

# GOOD NEIGHBOUR

AGNICO-EAGLE MINES LIMITED  
2010 CSR SUMMARY REPORT

This report summarizes Agnico-Eagle Mines Limited's (AEM) 2010 Corporate Social Responsibility (CSR) Report. If you would like a more detailed review of the Company's 2010 performance, we recommend that you consult the full CSR report available on our website at [www.agnico-eagle.com](http://www.agnico-eagle.com). The full report has been prepared in accordance with the Sustainability Reporting Guidelines (G3) developed by the Global Reporting Initiative (GRI), including mining industry specific indicators incorporated in the Mining and Metals Sector Supplement. It also reports on AEM's performance under the Mining Association of Canada's Towards Sustainable Mining initiative.



**IN ITS 54 YEARS OF OPERATING HISTORY,**  
**Agnico-Eagle Mines Limited has distinguished itself as a good business. 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.**

# AEM At-a-Glance

Agnico-Eagle Mines Limited 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. In 2010, we achieved record production of 987,609 ounces of gold, helping to push net earnings to a record \$332 million. Detailed financial information is available on our website ([www.agnico-eagle.com](http://www.agnico-eagle.com)) and in our 2010 Annual Report.

## 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.

## CORE VALUES

***Operate safely***

***Protect the environment***

***Treat people and communities well***

***Make a profit***



**1 LaRONDE**  
QUEBEC, CANADA

**2 GOLDEX**  
QUEBEC, CANADA

**3 LAPA**  
QUEBEC, CANADA

**4 KITTILA**  
LAPLAND, FINLAND

**5 PINOS ALTOS**  
CHIHUAHUA, MEXICO

**6 MEADOWBANK**  
NUNAVUT, CANADA

**7 MELIADINE**  
NUNAVUT, CANADA

**8 EXPLORATION OFFICE**  
QUEBEC, CANADA

**9 EXPLORATION OFFICE**  
BRITISH COLUMBIA, CANADA

**10 EXPLORATION OFFICE**  
NEVADA, USA

# 2010 Performance Snapshot

## HEALTH AND SAFETY

- Achieved a combined lost-time accident frequency of 3.32, bettering our target of 3.5, but higher than in 2009, largely due to the start-up and optimization of new mines, which involved many new employees and procedures.
- Suffered one fatality at the LaRonde mine.

## SOCIAL RESPONSIBILITY AND COMMUNITY ENGAGEMENT

- Initiated several community programs near the Meadowbank mine. Partnered with the Kivalliq Inuit Association, the Government of Nunavut and the local communities to create the Kivalliq Mine Training Society. Started the Inuit Business Opportunities Initiative to help regional businesses take advantage of opportunities created by our operations.
- Expanded the Pinos Altos community relations program. Participated in the Mexican government's Quality Education Program and awarded AEM scholarships to 61 schools. Provided medical, dental and emergency services to local communities.

## ENVIRONMENT

- Began implementation of a company-wide Health, Safety and Environmental (HSE) management system based on the ISO 14001 environmental management system and the OHSAS 18001 health and safety management system.
- No serious environmental incidents at any of our operations. Three minor incidents related to truck rollovers resulting in fuel spills at Meadowbank (two) and Pinos Altos (one). The spills were contained and the sites were remediated.
- No regulatory non-compliance incidents. Received a \$1,000 fine at Pinos Altos related to the inadequate labelling of hazardous waste stored at our hazardous waste management facility.
- Overall energy use exceeded 2009 levels, primarily due to production capacity increases at our mines. Total electricity consumption grew by 29%. Diesel fuel consumption increased by 480%, largely due to the start of production at Meadowbank, which generates electricity from fuel. Natural gas usage decreased by approximately 14%, primarily due to energy efficiency programs at LaRonde.
- Earned certification as an Industria Limpia (Clean Industry) at the Pinos Altos mine after rigorous third-party auditing of the mine's environmental management system.

