505
% of these spills that affected area outside the mine boundary	0%	0%	0%	0%	0%	31%	15%
Total volume of spills outside the mine boundary	–	–	–	–	–	4,582	4,582
SPILLS > 1,000 LITRES	3	0	1	3	1	3	11
% of these spills that were retained inside the mine boundary	100%	NA	100%	100%	NA	33%	82%
Total volume of spills inside mine boundary	4,750	–	1,200	32,500	–	1,800	40,250
% of these spills that affected area outside the mine boundary	0%	0%	0%	0%	100%	67%	18%
Total volume of spills outside the mine boundary	–	–	–	–	13,000	4,177	17,177

(1) Pinos Altos had one incident in December of 2010 when a fuel truck had an accident on the Pinos Altos-Mascota road; approximately 13,000 litres of diesel fuel were spilled; remediation activities were initiated using an external contractor and are being coordinated with the regulatory authorities. This truck was transporting diesel for a construction department contractor working at the Mascota site.

(2) Meadowbank had two incidents in 2010, both involving a roll over accident of a fuel truck delivering fuel from Baker Lake to the Meadowbank mine, both operated by a contractor. Both occurred under winter conditions, which aided in containment and recovery of the spilled fuel. AEM emergency response crews conducted the remediation activity. Both incidents were reported with remediation coordinated with the regulatory authorities.

EN24

Weight of transported, imported, exported or treated waste deemed hazardous under the Terms of the Basel Convention Annex I, II, III and IV, and transported waste internationally	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
Did this mine site ship any hazardous waste outside the country in 2010 – yes or no?	None	None	None	None	None	None
If yes – what was shipped, to where and how much?	NA	NA	NA	NA	NA	NA

GRI Environment Performance Indicators

EN25

Identify size, protected status and biodiversity value of waterbodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
Where does the mine discharge its final effluent (name of lake, river, stream or wetland)?	Dormenan Creek	Unnamed Creek	Unnamed Wetland	Unnamed Wetland	El Sabinal Creek	Third Portage Lake
IF A LAKE, WHAT IS THE SIZE OF THE LAKE IN CUBIC METRES?	NA	NA	NA	NA	NA	446,000,000
If a river or stream, what is the average flow in cubic metres per second?	2.0	Not Available	NA	NA	NA	–
Is the receiving waterbody designated as a protected area (nationally and/or internationally)?	No	No	No	No	No	No
Is the receiving waterbody recognized by professionals to be particularly sensitive (due to size, function, status as a rare, threatened or endangered species habitat)?	No	No	No	No	No	No
Number of protected species in the waterbody	None	None	None	None	None	None
Is the waterbody a Ramsar-listed wetland or any other nationally and/or internationally proclaimed conservation area?	No	No	No	No	No	No
Does the amount of effluent discharged into this waterbody account for an average of 5 percent or more of the annual average volume of the waterbody?	No	No	No	No	No	No
Based on the above is the waterbody significantly affected by the discharge?	No	No	No	No	No	No

GRI Environment Performance Indicators

ASPECT: COMPLIANCE

EN28
Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos[1]	Meadowbank	Total
Was this mine charged in 2010 for any non-compliance events with environmental laws and regulations – yes or no?	No	No	No	No	Yes	No	
What was the total amount of fines or penalties levied against the mine in 2010 for non-compliance with environmental laws and regulations (US$)?	No	No	No	No	$1,000	No	$1,000
Were there any actions taken against this mine in 2010 for non-compliance events with environmental laws and regulations?	No	No	No	No	Yes	No	

(1) At Pinos Altos we were fined $1,000 US in 2010 for non-compliance with a labelling requirement on hazardous waste collected and stored on site pending shipment to a licensed waste disposal/recycling facility. This issue has subsequently been addressed through employee training on appropriate labelling requirements.

