



Measuring Up

AEM

Agnico-Eagle Mines Limited
2011 Corporate Social Responsibility Report



Table of Contents

1 MEASURING UP

- 2 Introduction
- 3 AEM At-a-Glance
- 4 2011 CSR Highlights
- 5 A Message from Our Chairman
- 6 A Message from Our President & CEO

8 OUR VALUES

- 9 Materiality and Stakeholder Engagement
- 11 Our Approach to CSR
- 14 CSR Recognition/Awards and Certifications

16 OBJECTIVES

- 18 2011 Performance

35 STANDARDS

- 36 BNQ 21000
- 36 Carbon Disclosure Project
- 36 Global Reporting Initiative
- 36 International Cyanide Management Code
- 37 Towards Sustainable Mining
- 37 World Gold Council

38 RESPONSIBILITIES AND COMMITMENTS

- 39 Responsibility for Health and Safety
- 41 Responsibility to Our Employees and Communities
 - 44 [Responsible Mining in Action](#)
 - 45 [Responsible Community Involvement](#)
 - 48 [Our Responsibilities and Commitments under the Meadowbank Inuit Impact and Benefit Agreement](#)
- 52 Responsibility for the Environment
 - 55 [Cubiro Access Road Rehabilitation Project](#)
 - 60 [Meadowbank Consultation and Wildlife Management](#)
 - 62 [Choosing the Right Tailings Disposal Strategy](#)
 - 65 [Eagle and Telbel, Quebec](#)

66 EXPECTATIONS

- 67 Stakeholder Expectations
- 68 Communities' Expectations
 - 71 [Employee Expectations](#)
- 73 Shareholders and Investor Expectations
- 74 Regulatory Expectations

75 2011 PERFORMANCE DATA



On the cover: *Senni Rauhala stands tall on our front cover, checking her height and seeing how she measures up against her brother Renne, newborn sister Selja and their mother Mari Finnila. Senni is the daughter of Keijo Rauhala, a mining engineer at our Kittila mine in Finland.*

Senni is helping to bring the theme of AEM's third CSR report to life. Following an intense period of growth and expansion, we are working to ensure our performance measures up to AEM's core values, the expectations of our stakeholders, as well as to the best practices and standards of our industry. We also want to ensure our report is targeted to the issues that matter to both AEM and our stakeholders. By constantly measuring our performance against these evolving standards and expectations, we seek to advance our CSR programs and responsibly grow our gold business.



Measuring Up



We are pleased to present AEM's third Corporate Social Responsibility (CSR) Report. This time around, we take measure of our performance on a number of significant issues that matter to both AEM and our stakeholders. With data collected from our sites since 2009, we are able to track and assess our performance against our own values, responsibilities and expectations, as well as against the global mining industry's best practices and standards. With this data and with input from AEM's key stakeholders, we are developing a comprehensive road map to advance our CSR performance, responsibly grow our gold business and adapt to the changing needs and expectations of society.



Introduction

Agnico-Eagle Mines Limited (AEM or Agnico-Eagle) is committed to creating economic value for our shareholders by operating in a safe, socially and environmentally responsible manner while contributing to the prosperity of our employees and the communities in which we operate. Our goal is to establish a strong financial foundation which will allow us to share the wealth that is created through our investment in the mining and extraction of gold, and act as catalysts for the development of sustainable communities.

Our CSR strategy and reporting is focused around five areas: health and safety of employees and contractors; employee and stakeholder engagement; direct economic value to key stakeholders; governance matters; and environmental issues related to waste and water management, tailings and mine closure. For the purpose of this report these significant or “material” CSR issues will be identified with the following icons.



Health and safety



Employees and stakeholders



Economic value



Governance

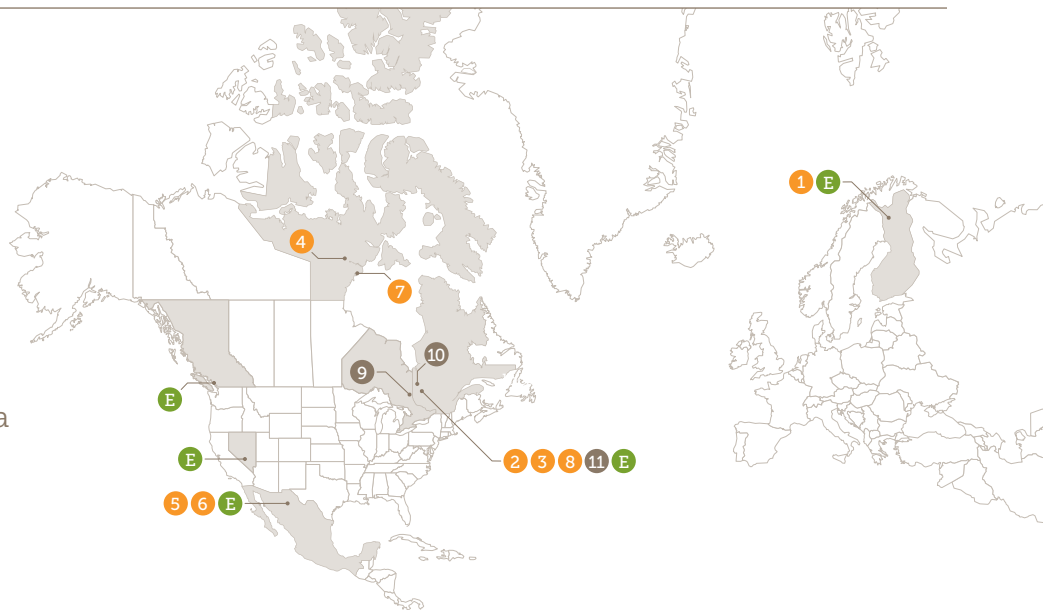


Environment



AEM At-a-Glance

AEM is a Canadian-based gold producer with mines and exploration properties in Canada, Finland, Mexico and the United States, and a strong record of delivering quality growth in low risk regions.



Operating Mines

- 1 Kittila Lapland, Finland**
 Open pit and underground mine, northern Finland
2011 payable production: 143,560 ounces of gold
Employees & contractors: 626
Highlight: Record annual gold production and mill recoveries
- 2 Lapa Quebec, Canada**
 Underground mine in Rivière-Héva, northwestern Quebec
2011 payable production: 107,068 ounces of gold
Employees & contractors: 292
Highlight: Steady production performance throughout 2011
- 3 LaRonde Quebec, Canada**
 Underground mine in Abitibi region, Quebec (gold, silver, zinc, copper, lead)
2011 payable production: 124,173 ounces of gold
Employees & contractors: 994
Highlight: Production from deeper LaRonde Extension began in November 2011

- 4 Meadowbank Nunavut, Canada**
 Open pit mine in Nunavut Territory, northern Canada
2011 payable production: 270,801 ounces of gold
Employees & contractors: 1,153
Highlight: Optimized mine plan forecasts lower gold production over shorter mine life
- 5 Pinos Altos Chihuahua, Mexico**
 Open pit, underground mine with milling and heap leach operation, northern Mexico (gold, silver byproduct)
2011 payable production: 204,380 ounces of gold
Employees & contractors: 1,223
Highlight: Record annual gold production at low costs

Advanced Exploration Projects

- 6 La India Sonora State, Mexico**
 Advanced exploration located in the Mulatos Gold Belt of Mexico's Sonora State
Measured and indicated gold resources: 1.2 million ounces gold (48 million tonnes grading 0.74 grams per tonne) and inferred gold resource – 0.715 million ounces gold (32 million tonnes grading 0.69 grams per tonne)

Employees & contractors: 85
Highlight: La India property consists of 42 mining concessions totalling approximately 54,000 hectares, making Agnico-Eagle the largest mineral title holder by area in the Mulatos Gold Belt. Agnico-Eagle acquired La India property in November 2011. Feasibility studies have been initiated and the deposit will continue to be actively explored by Agnico-Eagle.

- 7 Meliadine Nunavut, Canada**
 Advanced exploration project near Rankin Inlet, Nunavut Territory, northern Canada (300 kilometres from Meadowbank mine)
Reserves: Proven and probable gold reserves increased significantly to 2.9 million ounces
Employees & contractors: 89
Highlight: High-grade project continues to grow; permitting phase underway with production expected in 2017

Suspended Operations

- 8 Goldex Quebec, Canada**
 Underground mine in Val-d'Or, Quebec
2011 payable production: 135,478 ounces of gold
Employees & contractors: 328
 Mining activities were suspended in October 2011.

Closed Sites

- 9 Cobalt-Coleman Properties Ontario, Canada**
 Mining activities ceased in 1989. Post-closure monitoring and maintenance is carried out.
- 10 Eagle & Telbel Quebec, Canada**
 Mining activities ceased in 1993. In the process of being reclaimed.
- 11 Preissac Molybdenite Quebec, Canada**
 Never mined by AEM. Mining activities ceased in 1972. In the process of being returned to the Crown.