*GOOD COMPANY*

**IN 2010, AEM CONTRIBUTED**

**\$280.8**

**MILLION**

**TO REGIONAL ECONOMIES IN CANADA,  
FINLAND AND MEXICO THROUGH THE  
PAYMENT OF WAGES AND BENEFITS  
TO LOCAL EMPLOYEES.**



**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.**

## **GOVERNANCE**

Our Board of Directors has a Health, Safety and Environment Committee that monitors and reviews HSE practices and performance. 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 quarterly. 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. In 2010, AEM created the position of Corporate Director, Communication and Public Affairs, to provide guidance on our stakeholder communications.

## **CODE OF 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. All employees are required to review and certify that they have understood this Code of Business Conduct and Ethics annually.

## **HUMAN RIGHTS**

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 or events related to political instability, often resulting in human rights violations. 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.

## **CRISIS MANAGEMENT AND EMERGENCY PREPAREDNESS**

We have implemented a corporate crisis management policy and plan, which 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.

## **EXTERNAL INITIATIVES**

AEM is a member of the Mining Association of Canada (MAC), L'Association minière du Québec and the Northwest Territories/ 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. We are also a member of the European Association of Mining Industries, Metal Ores & Industrial Minerals through our Finnish subsidiary Agnico-Eagle Finland Oy.

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*

ON AVERAGE, APPROXIMATELY

**53%**

OF THE PURCHASES AT EACH OF OUR  
MINES WERE MADE THROUGH LOCAL  
SUPPLIERS AND CONTRACTORS.

**DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED**

(thousands of US\$ except per share amounts)

**2010**

Revenue	\$ 1,422,500
Operating costs	677,472
Employee compensation	280,812
Donations and other community investments	1,552
Retained earnings	332,100
Payments to capital providers	49,493
Payments to governments	97,012
Dividends per share	\$ 0.18



**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, by creating business opportunities for local entrepreneurs, and by providing scholarships and work terms for students. We also provide financial support for community programs and infrastructure development.**

### **ECONOMIC CONTRIBUTIONS**

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.

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.

### **LOCAL PURCHASING**

Where we can, we buy locally to support our communities and minimize environmental impact due to transportation. On average, approximately 53% of the purchases at each of our mines were made through local suppliers and contractors in 2010.

At Meadowbank, we initiated the Inuit Business Opportunities Initiative (IBOI) to help regional businesses take advantage of the opportunities created by our operations. Under the IBOI, we delivered workshops outlining the goods and services needed at the mine so that Inuit businesses could determine the contracts that they might wish to pursue. We also created a registry in which Inuit businesses in the Kivalliq Region can let us know the types of materials or services they are willing to provide in a competitive manner. The registry allows 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 meets all of the Inuit content requirements. In addition, we facilitate joint venture partnerships between interested Inuit companies and southern businesses. Since the IBIO launch, at least 23 new joint ventures have formed.

Since the start of construction of the Meadowbank mine, AEM has purchased \$261.5 million in goods and services from Inuit firms in Nunavut.

#### **2010 SPENDING ON SUPPLIES**

*Proportion of mine spending (%) on supplies that went 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 region, northern Mexico for Pinos Altos, Lapland for Kittila, and Nunavut for Meadowbank.*

LaRonde	<b>57%</b>
Goldex	<b>58%</b>
Lapa	<b>57%</b>
Kittila	<b>27%</b>
Pinos Altos	<b>69%</b>
Meadowbank	<b>48%</b>
Average	<b>53%</b>

*GOOD EMPLOYER*

APPROXIMATELY

**79%**

**OF AEM EMPLOYEES, INCLUDING  
MOST LEVELS OF MANAGEMENT,  
ARE FROM THE REGIONAL AREA  
IN WHICH THE MINE IS LOCATED.**



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. In recognizing the importance of our people, we strive to create a culture in which every person is treated with dignity and respect. Our employees have responded with strong loyalty and performance.