EN30
Total environmental protection expenditures and investments by type (excluding capital)

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
Environmental operating expenditures in 2010	$ 7,083,074	$ 426,004	$ 1,468,472	$ 4,923,697	$ 1,863,057	$ 4,996,885	$ 20,761,189
Expenditures on environmental protection & management in 2010	$ 1,360,000	$ 114,055	$ 232,719	$ 4,553,239	$ 1,495,912	$ 4,096,427	$ 11,852,352
Expenditures on waste disposal, water treatment and remediation in 2010	$ 5,723,074	$ 311,949	$ 1,235,753	$ 370,458	$ 367,145	$ 900,458	$ 8,908,837
Environment – capital expenditures in 2010	$ 20,620,412[1]	$ 1,600,000[2]					

(1) AEM spent $20.6 million at the LaRonde mine in 2010 to construct an expansion of its tailings containment facility and to construct a new ammonia stripping treatment plant.

(2) AEM spent $1.6 million at the Lapa mine in 2010 to construct a new ammonia stripping treatment plant to remove ammonia from the mine water pumped to surface before it is released to the environment.

MM1
Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
Total land area in hectares owned or leased that makes up the mine site	785.00	517.02	70.00	846.90	7,885.00	2,291.70	12,396
TOTAL OF THIS LAND AREA THAT IS PHYSICALLY DISTURBED BY MINE ACTIVITY (Ha)	706.00	330.00	12.00	680.00	361.00	1,703.70	3,793
Total of this land that has been reclaimed (Ha)	2.60	0.00	0.00	0.00	0.00	0.00	2.60

MM2
The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
Are there any lands on the mine site where a biodiversity management plan is required?	No	No	No	No	No	No

GRI Environment Performance Indicators

MM3
Total amounts of overburden, rock, tailings and sludge presenting potential hazards

	LaRonde[1]	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
Overburden mined (tonnes)	–	–	–	–	–	–	Nil
WASTE ROCK MINED (TOTAL) (TONNES)	1,275,000	0	82,732	9,395,000	0	5,345,886	16,098,618
Waste rock returned underground as backfill (tonnes)	657,000	0	58,395	14,000	0	0	729,395
Waste rock used in tailings dam construction (tonnes)[1]	1,078,000	0	0	960,000	0	0	2,038,000
Waste rock used in other construction (tonnes)	30,000	0	0	0	0	0	30,000
WASTE ROCK PLACED ON SURFACE WASTE ROCK PILES (TONNES)	237,175	0	24,337	8,221,000	0	5,345,886	13,828,398
Mill tailings (total) (tonnes)	3,144,000	0	0	939,582	0	2,035,660	6,119,292
Mill tailings returned underground as backfill (tonnes)	540,200	0	0	–	0	0	540,200
Mill tailings placed in surface tailings containment (tonnes)	1,727,000	0	0	939,582	0	2,035,660	4,702,242

(1) For LaRonde, waste rock from existing stock pile is included in the number.

MM3A
Total material mined, both hazardous and non-hazardous

	LaRonde	Goldex[2]	Lapa[3]	Kittila	Pinos Altos	Meadowbank	Total
Overburden	–	–	–	157,412	497,181	–	654,593
TONNES OF ORE LOADED ONTO HEAP LEACH PAD[1]					990,783		
Waste rock (total)	1,275,000	200,399	82,732	9,395,000	25,688,614	13,285,739	49,927,484
Returned UG as backfill	657,000	–	58,395	14,000	–	–	729,395
Used in tailings dam construction	1,078,000	–	–	960,000	10,000	3,767,538	5,815,538
USED IN OTHER CONSTRUCTION	30,000	16,314	–	200,000	–	4,172,315	4,418,629
Placed on surface waste rock piles	237,175	184,085	24,337	8,221,000	25,678,414	5,345,886	39,690,897
Mill tailings (total)	2,951,176	2,731,750	0	939,582	1,327,486	2,048,538	9,998,532
Lapa tailings	549,730						
LaRONDE TAILINGS	2,401,446						
Returned UG as backfill	709,025	–	–	–	101,372	–	810,397
% of tailings returned UG as backfill[4]	0	–	NA	–	0	NA	0
Placed in surface tailings containment	2,242,151	2,731,750	–	939,582	1,226,114	2,048,538	9,188,135

(1) All ore loaded onto the heap leach pad at the Pinos Altos site (including the satellite Creston Mascota site) ultimately becomes permanent waste rock left in place on the pad for final reshaping and reclamation at final mine closure (the pads are not unloaded after leaching is completed).