Exploration

- E Exploration Offices**
 Vancouver, British Columbia, Canada; Chihuahua, Chihuahua State, Mexico; Kittila, Lapland, Finland; Reno, Nevada, USA; Val-d'Or, Quebec, Canada



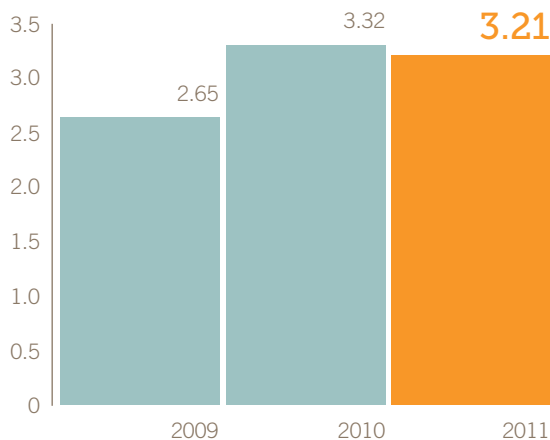
2011 CSR Highlights

In 2011, we significantly advanced our CSR performance in areas that are material to AEM's business and relevant to our stakeholders. The following are the key highlights, challenges and initiatives we undertook during the year:

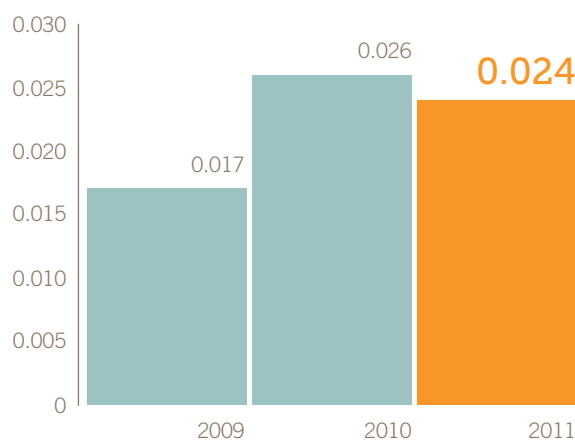
- we established a Stakeholder Advisory Committee to obtain input and guidance into our CSR programs and recently held the Committee's inaugural meeting; our divisions continued their stakeholder engagement programs at local and regional levels
- AEM became a signatory to the International Cyanide Management Code and is currently working towards various site certifications
- our overall safety performance continued to improve, specifically our lost-time accident (LTA) frequency performance, but we were saddened to report a fatality at the LaRonde site of a contractor's employee and a serious accident resulting in permanent disability at our Meadowbank site
- we conducted our first global employee engagement survey: the feedback indicated employees are engaged in their workplace, believe AEM is a good place to work, and are proud of AEM's CSR and community programs. They also indicated specific areas for improvement and we are addressing these concerns.
- increased production from our sites resulted in an overall increase in greenhouse gas (GHG) emissions, which are up slightly from 2010 levels, while GHG intensity (emissions per tonne) decreased slightly
- local purchasing and hiring levels improved on average at most of our sites; local recruitment levels in Nunavut increased from 2010 levels. However, we continue to focus on reducing turnover rates there.
- we began developing a new Code of Sustainable Conduct that will lay down the principles that we will uphold in respect of human rights, the health and safety of our employees and contractors, and the communities and environment impacted by our activities
- AEM was listed on Sustainalytics' Jantzi Social Index (JSI) for our solid social performance, relationships with indigenous communities, and commitment to employee health and safety

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

Lost-Time Accident Frequency



AEM's Total Direct GHG Emission Intensity (tonnes of CO₂ equivalent per tonne of ore processed)





A Message from Our Chairman, Jim Nasso

“If we simply exploit the local resource, and then walk away, we fail as human beings.”



Agnico-Eagle is determined to make a significant and positive difference in the communities where we operate and in the lives of our employees. This commitment is founded on our core values – operate safely; protect the environment; treat people and communities with respect; and make a profit for our shareholders.

Our “communities” are often remote but they are never far removed from the challenges of sustainability – providing young people with the training and skills they need to gain employment, encouraging local business and expanding economic development opportunities, protecting our water, land and air, and building sustainable communities that endure for the future.

AEM has long been an agent of change, helping to transform people’s lives in the communities where we operate. We work closely with local stakeholders to help individuals acquire new skills and benefit from the opportunities provided by mining, allowing them to prosper in their own communities.

At our Pinos Altos mine in Mexico, we are working closely with our neighbouring communities to develop alternative employment and business opportunities and helping to diversify the local economy. For example, in addition to our commitment to hiring local employees and contractors, we provided funding for equipment and a facility to help a local clothing manufacturer become a supplier to the mining industry. There are presently 11 people employed at this local clothing business.

Our community focus is the foundation of AEM’s corporate social responsibility program. The level of care and respect that

we have for our employees, our contractors, our communities and the environment is an integral part of our company’s culture. This strong value-based foundation has allowed us to successfully venture into other countries and other cultures. It will remain an important ingredient of our success as we continue to expand and grow our gold business.

With the full support of the Board of Directors, we recently established a Stakeholder Advisory Committee to provide guidance on our CSR program and to help us fully integrate sustainability matters into our long-term business strategy. Through this initiative, we want to ensure our investments in environmental and social responsibility are strategically linked to the priorities that matter most to our key stakeholders, and which are aligned to our values.

At AEM, we hold ourselves accountable to the people and communities with whom we do business. If we simply exploit the local resource, and then walk away, we fail as human beings. That approach is unacceptable to us. We are determined to make a difference in our mining communities and in the lives of our employees. We believe that our investment in the mining and extraction of gold will create a sound financial foundation that will allow us to share the wealth, and to be catalysts for the development of sustainable communities where we operate.

Jim Nasso
Chairman

April 15, 2012



A Message from Our President & CEO, Sean Boyd

“While growing our gold business is key to our long-term business strategy, our challenge is to ensure this growth does not come at the expense of the environment.”



Dear Stakeholders: 2011 was a tough year for all of us at Agnico-Eagle. Sadly, Jean-Yves Dunn, one of our contract employees, died while working at our LaRonde site. We also had a serious accident resulting in permanent disability at our Meadowbank site. These accidents are both tragic and unacceptable as the safety of our people must always come first. A fire significantly disrupted production at our Meadowbank mine, and geological issues compelled us to suspend operations at Goldex.

While it was a challenging year on many fronts, I am pleased to report that we made progress on our overall CSR performance. This is particularly significant to us during a period of unprecedented growth in our company's history. AEM has expanded from one to six operations – now officially five with the Goldex suspension – in just four years.

While growing our gold business is key to our long-term business strategy, our challenge is to ensure this growth does not come at the expense of the environment.

We are tackling that challenge head on by enhancing the systems and processes we have in place to better measure and manage our CSR performance – ensuring that we are meeting global standards, as well as our own needs and the evolving expectations of society.

In 2011, we became a signatory to the International Cyanide Management Code, which is considered best practice in the gold business, and we committed to seeking certification under the code for three of our four operations that use cyanide. As a member of the Mining Association of Canada (MAC), we continued to measure our performance against MAC's industry-leading Towards Sustainable Mining (TSM) Initiative, as well as the Global Reporting Initiative's sustainability reporting guidelines for the mining industry.

During the year, we began developing a new Code of Sustainable Conduct that will lay out the principles we will uphold with respect to human rights, the health and safety of our employees and contractors, and the communities and environment impacted by our activities.

In 2011, we also met with a number of stakeholder groups to better understand what matters most to them and to ensure our environmental and social objectives are both strategic to our business and relevant to our stakeholders. As our Chairman mentions, we look forward to working with AEM's new Stakeholder Advisory Committee to gain further insights into improving our CSR approach and fully integrating CSR principles into our long-term business strategy.



The preparation of this CSR report is an opportunity to pause and reflect on our 2011 performance and measure it against AEM's core values. The following initiatives highlight some of our key successes during the year.

Operate safely: Although the fire that destroyed the kitchen and dining facilities at our Meadowbank mine proved challenging, it showed us the strength of the Meadowbank team as they pulled together to overcome a difficult situation. We are particularly proud of our emergency response team who acted quickly and helped us avoid a situation that could have been much worse.

Protect the environment: We continued to focus on better controlling energy use and water consumption at our minesites, as well as on improving the overall efficiency and productivity of our operations. In 2012, we will focus on establishing a process for the continuous improvement of our environment, health and safety systems.

Treat people and communities with respect: In addition to the stakeholder engagement work that was undertaken in 2011, we conducted a global employee engagement survey to measure the overall engagement and satisfaction levels of our employees and to address any gaps in our human resource programs. I am encouraged by the results. Our employees tell us that they are proud of AEM and our record on corporate citizenship and environmental responsibility; they feel engaged and view AEM as a great place to work; and they feel they are able to maintain a work/life balance. They identified our performance management program as an area needing improvement, and we will review and address this feedback in 2012.

Make a profit: While 2011 was a very difficult year for AEM, thanks to the efforts of our employees and management team, we achieved record operating cash flows and record levels of gold production at Pinos Altos and Kittila. In 2012, we expect most of our mines to produce more gold and as a result, we anticipate increasing AEM's profitability.

Agnico-Eagle has a long and proud 55-year history. We have come a long way over that period but there is much more work to do. As we move into 2012, we will continue to measure our performance against the leading global standards of our industry and against the core values of our company. We look forward to meeting with our communities and key stakeholders, as we seek to ensure our environmental and social objectives are both strategic to our business and relevant to our stakeholders.

Sean Boyd
President and Chief Executive Officer
April 15, 2012



Our Values



Our core values support our long-term goals to responsibly grow our gold business, continuously improve our CSR performance, and deliver on our commitments to AEM's shareholders and stakeholders. In all aspects of our business we aim to: operate safely, protect the environment, treat people and communities with respect, and make a profit.



In 2011, we took a number of steps to ensure our CSR program focused on our most material issues and to determine how we were measuring up to expectations in this area.