## 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.

We strive to maximize local employment at each operation 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 Kittila, all of the employees are Finnish, with the exception of a small number of expatriates who were assigned to the project for their specific technical and administrative skills.

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 to ensure that employment opportunities are equally available across the region. 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 partnered with the Kivalliq Inuit Association, the Government of Nunavut and the local communities to create the Kivalliq Mine Training Society. We have also implemented internal training programs to help Inuit employees learn new skills while on the job.

### LOCAL HIRING IN 2010

	<b>LaRonde</b>	<b>Goldex</b>	<b>Lapa</b>	<b>Kittila</b>	<b>Pinos Altos</b>	<b>Meadowbank</b>	<b>Average</b>
Proportion of the mine workforce (%) that is hired from the local region	93%	100%	100%	90%	99%	38%	78%
Proportion of the mine management team (%) that is hired from the local region	100%	100%	100%	50%	100%	0%	67%

<sup>(1)</sup> Local region in which the mine is located is defined as Northern Quebec for the Abitibi region, Northern Mexico for Pinos Altos, Lapland for Kittila, and Nunavut for Meadowbank.

## **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. A thorough investigation of the accident was conducted by the Commission de la Santé et de la Sécurité au travail du Québec (CSST) as well as LaRonde's joint health and safety committee. Corrective actions were recommended and are being acted upon.

In 2010, AEM had a combined lost-time accident frequency of 3.32, compared to 2.65 in 2009. The 2010 statistics reflect a total of 163 accidents that either resulted in work time lost or assignment to modified duty while the employee fully recovered. The year-over-year increase was largely due to the start-up and optimization of new mines, which involved many new people and the introduction of new procedures.

## **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. Two years ago, we introduced the family support program to provide financial assistance to employees and families in need of medical treatment for serious illnesses outside their home location. We grant annual scholarships to employees' children who are full-time students, and provide summer jobs to those who are enrolled in post-secondary education.

In order to maintain 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).



### **BEING PREPARED**

AEM has developed 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. For example, each of our underground mining operations has qualified mine rescue teams in place. At our Kittila operation, mine rescue teams were created in 2010 and are now the only accredited mine rescue teams in Finland.

## TRAINING AND DEVELOPMENT

Training and development is an important aspect of the support given to AEM employees. 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 people who transfer, and those who replace them in their former roles, gain valuable knowledge and experience.

## 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 marriage of these 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 very clearly states our belief in gender equality. We manage employees based on their abilities and merit, and we 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.

## 2010 AWARDS AND CERTIFICATIONS

In 2010, several AEM operations received recognition by industry and government organizations for "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).

**GOOD CORPORATE CITIZEN**

**AEM DONATED**

**\$1.6**

**MILLION**

**TO CHARITIES AND LOCAL COMMUNITY  
PROGRAMS IN 2010.**



**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 support for our activities, devoting time and resources to building community relationships.**

## **STAKEHOLDER ENGAGEMENT**

At the community level, stakeholder engagement includes newsletters; meeting with representatives of local government, citizens groups and neighbours; visiting schools to inform students of future job opportunities and motivate them to further their education; participating in job fairs; and holding periodic townhall meetings. The primary areas of interest for our community stakeholders in 2010 were local employment, local entrepreneurship, education, training, work opportunities for youth, AEM's environmental performance, planning for mine closure, and new gold reserves for existing mines.

## **COMMUNITY INITIATIVES**

**Goldex** – The mine is located on the outskirts of the city of Val-d'Or in an area that was not previously serviced by municipal water supply. 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.

**LaRonde** – Throughout the year, LaRonde's management and environmental department met with citizens in nearby Preissac who were experiencing increased noise levels from the deteriorated noise attenuation facility around our underground ventilation fans. In response, we retained a consultant who worked with our team and the community, and ultimately proposed a new noise attenuation structure in 2010. 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 new equipment first hand.