(2) At Goldex the majority of the mill tailings are directed to the Manitou site for use in capping to neutralize and rehabilitate the pre-existing acid-generating tailings. Only a small amount of tailings have been placed in the Goldex Tailings Containment area since the start of operations in 2008.

(3) Lapa ore is milled at LaRonde with tailings co-disposed with LaRonde mill tailings.

(4) The % tailings returned underground is calculated with the LaRonde tailings numbers.

GRI Human Rights Performance Indicators

ASPECT: INVESTMENT AND PROCUREMENT PRACTICES

HR1
Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
	None	None	None	None	None	None

HR2
Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
	None	None	None	None	None	None

HR3
Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
Did this mine provide training to its employees in 2010 on human rights policies or cross-cultural awareness training – yes or no?	No	No	No	No	Yes	Yes
If yes – how many hours of training were provided?	–	–	–	–	11,220	1,514
If yes – approximately what percentage of the workforce received this training?	–	–	–	–	61.1%	25.0%

ASPECT: NON-DISCRIMINATION

HR4
Total number of incidents of discrimination and actions taken

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
In 2010 at this mine site were there any formal complaints of discrimination or harassment submitted by employees or contract employees – yes or no?	No	No	No	No	No	No
If yes – was the incident investigated and what was the outcome?	–	–	–	–	–	–
How many incidents were investigated? (please list outcome)	–	–	–	–		

ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

HR5
Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
	Not at risk	Not at risk	Not at risk	Not at risk	Not at risk	Not at risk

GRI Human Rights Performance Indicators

ASPECT: CHILD LABOUR

HR6
Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
	Not at risk	Not at risk	Not at risk	Not at risk	Not at risk	Not at risk

ASPECT: FORCED AND COMPULSORY LABOUR

HR7
Operations identified as having significant risk for incidents of forced labour or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
	Not at risk	Not at risk	Not at risk	Not at risk	Not at risk	Not at risk

ASPECT: SECURITY PRACTICES

HR8
Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
At this mine what % of the mine's security personnel have received training in human rights policies and cross-cultural awareness?	100%	100%	100%	100%	61%	100%

ASPECT: INDIGENOUS RIGHTS

HR9
Total number of incidents of violations involving rights of indigenous peoples and actions taken

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
In 2010 at this mine were there any reported incidents of violations involving rights of indigenous peoples – yes or no?	None	None	None	None	None	None
If yes – what actions were taken?	–	–	–	–	–	–

MM5
Total number of operations taking place in or adjacent to indigenous peoples' territories, and number and percentage of operations or sites where there are formal agreements with indigenous peoples' communities

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos[1]	Meadowbank[2]
Operation adjacent to or on indigenous peoples' territory	No	No	No	No	Yes	Yes
Formal agreements in place	No	No	No	No	No	Yes

(1) The Pinos Altos site is situated adjacent to land owned by traditional land collectives. We do not have formal agreements with these indigenous groups but we are fully engaged in consultation with them and work together with their respective communities to help them improve life for their citizens (see the section entitled "Good Neighbour").

(2) The Meadowbank mine is on Inuit Owned Land. AEM operates at Meadowbank with full consent of the Inuit through several formal agreements, specifically an Inuit Impact Benefits Agreement (IIBA), a Water Compensation Agreement, a Commercial Land Lease and a Production Agreement that includes payment of royalties to the Inuit.