Materiality and Stakeholder Engagement Measuring What Matters

As a global mining company, AEM has a unique responsibility to ensure we are addressing the evolving needs and priorities of our business and key stakeholders – including shareholders, employees, contractors, business partners, communities, governments and others. In 2011, we took a number of steps to ensure our CSR program focused on our most material issues. A material issue is defined as an issue:

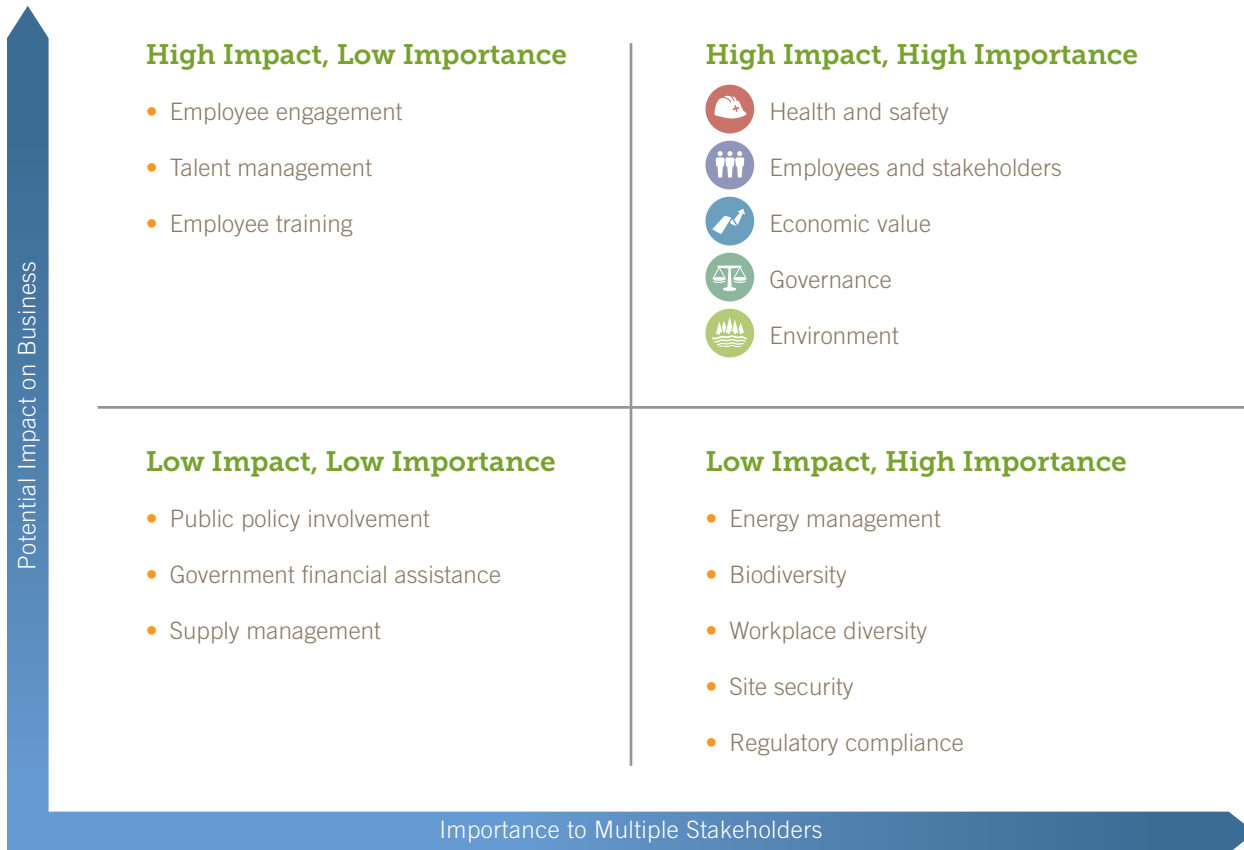
- that has significant current or potential impact on the Company over the next three to five years;
- that is of significant concern to our key stakeholders; and
- over which we have a reasonable amount of control.

In 2011, we held our inaugural Stakeholder Advisory Committee meeting, which served as a review of our CSR reporting efforts to date and a means to identify ways in which we could improve the overall quality and content of our report moving forward. We wanted to know how we were measuring up to expectations in this area.

Although the feedback was generally positive, one key recommendation was to provide a more focused and balanced report by prioritizing our material issues. Based on this feedback, we conducted a materiality assessment which included a review of leading global industry practices and standards including the latest sustainability guidelines (GR3.1) from the Global Reporting Initiative (GRI) and the Mining Association of Canada’s TSM Initiative. The purpose of the assessment was to determine AEM’s “material CSR issues” as defined above.

This initial assessment identified our most material CSR issues (see figure below), which are:

- safety of employees and contractors;
- employee and stakeholder engagement;
- direct economic value to key stakeholders;
- governance matters; and
- environmental issues related to waste and water management, tailings and mine closure.



It is important to note that while we consider the issues in the upper-right sector to be the most material, none of the issues are considered unimportant; the position of each topic in the matrix simply represents our understanding of its relative potential impact on AEM and our stakeholders.

More Targeted Reporting

Based on the feedback we have received from external experts and our key stakeholders, our report now focuses mainly on issues with the highest impact on our business from both a company and stakeholder perspective. It also addresses the need to provide a more focused and balanced view of our material business issues. For insights into other AEM initiatives, we encourage you to visit the CSR section of our website (www.agnico-eagle.com/responsibility). As our business and the challenges we face continue to evolve, AEM looks forward to working with stakeholder and industry experts on ways to further improve our CSR performance and reporting programs.



Our governance practices guide our behaviour and performance.

Our Approach to CSR

- Respecting and valuing our employees because our progress is built on their competence, capacity and engagement
- 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 and safety performance
- Acting in a socially responsible manner and contributing to the communities in which we operate
- Working together with all of our employees and other stakeholders to create growth and prosperity which allows all stakeholders to benefit
- Learning from our past experiences

Governance and Accountability

Our governance practices guide our behaviour and performance, helping to ensure we act in an ethically responsible manner and measure up to our core values. AEM has established a “whistleblower” toll-free ethics hotline for anonymous reporting of any suspected violations of the Code of Business Conduct and Ethics, including, but not limited to, concerns regarding accounting, internal accounting controls or other auditing matters, Code of Conduct violations, ethical conflicts, environmental and health and safety issues. Each quarter, a report is submitted to the Audit Committee outlining the number of complaints received since the previous report.

Management accountability: Our CSR program and values are integrated at the operational, executive and Board levels. Corporate oversight and implementation of the program is the direct responsibility of three AEM executive officers – the Senior Vice-President of Human Resources, who is responsible for human resources and health; the Senior Vice-President of Mining, who is responsible for safety; and the Senior Vice-President of Environment and Sustainable Development, who is responsible for environment and community engagement.



Processes are in place to ensure that CSR matters are integrated in the day-to-day management of our business at the operational level – our operations identify, prioritize, monitor, manage and mitigate CSR risks on a daily basis. CSR issues are discussed during weekly operational conference calls where all mine managers report on their performance over the past week. They review the highlights of their safety and environmental performances as well as their community engagement activities. Problems and solutions are shared between divisions, contributing to a continuous improvement of performance across the Company. Reporting on CSR matters is also part of the monthly operational report provided to management. In 2011, monthly reporting on Key Performance Indicators has been established for water use, energy use and greenhouse gas emissions. During the Quarterly Business Review meetings, which involve the operations managers and executive team, CSR issues are typically presented and discussed. Risk assessments with identification of mitigation measures are also covered. Finally, CSR matters are presented to the Health, Safety and Environment Committee of the Board of Directors at each Board meeting.

For more information on AEM's corporate governance, business practices and policies (www.agnico-eagle.com/English/Our-Company/corporate-presentation/default.aspx).

Our Code of Conduct

AEM's Code of Business Conduct and Ethics outlines the standards of ethical behaviour we expect from people working on behalf of AEM around the world. The Code applies to all directors, officers, employees, agents and contractors and commits them to conducting their business in accordance with all applicable laws, rules and regulations, and to the highest ethical standards. In particular, AEM has zero tolerance for corrupt transactions and strongly adheres to anti-corruption rules and principles as outlined in the Code. The Code also covers our standard of conduct based on respect for personal dignity and individual worth of every person working for or with AEM. The Code stipulates a no tolerance level for discrimination. On an annual basis, all staff employees are required to review and certify that they have understood the Code of Business Conduct and Ethics.

For more information on AEM's Code of Business Conduct and Ethics (www.agnico-eagle.com/English/Our-Company/corporate-presentation/Code-of-Business-Conduct/default.aspx).

Human Rights

AEM has incorporated respect for human rights into our management and governance practices and programs.

Our Board of Directors has made it clear that AEM will only do business in regions where human rights laws are respected and promoted. As a Canadian company, we maintain our commitment to the Canadian Charter of Rights and Freedoms while operating internationally, ensuring that all of our employees are treated with respect and dignity.

Informed consent: AEM subscribes to the principle of informed consent when working on private land, including aboriginal land. AEM seeks the consent of the land owner; this consent usually takes the form of a formal agreement acknowledging that AEM will conduct work in a certain area and under certain conditions.

Child and Forced Labour

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



Crisis Management and Emergency Preparedness

Because of the nature of our business and where we operate, AEM has developed highly sophisticated emergency response capacity at all of our operating divisions. Training of personnel to respond to all forms of emergencies remains a key element of our health and safety programs across the Company. Our mine rescue teams are considered among the best in the industry and they regularly participate in industry competitions to further develop their skills and share best practices. In 2011, five of our mines competed in mine rescue competitions. Our team from Goldex mine won four of five events in the Quebec competition and was recognized with the overall title of best mine rescue team in Quebec. At the same competition, our LaRonde mine won the fifth event. Our Pinos Altos mine rescue team participated in its local competition and substantially improved its results from last year. Our Meadowbank mine competed for the first time at the Territories Mine Rescue Competition and won two of the six events it competed in.



In 2011, Agnico-Eagle's Goldex division won top honours at the annual Quebec Provincial Mine Rescue competition. Front row (L-R): Janie Blanchette, Daniel Belley, Daniel Collin, Claude Robichaud. Back row (L-R): François Allaire, Éric Collin, Patrick Frenette, Danny Plante, Juge en chef, Jacques Camirand, André Rioux.

Each of AEM's mining operations has its own Emergency Response Plan and has personnel trained to respond to safety, fire or environmental emergencies. Each site also maintains the appropriate response equipment. In Mexico, our emergency response team was called by local authorities on several occasions to help in emergency situations outside the minesite. Our Emergency Response Plan was also called into action at Meadowbank and LaRonde. In 2012, we will undertake a full review of our Emergency Response Plans at all of our divisions, including the communications component, to ensure consistency and that major risks are covered.



Each of our operations maintains trained emergency personnel and appropriate response equipment to respond to emergency situations. Pictured here are paramedic technicians Alan Fernando Rascon Parra (L) and Luis Carlos Vazquez Tapia (R) from our Pinos Altos mine in Mexico.