**Pinos Altos** – Our community relations team has developed a proactive community relations program that strives to support the local communities in the areas of greatest need. In 2010, we participated in the Mexican government's Quality Education Program aimed at improving the infrastructure of local schools. In 2010, nine schools benefited from AEM's involvement in the Quality Education Program. Another 61 schools were awarded scholarships from AEM.

Pinos Altos emergency response teams, fire brigade, paramedics and doctors provide emergency services to the neighbouring communities. In 2010, the mine medical staff held open clinics for community residents and supplied basic medicines to the medical centres. We also organized dental clinics with the assistance of dentists from the Universidad Autonoma de Chihuahua, benefiting approximately 360 patients.

**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 professional coaching, which has helped increase the number of players on the team. AEM also provided opportunities for employees to support young players on the team.

**Meadowbank** – 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 have also put together an "entrepreneurship" travelling tour to present 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. In addition, AEM has paid to have equipment installed at Baker Lake so that the cell phone service needed for operations can also be accessed by the community.

**GOOD ENVIRONMENTAL STEWARD**

**OF A TOTAL LEASED AND OWNED  
LAND HOLDING OF 12,396 HECTARES,  
AEM USED ONLY**

**3,793**

**HECTARES**

**IN 2010.**





**While responsibility starts at the top, accountability for protecting the environment extends to every employee and contractor. 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 expected to identify, analyze and manage the environmental risks specific to its activities, and to work in a transparent manner with involved local stakeholders.**

### **OUR APPROACH**

In line with our Environmental Policy, we are committed to achieving high standards of environmental performance. Our operations are required to meet and, where practicable, exceed relevant laws, regulations and standards. In all parts of our business, we limit our environmental impacts through 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 we train our employees to ensure efficient response when incidents do occur. We have initial emergency response equipment in place at all of our operations.

### **ENVIRONMENTAL MANAGEMENT SYSTEM**

In 2010, we continued to develop and implement a formal Health, Safety and Environmental management system at all six of our mining operations. We selected a web-based system that is consistent with the ISO 14001 environmental management system and the OHSAS 18001 health and safety management system. The system facilitates the standardization of procedures, follow-up, communication and management control of documents and action plans. Implementation began in 2010 and will continue in 2011 and 2012.

### **INCIDENTS AND COMPLIANCE**

There were no serious environmental incidents recorded in 2010 and no significant compliance actions were taken at any of our sites. Employees are urged to report all environmental incidents no matter how small, so that they can be investigated and appropriate actions can be taken to prevent reoccurrence and ensure remediation. In 2010, 135 such incidents were reported. Of these, 109 involved spills of less than 100 litres, and 11 involved spills of 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 the minesite.

Three of these events were of significance and deemed to be category 2 events, resulting in minor, localized, reversible environmental impact. Two of the incidents occurred at Meadowbank and involved the rollover accident of a contractor-operated fuel truck transporting diesel fuel to the mine. 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 Pinos Altos 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.