GRI Society Performance Indicators

ASPECT: COMMUNITY

SO1
Nature, scope and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting

In northwestern Quebec (LaRonde, Goldex and Lapa) we have a community engagement plan that addresses ongoing dialogue on all issues related to our presence in the local communities through engagement with the local government representatives. Mine closure is regulated by the Government of Quebec.

At Kittila (northern Finland) we have a similar community engagement plan that addresses ongoing dialogue on all issues related to our presence in the local communities through engagement with the regional government (municipal Kittila Regional Council) and with the governing bodies for the state of Lapland. Mine closure is regulated by the government.

At Pinos Altos (northern Mexico) we have a similar community engagement plan that addresses ongoing dialogue on all issues related to our presence in the local communities. We engage regularly with the governing groups or community elders in the local communities and villages to address all issues.

At Meadowbank we have a community engagement plan that addresses ongoing dialogue with the seven communities that make up the Kivalliq Region of Nunavut. In the nearest community (Baker Lake) we engage through ongoing discussions with the Hamlet of Baker Lake council and through regularly scheduled meetings with a Community Liaison Committee formed to allow AEM to fully engage the wider community groups in Baker Lake. We meet through community visits to the other communities to discuss issues related to our presence in the region. We also have formal community engagement assessment programs that form part of our IIBA with the Kivalliq Inuit Association and through our ongoing participation on the Kivalliq Socio-Economic Monitoring Committee created and sustained by the Government of Nunavut to track the socio-economic impacts of mining in this region of Nunavut.

ASPECT: CORRUPTION

SO2
Percentage and total number of business units analyzed for risks related to corruption

LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
None	None	None	None	None	None

MM6A
Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples

LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
None	None	None	None	None	None

MM6B
The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and indigenous peoples, and the outcomes

LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
None Required in 2010	None Required in 2010	None Required in 2010	None Required in 2010	None Required in 2010	None Required in 2010

SO3
Percentage of employees trained in organization's anti-corruption policies and procedures

All staff (salaried) employees receive online self-directed training on the Company's ethics policies (includes anti-corruption policies and procedures) and must periodically certify that they have received such training. This is in place at all of AEM's locations.

SO4
Actions taken in response to incidents of corruption

LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
None Required in 2010	None Required in 2010	None Required in 2010	None Required in 2010	None Required in 2010	None Required in 2010

GRI Society Performance Indicators

ASPECT: PUBLIC POLICY

SO5
Public policy decisions and participation in public policy development and lobbying

AEM participates in influencing public policy through its membership in the Mining Association of Canada, The Mining Association of Quebec, the NWT – Nunavut Chamber of Mines, the Prospectors and Developers Association of Canada, and other industry associations to which it publicly belongs. In Mexico, we are a member of the Canadian Mexican Chamber of Mines. In Finland we are a member of the Finnish Association for Extractive Industries "KAIVANNAISTEOLLISUUS RY – FinnMin". We are also a member of the European Association of Mining Industries, Metal Ores & Industrial Minerals "Euromines" through our Finnish subsidiary Agnico-Eagle Finland Oy. The Company does actively engage in lobbying government outside of these associations.

SO6

Total value of financial and in-kind contributions to political parties, politicians and related institutions by country	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
Did the mine make any financial or in-kind contributions to political parties, politicians or related institutions in 2010?	None	None	None	None	None	None

ASPECT: ANTI-COMPETITIVE BEHAVIOUR

SO7

Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
	None	None	None	None	None	None

GRI Society Performance Indicators

ASPECT: COMPLIANCE

SO8
Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos[1]	Meadowbank
	None	None	None	None	None	None

(1) At Pinos Altos we were fined $1,000 US in 2010 for non-compliance with a labelling requirement on hazardous waste collected and stored on site pending shipment to a licensed waste disposal/recycling facility. This issue has subsequently been addressed through employee training on appropriate labelling requirements.