Public Policy Participation

AEM is a member of the Mining Association of Canada (MAC), the Mexican Chamber of Mines (CAMIMEX), the Association of the Finnish Extractive Resources Industry (Kaivannaisteollisuus ry – FinnMin); and the European Association of Mining Industries, Metal Ores & Industrial Minerals (Euromines) through our Finnish subsidiary Agnico-Eagle Finland Oy, as well as the Quebec Mining Association (l'Association minière du Québec – AMQ) and the NWT/Nunavut Chamber of Mines. We typically participate in public policy issues as a member of these industry organizations.

AEM encourages the development of sound public policy through open dialogue and debate. Through the Conference Board of Canada, we participate in the Centre for the North – an organization whose main purpose is to work with aboriginal leaders, businesses, governments, communities, educational institutions and other organizations to achieve a shared vision of sustainable prosperity in the North. The Centre's goal is that within five years it will have built a common vision of sustainable prosperity among key Northern stakeholders and helped them establish and implement policies, strategies and practices capable of transforming that vision into reality.

CSR Recognition/Awards and Certifications

Year after year, our employees demonstrate leadership and innovation in the workplace, and 2011 is no exception. The following are some of the recognitions received this year.

Safety First

Fifteen of our supervisors from the LaRonde, Lapa and Goldex mines in Quebec were recognized by the Quebec Mining Association for achieving more than 50,000 hours without having any compensable accidents on their work teams. One supervisor, Yvon Delisle from our Goldex division, has achieved more than 250,000 hours without a compensable accident.



Supervisors from the Goldex mine were recognized for safety performance. (L–R): Marc Moffett, Assistant General Manager Goldex, Sylvain Thériault, Luc Pilotte, Michael Dorval, Yvon Delisle (250,000 hrs), Serge Boutin, Maurice Plante (100,000 hrs).

Greater Toronto's Top Employers

For the second consecutive year, AEM's Toronto Office was recognized as one of the employers that “lead their industries in offering exceptional places to work.” This annual competition, organized by the editors of Canada's Top 100 Employers and published in *The Globe and Mail*, honours organizations that offer the most progressive and forward-thinking human resource programs to their employees.



Socially Responsible Company

For the fifth year in a row, Pinos Altos was certified as a Socially Responsible Company by the Mexican Centre for Philanthropy (Centro Mexicano para la Filantropía) and the Alliance for Social Responsibility of Enterprises (Alianza por la Responsabilidad Social Empresarial en México). This certification recognizes the excellence of the social responsibility practices at Pinos Altos.



For the fifth straight year, Pinos Altos was certified by the Mexican government as a Socially Responsible Company. Pictured here receiving the award are (L-R) Pinos Altos Community Relations Manager Gildardo Montenegro, Diony Campos (CR Coordinator Pinos Altos) and Gustavo Gianini (CR Supervisor Mascota).

Equal Opportunity Employer

For the second time, AEM's Mexico division was publicly recognized by the Mexican government as being an "equal opportunity" employer, specifically for providing equal rights to women in the workplace (Equidad de Género). This certification is valid for two years.

Most Improved Camp Award

In 2011 the Meliadine exploration camp was awarded the "Most Improved Camp" Award from the Kivalliq Inuit Association (KIA). The award is recognition of the hard work and effort made by the Company to improve and upgrade the existing camp infrastructure at the Meliadine camp over the last 18 months.

The Extra Award

Agnico-Eagle was recognized in 2011 by the Rouyn-Noranda Chamber of Commerce and Industry with an Extra Award for its commitment to community-focused initiatives and organizations through its sponsorship and donations program. The Extra Award was presented during the Chamber's annual awards ceremony honouring local companies for their socio-economic contributions toward the development of the City of Rouyn-Noranda, Quebec.

Clean Industry

Pinos Altos was certified as an Industria Limpia (Clean Industry) by La Procuraduría Federal de Protección al Ambiente (the equivalent of the U.S. Environmental Protection Agency in Mexico).

Demonstrating Excellence

AEM was recognized with several awards and honours for governance practices and corporate reporting in 2011:

- Recognized as first overall in the electronic disclosure category of the 2011 Canadian Institute of Chartered Accountants (CICA) Corporate Reporting Awards (CRA) for our investor website: www.agnico-eagle.com.
- Recognized as having the "Best use of technology" and for the "Best crisis management" by *IR Magazine Canada*. The IR awards annually honour excellence and leadership in investor relations.

Listed on the Jantzi Social Index (JSI)

In 2011, AEM was listed on Sustainalytics' Jantzi Social Index (JSI). According to Sustainalytics, AEM's "solid social performance is illustrated by its relations with indigenous communities. Agnico-Eagle has also shown a commitment to employee safety through its strong health and safety management systems resulting in a lower than average fatality rate compared to industry peers."

Community engagement

In the fall of 2011, the Chamber of Commerce and Industry of Rouyn-Noranda awarded AEM the prize for community engagement in the Major Enterprise category for the support it provides to health, art and culture, sports and leisure, and education activities in the region.



Objectives



Our CSR report presents information on the economic, health, safety, environmental and social performance of AEM for 2011. Our goal is to provide our stakeholders with a better understanding of how we are measuring up in terms operational safety, environmental and social risks. We also describe our efforts to evolve and improve our corporate responsibility and risk management systems and performance.



As we move into 2012, we will continue to measure our performance against the leading global standards of our industry and against the core values of our company.

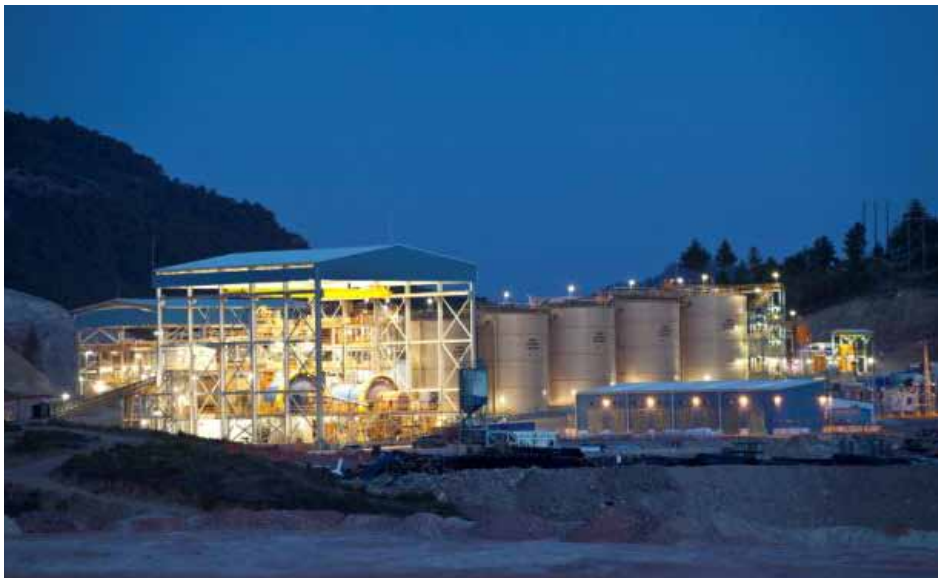
The report covers activities at our five mining operations in northwestern Quebec (LaRonde and Lapa), northern Finland (Kittila), northern Mexico (Pinos Altos) and Nunavut in northern Canada (Meadowbank). The performance of the suspended Goldex operation is also included.

We also include a discussion of the current status of the closed minesites over which AEM has responsibility. These sites include the Preissac Molybdenite, Eagle and Telbel minesites in northwestern Quebec and several closed silver minesites in Cobalt and Coleman, Ontario (some historical sites and some formerly operated by Agnico Mines). Our report includes only those operations where AEM has managing control and therefore does not include any activities by companies in which we hold a minority investment.

We have enhanced the reporting of our major exploration activities. While we have engaged more resources to better track our health, safety, human resource and environmental performance, we continue to refine our data collection and key performance indicators in this area. We are using the Prospectors and Developers Association of Canada's E3 Plus Framework for Responsible Exploration as a guidance tool.

In compiling this report, we have measured our performance using indicators developed by:

- the Mining Association of Canada (MAC) under its Towards Sustainable Mining (TSM) Initiative (www.mining.ca/site/index.php/en/);
- the Sustainability Reporting Guidelines (G3.1) (www.globalreporting.org/reporting/guidelines-online/G31Online) developed by the Global Reporting Initiative (GRI) including mining industry-specific indicators (www.globalreporting.org/reporting/sector-guidance/mining-and-metals); and
- AEM-specific indicators.



With three years of comparable data from each of our facilities, we are better able to track and report on current and trending performance as measured against our past performance and objectives, as well as the performance of our industry peers.

With three years of comparable data from each of our facilities, we are better able to track and report on current and trending performance as measured against our past performance and objectives, as well as the performance of our industry peers. This enables our stakeholders to monitor our annual progress and to benchmark our performance against current norms, performance standards, codes, laws and voluntary initiatives.

We believe the indicators we report against reflect AEM's most significant social, socio-economic and environmental risks and challenges, which will help our stakeholders fully understand and assess our CSR performance.

Presentation of data: Unless otherwise specified, all monetary values are expressed in U.S. dollars, and all measurements are in metric units.

Reporting assurance: We continue to report in accordance with the GRI's G3.1 sustainability reporting guidelines to a self-declared A level. The GRI's Technical Protocols, Indicator Protocols, and Mining and Metals Sector Supplement were used to further guide the development of AEM's report.

Our 2011 CSR report has not been verified by an independent third party.

2011 Performance

How are we measuring up to our 2011 performance targets? In 2011, AEM made progress on improving our overall CSR performance. We achieved key environmental, economic, human resource and community objectives. Despite having achieved our LTA target, we cannot view 2011 as a good year with respect to health and safety as we incurred a fatality. The table below shows the performance against our targets for 2011 and our targets for 2012. Although our Towards Sustainable Mining (TSM) results are much the same as last year, they are reflective of our strong performance in the areas of Crisis Management and Preparedness, Tailings Management, Health and Safety, as well as the need for improvement with respect to our strategy towards Energy Management and Biodiversity Conservation. We continue to strive for our aggressive goal of Level A in all TSM protocols at all of our operating divisions. As we move into 2012, we will continue to measure our performance against the leading global standards of our industry and against the core values of our company.