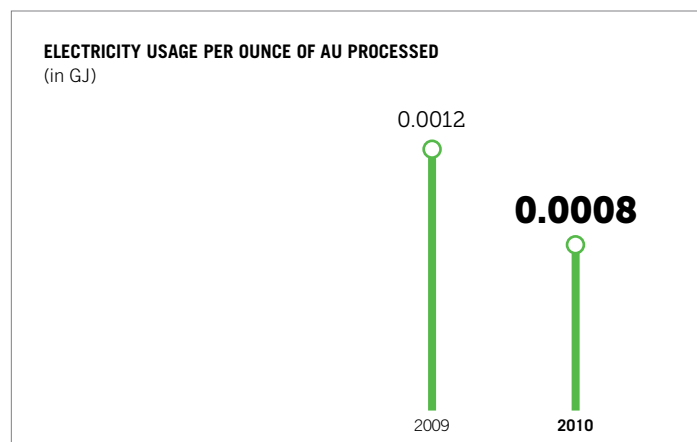
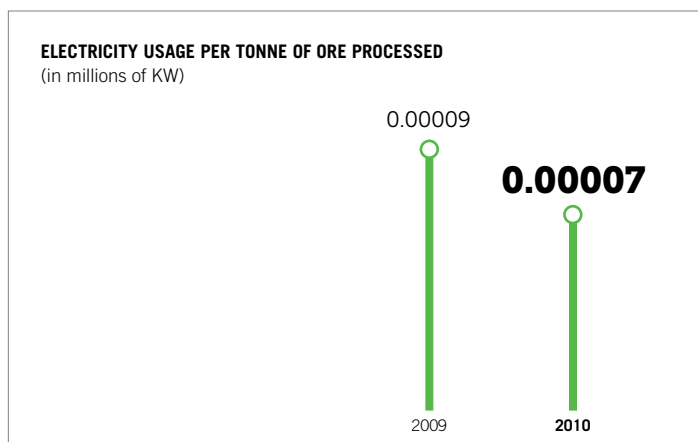
## ENERGY AND CLIMATE CHANGE

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 areas where risks are identified as being significant.

In 2010, AEM's overall energy use rose primarily due to production capacity increases at our mines. Total electricity consumption grew by 29%. Diesel fuel consumption increased by 480%, largely due to the start of production at Meadowbank, which generates its electricity using diesel fuel. Natural gas usage decreased by approximately 14%, primarily due to energy efficiency programs at LaRonde.

We look for initiatives that can be implemented at each worksite to reduce overall energy use per unit of production, and thereby also reduce associated greenhouse gas (GHG) emissions. In 2010, energy efficiency programs initiated at LaRonde included the installation of a heat exchanger at the water treatment plant, the replacement of older and less energy-efficient air compressors, and the elimination of some equipment. These reductions in energy consumption reduced the quantity of greenhouse gas released by about 3,000 tonnes.

At Goldex, energy efficiency gains were achieved through the automation of the cooling system on the main hoist motor, and the internal recycling of mine water in the underground mine to reduce the total volume pumped to surface.

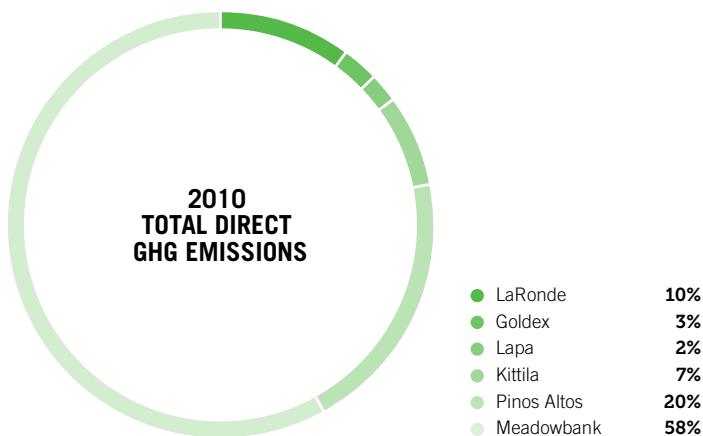


While total energy use increased in 2010, consumption of electricity, natural gas and diesel fuel on a per-unit-of-production basis decreased.

## GREENHOUSE GAS EMISSIONS

In 2010, AEM's total direct greenhouse gas emissions were calculated to be 236,542 tonnes of CO<sub>2</sub> from all sources (including fuel used to generate power, fuel for mining vehicles, natural gas for heating, and explosive use at our operating mines). This was a 127% increase over 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.