MM9
Number and percentage of operations with closure plans

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
Does this mine site have a completed closure & reclamation plan?	Yes	Yes	Yes	Yes	Yes	Yes
Has it been submitted to the regulatory authorities for approval?	Yes	Yes	Yes	Yes	Yes	Yes
Has the plan been formally approved by the regulatory authority?	Yes	Yes	No – Pending Approval	Yes	No – Pending Approval	Yes

MM10
Significant incidents involving communities in which grievance mechanisms have been invoked to address them, together with their outcomes

	LaRonde[1]	Goldex	Lapa	Kittila	Pinos Altos[2]	Meadowbank
In 2010 were there any formal grievances submitted to the mine by local communities – yes or no?	Yes	No	No	No	Yes	No
If yes – please provide details about the grievance and actions taken to resolve the complaint	Fan Noise				Sediment entering a stream	

(1) At the LaRonde mine local residents complained of increasing nuisance noise coming from the mine's underground ventilation fans. The mine engaged a consultant who worked with AEM to design new noise attenuation enclosures for these fan installations. These new enclosures were installed in 2010 and the noise levels have been significantly reduced. Noise monitoring in the community has verified the reduction in noise levels coming from this source and the local community appears satisfied with the resolution of this issue.

(2) At the Pinos Altos mine there was a community complaint about the quality of the water that was reaching the village of La Bateria (about 5-6 km downstream of the mine), because at times sediments were overflowing the existing underground mine development ramp sedimentation pond, especially during the rainy season. A new sedimentation system was constructed at the end of 2010 to remedy the situation and there have been no further complaints.

MM11
Number and description of incidents affecting employees, communities or the environment in which emergency preparedness procedures were activated

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos[1]	Meadowbank[2]
Were there any incidents affecting employees, communities or the environment that occurred at this mine in 2010 where the mine's emergency preparedness procedures were activated – yes or no?	None	None	None	None	Yes	Yes

(1) At Pinos Altos emergency response procedures were initiated to deal with an accident involving a contractor's fuel truck delivering diesel fuel to the satellite Creston Mascota heap leach operation. The procedures were initiated to address and remediate a spill of diesel fuel resulting from this accident.

(2) At Meadowbank emergency response procedures were initiated to deal with a winter time accident in which an AEM owned fuel truck operated by a contractor had a roll over accident while delivering diesel fuel from Baker Lake to Meadowbank. The emergency procedures were initiated to arrest the spill, transfer the remaining fuel and to clean up and remediate the environmental damage resulting from this accident.

GRI Labour Practices and Decent Work Performance Indicators

LA1
Total workforce by employment type, employment contract and region

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
Total number of employees (AEM, contractors, full time & temporary) working at this mine site in 2010	1,034	308	305	612	1,099	1,180	4,538
TOTAL NUMBER OF AEM EMPLOYEES WORKING AT THIS MINE IN 2010 (Q4)	735	213	192	369	972	497	2,978
AEM – full time employees (Q4)	735	213	192	369	972	497	2,978
AEM – part time employees (Q4)	–	–	–	40	–	–	40
Total number of contractor employees working at this mine in 2010 (Q4)	299	113	113	203	127	683	1,538

LA2
Total number and rate of employee turnover by age group, gender and region

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos[1]	Meadowbank[1]	Total
Total number of AEM employees leaving employment at this mine in all of 2010	26	27	11	38	176	138	416
Breakdown of this number by gender (employees leaving employment)	–	–	–	–	–	–	–
Female	1	1	2	4	24	37	69
Male	25	26	9	34	152	101	347
Breakdown of this number by age group (employees leaving)	–	–	–	–	–	–	–
< 30 years old	1	5	1	1	83	32	123
30 to 50 years old	14	21	4	0	83	88	210
> 50 years old	11	1	6	0	10	18	46
Breakdown of this number by region (employees leaving employment)	–	–	–	–	–	–	–
Number who are local employees (economic region in which the mine is located)	26	27	11	0	125	103	292

(1) At both our Pinos Altos and Meadowbank mines we have a relatively high turnover rate amongst our employees coming from the local region around the mine. In both cases these are employees entering the wage economy for the first time and thus there is a large adjustment being made to their way of life. In most cases the employee is having to cope with being away from family and with adjusting to an imposed daily work schedule. Most of the turnover is voluntary (estimated to be greater than 85%) and in many cases the employee leaving will later re-apply to come back to work.