HEALTH AND SAFETY OBJECTIVE	2010 Performance	2011 Performance																																								
Reduce combined lost-time accident (LTA) frequency for all AEM employees and contractors at all operating mines.	Combined LTA frequency was 3.32 – higher than in 2009 largely due to the start-up and optimization of the new mines which involved many new employees and procedures.	Combined LTA frequency was 3.21 which was lower than in 2010. 2011 saw the improved operational consistency at some of our newer mines, lending itself to lower turnover rates and more established procedures with respect to induction and safety training programs.																																								
Achieve a combined LTA frequency at each of our mining operations that is below the industry average in that region.	<p>Combined LTA frequency for employees and contractors at each mine was as follows:</p> <table border="1"> <tr><td>Lapa</td><td>7.1</td></tr> <tr><td>Goldex</td><td>2.26</td></tr> <tr><td>LaRonde</td><td>5.92</td></tr> <tr><td>Kittila</td><td>5.32</td></tr> <tr><td>Pinos Altos</td><td>1.65</td></tr> <tr><td>Meadowbank</td><td>2.49</td></tr> <tr><td>Exploration</td><td>0</td></tr> <tr><td>Regional Services</td><td>0</td></tr> <tr><td>Head Office</td><td>0</td></tr> <tr><td>AEM combined</td><td>3.32</td></tr> </table> <p>Average LTA frequency for the metal mining industry in Quebec in 2010 was 4.8.</p>	Lapa	7.1	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	<p>Combined LTA frequency for employees and contractors at each mine was as follows:</p> <table border="1"> <tr><td>Lapa</td><td>6.17</td></tr> <tr><td>Goldex</td><td>1.93</td></tr> <tr><td>LaRonde</td><td>4.2</td></tr> <tr><td>Kittila</td><td>3.94</td></tr> <tr><td>Pinos Altos</td><td>0.95</td></tr> <tr><td>Meadowbank</td><td>5.16</td></tr> <tr><td>Exploration</td><td>5.026</td></tr> <tr><td>Regional Services</td><td>0</td></tr> <tr><td>Head Office</td><td>0</td></tr> <tr><td>AEM combined</td><td>3.21</td></tr> </table> <p>Average LTA frequency for the metal mining industry in Quebec in 2011 was 4.2.</p>	Lapa	6.17	Goldex	1.93	LaRonde	4.2	Kittila	3.94	Pinos Altos	0.95	Meadowbank	5.16	Exploration	5.026	Regional Services	0	Head Office	0	AEM combined	3.21
Lapa	7.1																																									
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																																									
Lapa	6.17																																									
Goldex	1.93																																									
LaRonde	4.2																																									
Kittila	3.94																																									
Pinos Altos	0.95																																									
Meadowbank	5.16																																									
Exploration	5.026																																									
Regional Services	0																																									
Head Office	0																																									
AEM combined	3.21																																									
Implement the Supervisory Formula Program including the daily use of work cards at all operations.	Does not reach all employees every day and thus our implementation will continue into 2011.	The implementation of the Supervisory Formula has been completed in each division at Agnico-Eagle and all employees are using the system daily.																																								
Implement safety induction and training programs for all new employees at each mine.	Induction 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.	The safety induction and training programs have been delivered in the respective languages of each division (French, English, Spanish, Finnish and Inuktitut).																																								



ENVIRONMENTAL OBJECTIVE	2010 Performance	2011 Performance
No fines or penalties imposed for environmental failures at any of our mines.	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 fines or penalties in 2011.
No category 3, 4 or 5 environmental Incidents.	No category 3, 4 or 5 environmental incidents.	No category 3, 4 or 5 environmental incidents.
<i>A category 3 incident causes moderate, reversible environmental impact, with short-term effect, and requires moderate remediation.</i>		
<i>A category 4 incident causes serious environmental impact, with medium-term effect, and requires significant remediation.</i>		
<i>A category 5 incident causes disastrous environmental impact, with long-term effect, and requires major remediation.</i>		
Maximum of 20 regulatory non-compliance incidents.	No non-compliance events.	One non-compliance event. Goldex exceeded the total suspended solids (TSS) allowed in the effluent of the Goldex south auxiliary tailings pond.
<i>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.</i>		
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.	In 2011, the ammonia treatment plant at LaRonde was operating intermittently. The system had been adapted from a municipal water treatment concept but was not well suited for the industrial usage at LaRonde. This resulted in scaling on pipes and pumps which required constant maintenance. The system is being modified to resolve this issue and ensure reliable continuous operation of the mechanical components. Completion is scheduled for Q2 2012. At Lapa, the ammonia treatment system has been operating through 2011 and is performing as designed.
Develop a formal environmental management system (EMS) consistent with the ISO 14001 international standards at each minesite.	AEM started development of a formal health, safety and environment (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.	In 2011 we implemented the Intellex Health & Safety, Environmental Incident and Document Control modules at all of our divisions. We are currently in the process of implementing the Training module and will continue to implement the other modules such as Inspection and Safety Meeting modules at each of our divisions in 2012.






ENVIRONMENTAL OBJECTIVE	2010 Performance	2011 Performance
<p>Environmental audits:</p> <p>Complete internal environmental audits at operating mines.</p>	<p>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.</p>	<p>An environmental audit was carried out at Meadowbank in 2011. Internal cyanide management audits were carried out at the Kittila, Pinos Altos and Mascota, and Meadowbank sites.</p>
<p>Energy use:</p> <p>Implement energy management committees at each mine.</p>	<p>Energy-use committees are in place at the LaRonde and Meadowbank mines. Similar initiatives are in development at our other divisions.</p>	<p>Was not fully implemented but template for implementation was prepared.</p>
<p>Greenhouse gas emission intensity <i>(Tonnes of CO₂ equivalent per tonne milled)</i></p>	0.0258	0.0242
<p>Water use intensity <i>(Water consumption from all sources in cubic metres per tonne milled)</i></p>	<p>0.51 m³</p> <p>Water use intensity is the amount of water usage per tonne of production.</p>	<p>0.40 m³</p> <p>In 2011, our water use intensity was 0.40 m³, an improvement from 0.51 m³ in 2010. Moving forward, AEM feels it is more relevant to the business to set water management targets as opposed to a numerical target tied to tonnage, which fluctuates. As such, our water management target for 2012 is for each site to have an up-to-date water balance.</p>
<p>Waste management:</p> <p>Implement five-year waste management plans at each operation to manage waste rock, tailings and other industrial waste.</p>	<p>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.</p>	<p>Life of Mine waste management plans are updated on a yearly basis.</p>
<p>Closure plans:</p> <p>Update current mine closure and reclamation plans at each AEM mine. The plans will include calculations of closure liability associated with each site.</p>	<p>Each operating division has a mine closure and reclamation plan. In 2010, the plan for Meadowbank was updated to reflect the start of operations. We continue to work on improving these plans, with a focus on updating the plan for Pinos Altos heap leach facility in 2011.</p>	<p>In 2011, a zero base review of closure costs was done for Pinos Altos and Kittila.</p>
<p>Effluent discharge intensity <i>(Total effluent discharge from all sources in cubic metres per tonne milled)</i></p>	0.98 m ³	<p>0.64 m³</p> <p>The effluent discharge intensity decreased from 0.98 cubic metres per tonne of ore milled in 2010 to 0.64 in 2011, a 35% reduction.</p>



SOCIAL RESPONSIBILITY AND

COMMUNITY ENGAGEMENT OBJECTIVE

	2010 Performance	2011 Performance
<p>Towards Sustainable Mining:</p> <p>Develop and implement systems at all mines to enable AEM to achieve a Level A self-assessment on all four (now six) of the Mining Association of Canada's TSM performance indicators.</p>	<p>AEM joined the Mining Association of Canada (MAC) in late 2010 and has fully endorsed the TSM Initiative (www.mining.ca/site/index.php/en/towards-sustainable-mining.html). AEM conducted self-assessments at each facility in 2010 and early 2011 and we will externally verify our TSM performance every three years in accordance with the MAC guidance.</p>	<p>AEM continues towards its goal of a Level A in all protocols. In 2011 we carried out a gap analysis at each site and in 2012 will continue to create our action plan based on our findings to improve our performance in the coming years.</p>
<p>Each mine has a community engagement plan, which is unique to the setting and updated annually.</p> <p>Our 2010 objective was to continue to implement these community engagement plans at each mine.</p>	<p>Each mine continued to implement its community engagement plan in 2010.</p>	<p>Each mine continued to implement its community engagement plan in 2011 and will continue the process into 2012.</p>
<p>Continue operation of the Community Liaison Committee at the Meadowbank mine.</p>	<p>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.</p>	<p>The Committee operated regularly in Baker Lake throughout 2011. In Rankin Inlet, the terms of reference were established for the Community Liaison Committee in late 2011 and the inaugural meeting is scheduled for early 2012.</p>
<p>Continue AEM's involvement in community projects in the communities where our mines are located.</p>	<p>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 the heavy equipment operator's training program, and we are involved in a similar program for mill operators.</p>	<p>Agnico-Eagle will work together with the Government of Nunavut's department of education on two programs to encourage students in Kivalliq schools to consider careers in the mining industry.</p>

		2010 Performance	2011 Performance	2012 Targets
 Health & Safety	Lost-Time Accident Frequency	3.32	3.21	3.3
 Environment	Water Use Intensity	0.51 m ³	0.40 m ³	Each site will have an up-to-date water balance
	Environmental Spills	No category 3, 4 or 5 environmental incidents	No category 3, 4 or 5 environmental incidents	100% of spills reported
	GHG Emission Intensity	0.0258	0.0242	0.5% reduction (0.0241)
 Employees and Stakeholders	Towards Sustainable Mining	Self-assessment completed	Self-assessment completed	To achieve a Level A in each protocol



In 2011 combined
lost-time accident
frequency decreased by

4%

One of AEM's core company values is to operate safely, with an overriding goal of zero harm to all workers at our sites. We remain committed to doing everything possible to establish and maintain safe work environments.