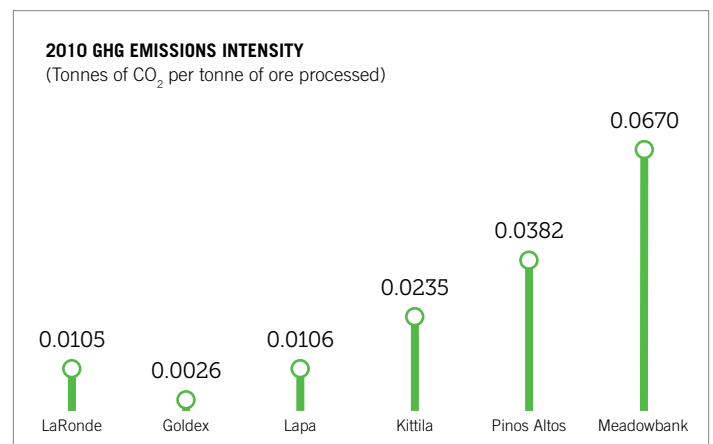
We monitor and report annually our direct and indirect greenhouse gas emissions to the international Carbon Disclosure Project both in tonnes of greenhouse gas and in intensity (amount of emissions per unit of production).



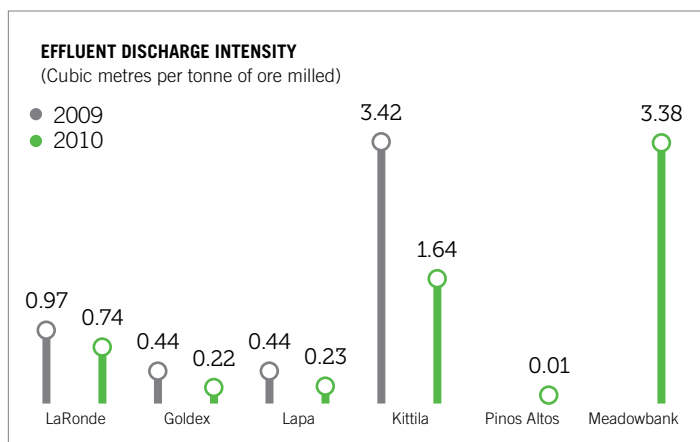
## WATER MANAGEMENT

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. The total water consumed in 2010 increased by 49% over 2009 levels, largely because of production growth. On a per-tonne-processed basis, water consumption declined by 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 the protection of the surrounding aquatic environment.



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



None of the effluents discharged from our operations have a significant impact on the receiving streams into which they are discharged. All of our operations have stringent regulatory requirements that must be met at the point of effluent discharge. The requirements take 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.

### 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. 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. We have reclamation plans in place for all mining operations with the long-term objective of restoring each site to an environmentally safe, and 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, road 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.

### 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-up of the Pinos Altos and Meadowbank operations.

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. The re-use 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.