GRI Labour Practices and Decent Work Performance Indicators

LA3
Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
ARE THE FOLLOWING BENEFITS OFFERED TO AEM FULL TIME EMPLOYEES – YES OR NO?						
Life insurance	Yes	Yes	Yes	Yes	Salaried Employees Only	Yes
Health care (additional to Government provided health care)	Yes	Yes	Yes	Yes	Yes	Yes
Disability/Invalidity coverage	Yes	Yes	Yes	Yes	Provided by Government	Yes
Maternity/Paternity leave	Provided by Government	Provided by Government	Provided by Government	Yes	Provided by Government	Provided by Government
Retirement provision	Yes	Yes	Yes	Yes	Provided by Government	Yes
Stock ownership	Yes	Yes	Yes	Yes	Salaried Employees Only	Yes
ARE THE FOLLOWING BENEFITS OFFERED TO AEM TEMPORARY EMPLOYEES – YES OR NO?						
Life insurance	Yes	Yes	Yes	Yes	Salaried Employees Only	Yes
Health care (additional to Government provided health care)	Yes	Yes	Yes	Provided by Government	Yes	Yes
Disability/Invalidity coverage	Yes	Yes	Yes	Yes	Provided by Government	Yes
Maternity/Paternity leave	Provided by Government	Provided by Government	Provided by Government	Provided by Government	Provided by Government	Provided by Government
Retirement provision	Yes	Yes	Yes	Yes	Provided by Government	Yes
Stock ownership	Yes	Yes	Yes	No	No	Yes
ARE THE FOLLOWING BENEFITS OFFERED TO AEM PART TIME EMPLOYEES – YES OR NO?						
Life insurance	No	No	No	Yes	Provided by Government	No
Health care	Provided by Government	Provided by Government	Provided by Government	Yes	Yes	Provided by Government
Disability/Invalidity coverage	Provided by Government	Provided by Government	Provided by Government	Yes	Provided by Government	Provided by Government
Maternity/Paternity leave	Provided by Government	Provided by Government	Provided by Government	No	Provided by Government	Provided by Government
Retirement provision	No	No	No	Yes	Provided by Government	No
Stock ownership	No	No	No	No	No	No

GRI Labour Practices and Decent Work Performance Indicators

LA4
Percentage of employees covered by collective bargaining agreements

	LaRonde	Goldex	Lapa	Kittila[1]	Pinos Altos	Meadowbank
What percentage of AEM employees covered by a collective bargaining agreement at this mine site?	0%	0%	0%	80 to 90%	0%	0%

(1) Finnish labour unions and labour laws are different from the North American norms in this area. As an employer AEM does not know which of our employees belong to a particular union and they do not have to tell us. We estimate that it is between 80 and 90%. Agnico-Eagle Finland Oy voluntarily follows the Central Labor Union Agreement established for all employers in Finland. Most employers (certainly >90%) in Finland choose to follow the central agreements. There is a long tradition of consensus seeking and non-confrontation in the Finnish labour agreement process.