Health and Safety

In January of 2011, an employee at our Meadowbank mine sustained serious injuries as a result of a fall from a ladder while conducting maintenance work in the concentrator building. Sadly, the nature of his injuries was severe enough to cause permanent disability and paralysis. The accident was investigated by the Workers' Safety and Compensation Commission Northwest Territories and Nunavut, as well as our own joint Health and Safety Committee. Recommendations from the investigations were shared with all of our divisions. As a follow-up to this serious accident, AEM is working very closely with our employee to ensure that at the appropriate time in his recovery, he is able to return to work at the Meadowbank mine.

In March 2011, we were saddened to report the death of Jean-Yves Dunn, an employee of an AEM contractor (S.E.M.I. 2000). The fatal accident happened when Mr. Dunn was hit by an underground scoop loader on Level 278 of the LaRonde mine in Quebec. We wish to express our heartfelt condolences to Mr. Dunn's family, friends and colleagues.

Following this fatal accident, investigations were undertaken by Quebec's Commission de la santé et de la sécurité du travail (CSST) and by LaRonde's joint Health and Safety Committee. Both investigations identified similar corrective measures to raise safety awareness among AEM employees and contractors, and improve current work procedures. These measures include:

- enhance safety training for all employees and contractors;
- with equipment manufacturers, improve field-of-vision for equipment operators; and
- proceed with testing new human detection technology on underground equipment.

We are committed to fully implementing these corrective measures to prevent any such reoccurrences. We are closely reviewing all the recommendations in the CSST report to further increase our understanding of the causes surrounding this tragic accident.



In 2011, our combined lost-time accident frequency at all AEM operations was 3.21, as compared to 3.32 in 2010. The 2011 figure reflects a total of 197 accidents that resulted in either lost time or assignment to light duty while the employee fully recovered. This compares to 163 similar accidents in 2010.

2011 Health and Safety Performance by Division

2011	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration	Total
Number of fatalities	1	0	0	0	0	0	0	1
Number of lost-time accidents	17	3	5	25	1	16	11	78
Number of light duty accidents	30	4	13	1	18	48	11	125
Number of medical aid accidents	51	25	23	19	135	33	6	292
Person days lost due to accident	2,070	15	473	237	476	819	100	4,190
Person days lost due to occupational illness	121	128	0	0	0	0	0	249
Combined lost-time accident and light duty accident frequency (per 200,000 person hours)	4.20	1.93	6.17	3.94	0.95	5.16	5.03	3.21

Safety performance

The health and safety of employees is our top priority and in 2011, our safety performance continued to improve despite the tragic fatality at LaRonde. The Quebec Mining Association (AMQ) acknowledged our leadership in this area, recognizing 15 AEM supervisors for keeping their workers safe. The supervisors – from our Lapa, Goldex and LaRonde sites – received the AMQ security trophy awards for 50,000, 100,000 and 150,000 hours supervised without a lost-time accident. One supervisor, Yvon Delisle from our Goldex division, was recognized for achieving more than 250,000 hours without a compensable accident.



Supervisors from AEM's LaRonde, Lapa and Goldex mines in Quebec were recognized for achieving more than 50,000 hours without having any compensable accidents on their work teams.



From the Lapa mine (L-R): Éric Lecompte, General Manager and supervisor Éric Corriveau.



Across the Company,

83%

of our employees are from the regional area where the mine is located.

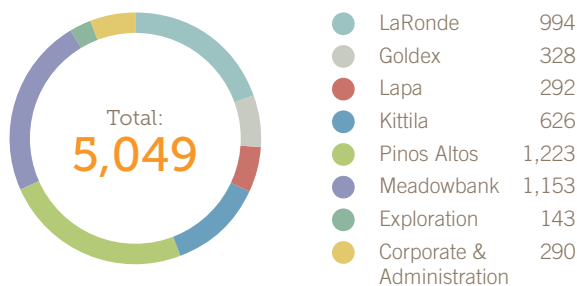
In a highly competitive and global workforce market, we strive to create a corporate culture in which every person is treated with dignity and respect, and people interact on the basis of collaboration, commitment and dedication to excellence.

Human Resources

We believe that this approach will help us attract and retain the best talent to respond to the technical, operational and reputational challenges we face as we grow our gold business and expand our workforce worldwide.

In 2011, despite a difficult year, our employees continued to perform at the highest and most dedicated level. At year-end, we had a total of 3,852 employees at all of our sites worldwide. If contractors are included, the figure increases to 5,049 people, up from 4,782 people in 2010.

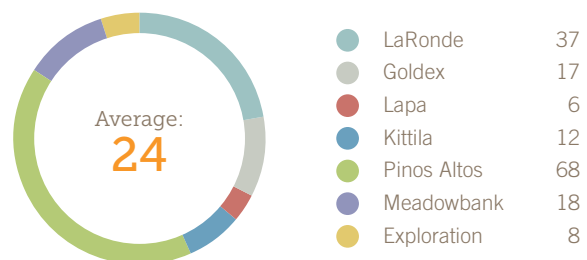
Total Workforce by Region



Training and development opportunities

As our labour force requirements grow in step with our business, we want to ensure our employees have the tools and skills they need to perform their jobs efficiently and safely and to achieve their full potential. We continued to work on providing the type of training that helps enhance employees' personal and career development opportunities. We placed a particular emphasis on health and safety training, to ensure that our employees are measuring up to AEM's health and safety standards in the workplace. For more information on AEM's training initiatives, [click here](#).

Average Hours of Training per Employee

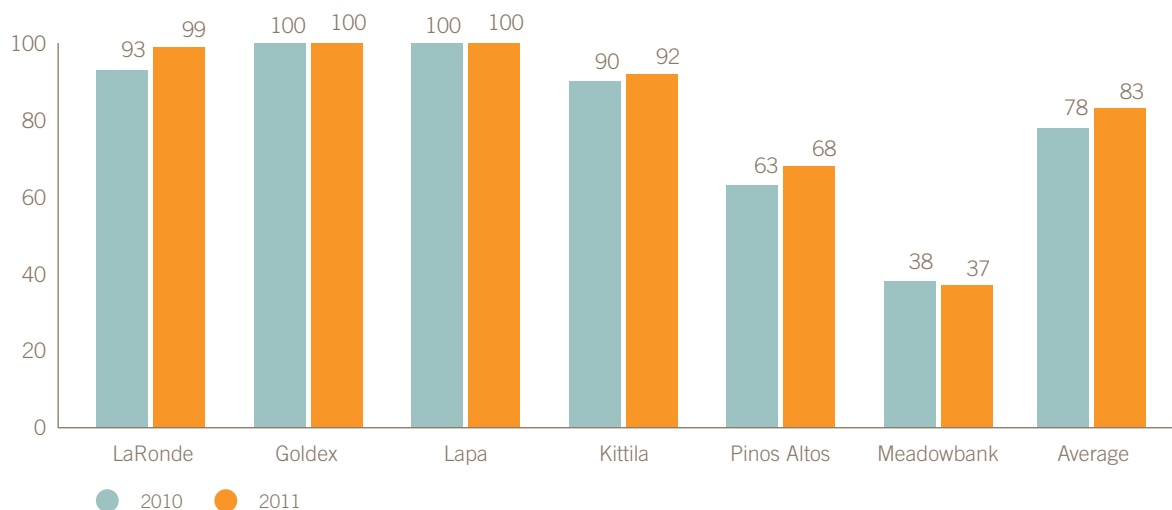




Maximizing local employment

At each of AEM's operations worldwide, our goal is to hire 100% of the workforce – including our management teams – directly from the local region in which the operation is located.

Workforce Hired from the Local Community
(percent)



In Mexico, we have virtually achieved this goal. Today, more than 99.9% of AEM's Pinos Altos workforce is from Mexico. The bulk of people are hired from northern Mexico, with 68% of the workforce coming from the northern states of Chihuahua, Sonora and Sinaloa, compared to 63% last year – most of whom are drawn directly from local communities within a 10-kilometre radius of the mine. In addition, the large majority of the Pinos Altos management team comes from Mexico.

In northern Canada, we are working with various local authorities to develop key training initiatives in support of our goal to eventually hire 100% of our workforce from the local region. At this time, approximately 40% of our local mine workforce is drawn from Inuit of the Kivalliq region of Nunavut. These employees come from all seven of the

communities in the Kivalliq region – Arviat, Baker Lake, Chesterfield Inlet, Coral Harbour, Rankin Inlet, Repulse Bay and Whale Cove – and they are transported to the minesite at AEM's expense in order to ensure employment opportunities are equally available across the region.

To address the shortage of skilled Inuit in the Kivalliq region, we are expanding our training capacity aimed at increasing the number of qualified candidates for apprenticeship programs for skilled workers, as well as training to assist with career progression. For more information on training programs at AEM's Nunavut operations, [click here](#).



6%

reduction of AEM's total direct GHG emission intensity.

We focus on limiting our environmental impacts by using natural resources efficiently, by preventing or limiting pollution, and by reducing waste. Each of our operations is required to identify, analyze and manage its environmental risks and to work in a transparent manner involved with local stakeholders.