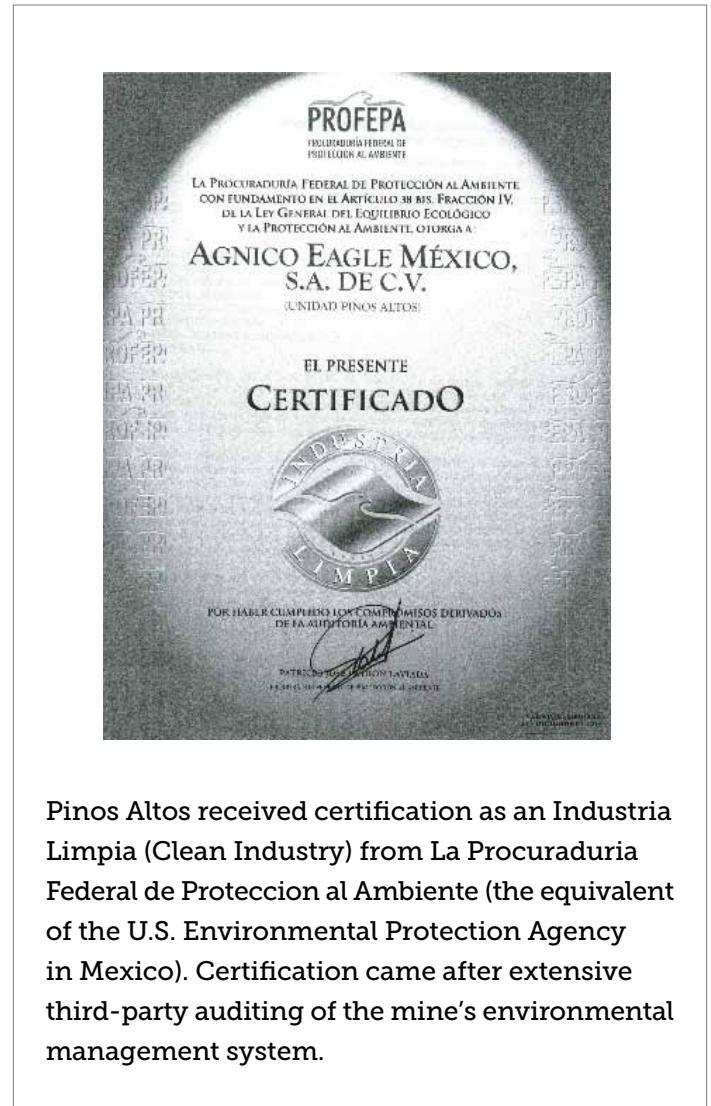
With the exception of LaRonde, all mines using cyanide treat their mill tailings for destruction of residual cyanide compound before the tailings are deposited into their respective tailings containment sites, in accordance with the International Cyanide Management Code. LaRonde has a cyanide destruction treatment plant at the tailings area to treat water before it is re-used at the mill or discharged into the environment.

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 county 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 used lubricating oils is filtered and re-used in special waste oil furnaces to create building heat, thus reducing the use of other heating fuels.

### TOWARDS SUSTAINABLE MINING INITIATIVE

In December 2010, AEM became a member of the Mining Association of Canada and fully endorsed the Towards Sustainable Mining (TSM) initiative. 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. More detailed information can be found at [www.mining.ca/www/media\\_lib/TSM\\_101/MAC\\_TSM\\_101\\_Primer\\_February\\_2010\\_FINAL.pdf](http://www.mining.ca/www/media_lib/TSM_101/MAC_TSM_101_Primer_February_2010_FINAL.pdf).

The following table is our self-assessment of how we currently rate against the TSM indicators. In 2011, we will fully implement the TSM initiative across all of our operating divisions. We aim to achieve a Level A rating at all mines by the end of 2011. To reach this goal, we will complete TSM training and self-assessments at all divisions, which will lead to external verification in subsequent years. In endorsing the TSM initiative, AEM has committed to external verification of its performance at each facility every three years.



**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.**

## TOWARDS SUSTAINABLE MINING INITIATIVE – AEM SELF-ASSESSMENT FOR 2010

TSM PERFORMANCE ELEMENT	LaRonde	Goldex	Lapa <sup>1</sup>	Kittila	Pinos Altos
TM1 tailings management policy and commitment	Level B	Level B	N/A	Level B	Level B
TM2 tailings management system	Level A	Level B	N/A	Level B	Level B
TM3 assigned accountability and responsibility for tailings management	Level A	Level B	N/A	Level A	Level B
TM4 annual tailings management review	Level A	Level B	N/A	Level B	Level A
TM5 operating, maintenance and surveillance manual for tailings and water management facilities	Level A	Level A+	N/A	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
E01 community of interest identification	Level A	Level A+	Level B	Level A	Level A
E02 effective community of interest engagement and dialogue	Level B	Level B	Level B	Level B	Level A
E03 community of interest response mechanism	Level A	Level A	Level B	Level B	Level A+
E04 reporting	Level B	Level B	Level B	Level B	Level A+
CM1 Crisis Management Plan 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

<sup>(1)</sup> Lapa has no tailings facility.





**AEM**

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