LA5
Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
At this mine site typically how many weeks notice would be given to employees prior to a significant operational change that could substantially affect them?	3 – 5 weeks	3 – 5 weeks	3 – 5 weeks	8 weeks	3 – 5 weeks	3 – 5 weeks

LA6
Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
Does this mine have a formal Health & Safety Committee with labour and management representation?	Yes	Yes	Yes	Yes	Yes	Yes
What proportion of the workforce is represented on this committee?	100%	100%	100%	100%	100%	100%

LA7
Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
Number of fatalities in 2010	1	0	0	0	0	0	1
Number of lost-time accidents in 2010	14	0	6	30	2	12	63
Number of light duty accidents in 2010	30	3	17	1	28	17	100
Number of medical aid accidents in 2010	84	24	25	16	40	44	254
Person days lost in 2010 due to accidents	2,564	0	341	286	286	162	3,639
Person days lost in 2010 due to occupational illness	185	115	302	2,703	0	0	3,305
Combined lost-time accident and light duty accident frequency (per 200,000 person hours)	4.11	0.24	7.10	5.32	1.65	2.49	NA
% absenteeism for all AEM employees for all causes at this mine in 2010	0.5%	0.0%	0.8%	3.4%	0.1%	2.0%	

GRI Labour Practices and Decent Work Performance Indicators

LA8
Education, training, counselling, prevention and risk-control programs in place to assist workforce members, their families or community members regarding serious diseases

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
In 2010 did the mine provide training to assist workforce members to prevent/manage serious disease – yes or no?	Yes	Yes	Yes	Yes	Yes	Yes
WAS THIS TRAINING GIVEN TO:						
Employees?	Yes	Yes	Yes	Yes	Yes	Yes
Employees' families?	No	No	No	No	No	No
Other members of the community?	No	No	No	No	No	No

LA9
Health and safety topics covered in formal agreements with trade unions

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
Is Health & Safety covered in any formal agreement with trade unions at this mine in 2010 – yes or no?	No	No	No	Yes	No	No

LA10
Average hours of training per year per employee per employee category

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
Total person hours devoted to training personnel at the mine in 2010	23,801	4,000	5,813	1,750	43,310	37,054	115,728
Average hours of training = total hours devoted to training/total number of employees (in hrs)	23	18	30	516	43	7	

LA11
Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
Did the mine offer internal skills training programs at the mine in 2010?	Yes	Yes	Yes	No	Yes	Yes	–
Did the mine have any apprenticeship training programs in place in 2010?	Yes	No	Yes	Yes	Yes	Yes	–
If yes – how many apprenticeships were in place in 2010?	50	Nil	13	14	24	1	102
Did the mine offer any programs to help employees prepare for retirement in 2010 – yes or no?	Yes	Yes	Yes	Yes	No	No	–

LA12
Percentage of employees receiving regular performance and career development reviews

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
What percent of all employees at this mine received regular performance and career development reviews in 2010?	30%	55%	29%	32%	100%	34%

GRI Labour Practices and Decent Work Performance Indicators

LA13
Composition of governance bodies and breakdown of employees per category according to gender, age, group, minority group membership and other indicators of diversity

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
% of workforce at this mine who are male	95%	96%	97%	87%	89%	87%
% of workforce at this mine who are female	5%	4%	3%	13%	11%	13%
% of workforce at this mine in each of the following age groups (total should be 100%)						
< 30 years old	14%	10%	20%	25%	50%	19%
30 to 50 years old	68%	71%	66%	59%	46%	56%
> 50 years old	18%	19%	14%	16%	4%	25%

LA14
Ratio of basic salary of men to women by employee category

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos[1]	Meadowbank
	No Difference	No Difference	No Difference	No Difference	No Difference	No Difference
Ratio: men basic salary/women basic salary	1.0	1.0	1.0	1.0	1.0	1.0
Average wages paid to all male employees at this site	$ 69,656	$ 67,505	$ 98,078	$ 60,000	$ 37,866	$ 66,200
Average wages paid to all female employees at this site	$ 62,581	$ 67,285	$ 93,627	$ 54,000	$ 30,904	$ 54,400
Ratio: men average salary/women average salary	1.11	1.00	1.05	1.11	1.23	1.22

(1) Pinos Altos wages are stated in Mexican Pesos.