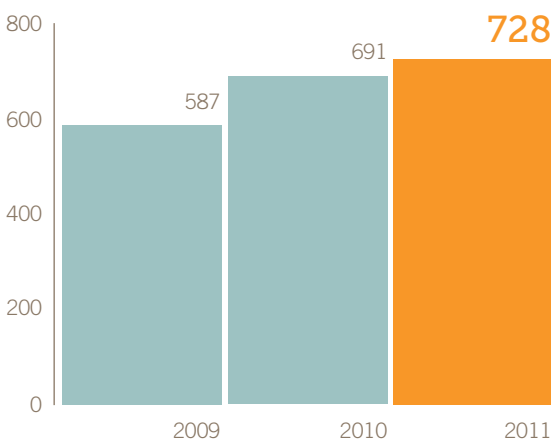
Environment

Energy use

In 2011, AEM's overall energy use increased slightly primarily due to an increase in production tonnage from our mines. Total electricity consumed increased from 691 million to 728 million kWh in 2011, a 5% increase.

Total Electricity Consumed

(in millions of kWh)



Diesel fuel consumption increased from 77.5 million litres to 94.7 million litres, a 21% increase, about 10 million litres

of which is due to an increase in diesel use for electricity generation. This increase is primarily due to the addition of a crusher at Meadowbank and the accompanying increase in mill throughput, and to the inclusion of power generation at the Meliadine exploration camp. The primary energy source at the LaRonde, Goldex, Lapa and Kittila mines is hydroelectric power drawn from the provincial (Quebec) and national (Finland) power grids.

Natural gas usage increased by 26% in 2011 compared to 2010, in part because of the new heating requirements at LaRonde and Lapa associated with the new ammonia treatment plants and because of the harsh 2011 winter in Abitibi.

At Pinos Altos, the primary energy source is electricity which is drawn from the national power grid. In Mexico, this power comes from a combination of hydroelectric and thermal power plants (mostly from burning diesel or other petroleum-based fuel). The Mascota heap leach operation, part of the Pinos Altos complex, is not connected to the grid and generates electricity with diesel fuel. In 2011, approximately 95% of the electrical power consumed at the Pinos Altos complex came from the utility grid system.



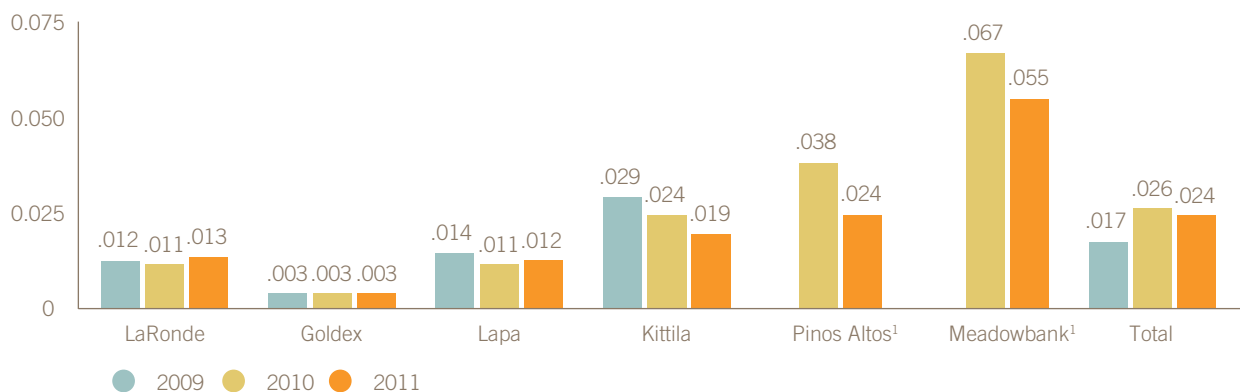
Meadowbank is a remote site with no viable connection to any power grid. The Nunavut region currently has no power distribution grid due to the vast size of the territory and the remoteness of its communities. Consequently, we generate our own power through the combustion of diesel fuel. In 2011, we generated 125 million kWh of power on site from 26 million litres of diesel fuel shipped north by the annual sealift. Waste heat from the Meadowbank power plant is captured and used to heat the maintenance 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 185,000 litres in 2011 compared to 314,000 litres in 2010. The decrease is due to the reduced demand for construction material as construction was winding down and more material being shipped during the annual sealift. 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-generated power. This data collection program was completed in 2011. It was concluded that because of the short mine life, the installation of a wind turbine was not economical.

Greenhouse gas emissions

In 2011, AEM's total direct greenhouse gas (GHG) emissions were calculated to be 281,399 tonnes of CO₂ from all sources – including fuel used to generate power, fuel for mining vehicles, and natural gas for heating and for explosives used in blasting at our operating mines.

This compares to 236,541 tonnes in 2010. AEM's indirect GHG emissions were 58,717 tonnes of CO₂ equivalent in 2011, an increase of 4% over 2010 numbers. The total GHG emissions (direct and indirect) was 339,915 tonnes in 2011, a 16% increase from 2010, primarily due to increased production capacity (a 23% increase in the tonnes of ore milled). Our Kittila mine is our only site with a reduction in GHG emissions in 2011 (-13%), due to a reduced consumption of diesel fuel, because as the pit gets deeper there is less waste rock to excavate (65% reduction in waste rock production). On a monthly basis, we monitor direct and indirect GHG emissions and report them annually to the Carbon Disclosure Project (CDP) both in tonnes of GHG and intensity, which is the amount of emissions per unit of production. In 2011, the focus at the mines was to reach production targets, which left little time for energy improvement efforts. In 2012, the focus will change to cost control, in which energy management has an important role to play. We will make sure that energy management committees are active at all of our divisions to monitor energy performance and develop initiatives to minimize energy consumption. These reductions are often achieved in small steps that are suggested and led by our employees. The fact that many of our mines are new means that energy reduction through equipment renewal will be minimal. Employee energy management behaviour should be the major source of improvement.

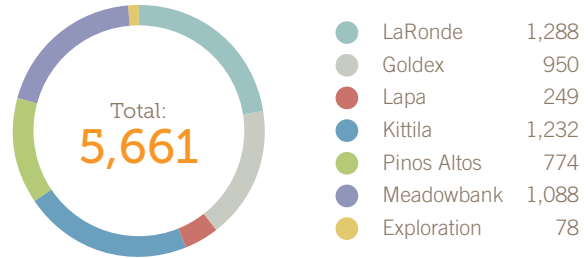
Total Direct GHG Emission Intensity
(tonnes of CO₂ equivalent per tonne of ore processed)



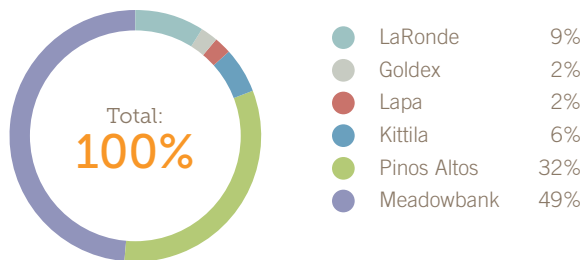
1) 2010 is the first year that comparable GHG emissions data is available for the Pinos Altos and Meadowbank sites.
 2) Note that all numbers have been rounded to the closest three decimal points (for yearly comparisons the GHG emission intensity numbers are rounded to four decimal places: 2010 – 0.0258 and 2011 – 0.0242, a decrease of 6%).

In 2011, AEM's total direct GHG emission intensity for all of our operating mines is 0.024 tonnes of CO₂ equivalent per tonne milled compared to 0.026 in 2010, an 8% reduction. 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 therefore lower intensity values.

Total Water Withdrawal
(in 000s of cubic metres)



Total 2011 Direct and Indirect GHG Emissions
(percent)



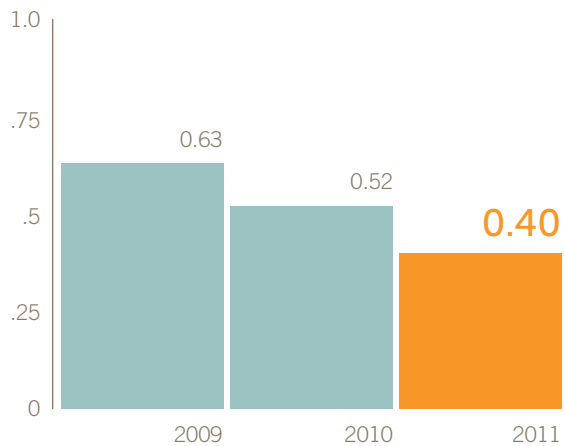
Water management

Properly managing the water we use and the effluents we discharge is a significant component of the environmental management programs at all of our mining operations. In 2011, the total water consumed by AEM from all sources was 5.7 million cubic metres, down from 5.9 million cubic metres in 2010, a decrease of 3% driven largely by stabilization in our production. Our withdrawal and use of fresh water from all sources was 0.40 cubic metres per tonne of ore milled in 2011, down from 0.52 in 2010, which represents a 23% reduction, reflecting the continuing effort placed on this issue.

As each cubic metre of fresh water that is brought into our facilities needs to be managed and treated if needed, it makes good economic sense to maximize water recirculation and minimize the quantity of new water brought in. We also manage all surface 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. At our Pinos Altos mine, domestic waste water is collected on site, treated and then used for dust control along the roads in the open pit mine.

Water Use Intensity

(water consumption in cubic metres per tonne milled)



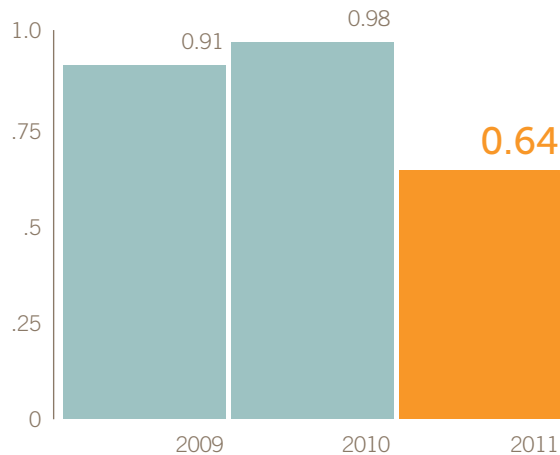


Effluent discharge

The total volume of effluent discharged from all of our mining operations in 2011 was 8.9 million cubic metres, down from 11.1 million cubic metres in 2010, a decrease of 20%. This reduction is mainly attributed to a 62% reduction in discharge volume from Meadowbank because of the completion of the dewatering of Second Portage Arm and the substantial decrease of volume pumped by Bay-Goose during the year. The water discharge intensity decreased from 0.98 cubic metres per tonne of ore milled in 2010 to 0.64 in 2011, a 35% reduction.