GRI Product Responsibility Performance Indicators

ASPECT – CUSTOMER HEALTH & SAFETY

PR1

Life Cycle stages in which health and safety impacts of products and services are assessed for improvements, and percentages of significant product and service categories subject to such procedures

AEM has not reported directly on this GRI indicator for the following reasons: 1) AEM is a primary gold producer and does not market its product and/or services directly to the final consumer. Our gold is typically sold to a third party such as a financial institution or brokerage who then sells it. Consequently AEM does not generate a final consumer product and thus does not actively participate in assessing the life cycle stages in which health and safety impacts are assessed; and 2) AEM is a member of the World Gold Council and fully endorses the principles put forward by the Responsible Jewellery Initiative of the World Gold Council and through this means ensures that its product is used in a responsible manner to the extent practical within the management control of the Company.

ASPECT – PRODUCT AND SERVICE LABELLING

PR3

Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements

AEM has not reported data against this Performance Indicator as in our view this indicator is not relevant to our specific business case. AEM does not create a final product that is marketed directly to a consumer. We ship a doré bullion to a refiner. The doré is shipped with appropriate MSDS information. We do not market a final consumer product and thus final labelling requirements are not relevant. We do provide information to the refiner receiving our doré on the contents and make up of our doré bullion.

ASPECT – MARKETING COMMUNICATIONS

PR6

Programs for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship

AEM has not reported data against this Performance Indicator as in our view this indicator is not relevant to our specific business case. AEM does not create a final product that is marketed directly to a consumer. Consequently we do not participate in marketing, advertising or promotion of a consumer product. We adhere to international standards relating to the responsible use of gold through our participation in the World Gold Council and the Responsible Jewellery Initiative.

ASPECT – COMPLIANCE

PR9

Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services

Nil – AEM was not charged or fined at any of its six operating mines in 2010 for non-compliance with laws and regulations concerning the provision and use of its products or services.

Glossary

Biodiversity: Short for "biological diversity": the variety of living organisms, genetic diversity and habitat diversity that create and sustain variation in the environment.

Contractor: One who agrees to perform work or supply items at a certain price or rate.

Employee: A person directly employed by AEM and/or its subsidiaries.

Environmental Incidents: Environmental incidents are classified on a scale from 1 to 5 representing the extent of environmental impact:

Category 1, Negligible: An incident that has caused negligible, reversible environmental impact and requires very minor or no remediation.

Category 2, Minor: An incident that has caused minor, reversible environmental impact and requires minor remediation.

Category 3, Significant: An incident that has caused moderate, reversible environmental impact, with short-term effect, and requires moderate remediation.

Category 4, Serious: An incident that has caused serious environmental impact, with medium-term effect, and requires significant remediation.

Category 5, Disastrous: An incident that has caused disastrous environmental impact, with long-term effect, and requires major remediation.

Frequency: The number of injuries (recordable or lost-time) multiplied by 200,000, divided by total hours worked.

Global Reporting Initiative (GRI): An independent institution whose mission is to develop and disseminate globally applicable sustainability reporting guidelines. For more information, visit www.globalreporting.org.

GRI Indicator: Sustainability performance indicators contained in the guidelines of the Global Reporting Initiative.

ISO 14001: The International Organization for Standardization's standard for environmental management systems.

Light Duty Accident: A work-related injury that causes the injured person to be unable to return to his/her normal work but who returns to work, with the permission of a qualified health professional, with modified tasks.

Lost-Time Accident: A work-related injury that causes the injured person to be unable to return to work on his/her next scheduled workday after the day of the injury because he/she is unfit to perform regular duties.

Material Information: A fact or a change to the Company that could reasonably be expected to have a significant effect on the market price or value of the securities of the Company.

AEM welcomes your comments and questions about our 2010 Corporate Social Responsibility Report.
We have also produced a printed summary report which we are pleased to provide upon request.

Please contact us at CSR@agnico-eagle.com or 1-888-822-6714

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AEM

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