Effluent Discharge Intensity

(total effluent discharge in cubic metres per tonne 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 – they are not listed as protected waterbodies and 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 waterbodies 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.

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 below:

Mine	Sewage treatment type
LaRonde	• Septic field + aerated lagoon
Goldex	• Septic field + ultraviolet treatment
Lapa, Kittila, Meadowbank	• Biological treatment
Pinos Altos	• Activated sludge + filtration and chlorination



Paste Backfill at Kittila

Agnico-Eagle's Kittila mine is in the process of commissioning a new paste backfill plant for its underground mine operations. The reuse of tailings waste in paste backfill and cemented rockfill underground 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. Kittila's new plant is designed to process 25% to 30% of its tailings as paste.



Waste management and tailings

In 2011, AEM's mining operations generated 53.27 million tonnes of waste rock compared to 49.9 million tonnes in 2010. Despite the fact that the quantity of waste rock mined at Kittila decreased by 40%, it was compensated by an increase of 54% in the quantity of waste rock mined at Meadowbank. A total of 10.9 million tonnes of mill tailings were produced in 2011, compared to 9.9 million tonnes in 2010, due to increased production.

Mining by its nature generates large volumes of waste rock and tailings – this is especially true for gold mining where ore grade is expressed in grams per tonne. Tailings are what is left of the ore after the extraction of gold or other metals of value. These tailings are typically silt size particles mixed with process water. Not all tailings and waste rock are hazardous. The waste rock and tailings at both Goldex and Pinos Altos, for example, have no acid-generating potential and no, or low, metal-leaching potential.

Mining Waste Produced

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
Overburden mined (tonnes)	–	–	–	192,630	–	–	192,630
Total waste rock mined (tonnes)	762,871	–	–	5,683,771	–	16,206,178	22,652,820
Waste rock returned underground as backfill (tonnes)	475,949	–	–	–	–	–	475,949
Waste rock used in tailings dam construction (tonnes) ¹	374,305	–	–	6,000	–	262,548	642,853
Waste rock used in other construction (tonnes)	39,303	–	–	45,000	–	1,873,506	1,957,809
Waste rock placed on surface waste rock piles (tonnes)	175,000	–	–	–	–	14,070,124	14,245,124
Total mill tailings (tonnes)	2,869,321	–	–	1,187,297	–	2,977,722	7,034,340
Mill tailings returned underground as backfill (tonnes)	679,217	–	–	–	–	–	679,217
Mill tailings placed in surface tailings containment (tonnes)	2,190,104	–	–	–	–	2,977,722	5,167,826

1) For LaRonde, waste rock from existing stockpile has been used for tailings dam construction and is included in the number.



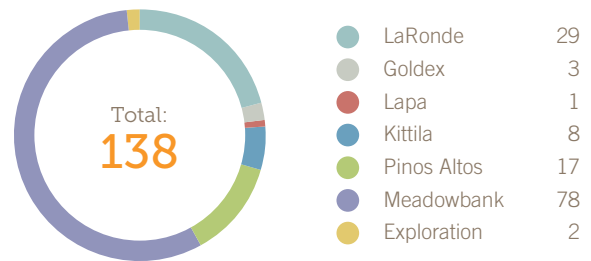
Incidents and compliance

There were no serious environmental incidents recorded in 2011 and no significant compliance actions were taken at any of our sites.

During the year, the Goldex site received a notice of infraction for exceeding the total suspended solids (TSS) concentration in the effluent of the South tailings pond. The site has taken corrective measures to increase the retention time in the sedimentation pond to allow the solids to settle. No financial fines or penalties were levied at Goldex as a result of the excess in TSS concentration.

The best way to manage spills is to prevent them from occurring. Spill reporting is the key to prevention. Our employees are therefore encouraged to report all environmental spills and incidents, no matter how small, so they can be properly investigated and mitigation measures put in place to minimize damage and prevent any reoccurrence. In 2011, 138 spills were reported, very close to the 135 reported spills in 2010. Of these incidents, five occurred outside the mine boundaries, with only one involving a large volume (11,200 litres). Contaminated material from the larger spill was completely recovered with no effect on surface water. For the spills inside the mine boundaries, 32 were in the larger than 100 litres category, out of which 20 were larger than 1,000 litres. This compares to 26 and 11 spills in 2010 in these same categories. We believe that these higher numbers are more an indication of our improved tracking and reporting capabilities than an actual increase in spill events. With the use of Intelex as a reporting tool in 2011, and the accompanying emphasis on reporting incidents to improve performance, we expect the number of reported spills to increase again in 2012.

Total Number of Significant Spills



Employees at the Kittila minesite.



AEM generated record mine profit of approximately **\$946 million** and increased our quarterly dividend by 25% to \$0.20 per share in 2011.

2011 was a difficult production year for AEM. With the suspension of operations at Goldex, we have made adjustments to our mine plans to ensure that we have solid and achievable production plans for the next three years. We have also made significant changes to our executive and mine management teams to increase the level of effort and focus in particular areas.

Economic Value

In 2011, AEM achieved record operating cash flows of \$663.5 million, as well as record levels of gold production at Pinos Altos and Kittila. The LaRonde Extension achieved commercial production in November and it is now expected to be our biggest driver of production growth over the next few years.

In 2011, AEM also increased the quarterly dividend by 25% to \$0.20 per share. AEM has declared a dividend consecutively for the last 30 years.

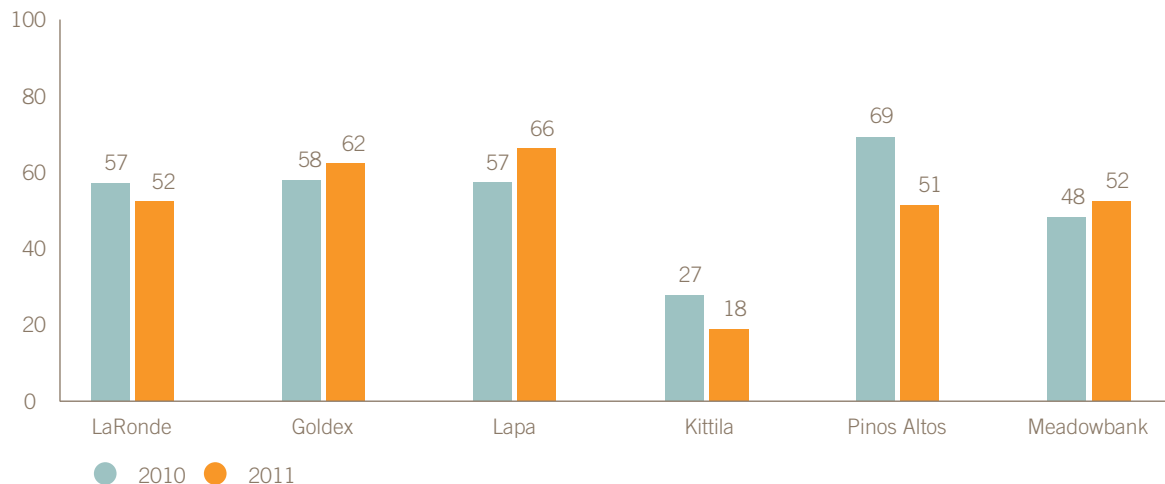
In 2012, we expect most of our mines to produce more gold and as a result, we anticipate increasing AEM's profitability. We also anticipate further growth in gold output in 2013 and 2014 from our existing mines, while we advance our development projects at La India and Meliadine.

Our increasing production and cash flow help us maintain our active exploration program. We enjoyed considerable exploration success in 2011, with continued growth in the Kittila, Mexico and Meliadine deposits. Our exploration drilling program at Meliadine, for example, has expanded the amount of gold contained in reserves and resources by approximately 40%, to 7.0 million ounces.

Generating employment and economic benefits

In 2011, AEM paid \$308.8 million in global employee compensation, up from \$280.8 million in 2010. Through the payment of wages and benefits, we contributed approximately \$156.9 million to the economy of the Abitibi region of Quebec, Canada; \$32 million to the economy of Finland; \$74 million to the economy of Nunavut, Canada; approximately \$16 million to the economy of Chihuahua State in Mexico.

Proportion of Spending on Locally Based Suppliers
(percent)



Tax and royalty payments

In 2011, AEM made various payments such as taxes and royalties to governments at all levels totalling \$79 million. We contributed approximately \$58 million in taxes and royalties in Quebec, Canada; \$2 million in taxes and royalties to the economy of Nunavut, Canada; and approximately \$19 million in taxes and royalties to the economy of Chihuahua State in Mexico.

Direct economic value generated and distributed

(thousands of US\$)

	Total
a) Revenues	\$ 1,821,799
b) Operating costs	\$ 960,934
c) Employee wages and benefits	\$ 308,877
d) Payments to providers of capital	\$ 163,048
e) Payments to government – gross taxes	\$ 66,634
f) Payments to government – royalties	\$ 12,390
Total taxes and royalties	\$ 79,024
g) Community investments – voluntary contributions and community investments	\$ 3,655
h) Retained earnings (deficit)	\$ (129,021)
i) Dividends per share	\$ 0.80

Buying locally

Whenever and wherever we can, AEM gives preference to buying from local suppliers as a way of supporting our communities, stimulating the local economy, and minimizing the environmental impact of transporting materials from distant locations to our sites. However, local suppliers must still meet the same criteria that all potential suppliers must meet in order to do business with our company. We continue to make steady progress toward increasing the overall level of local spending at our minesites. On average in 2011, approximately 50% of the purchases at each of our mines were made through local suppliers and contractors.

Making a difference in our communities

AEM contributes to the sustainability of our local communities by supporting various health, educational and capacity building initiatives.



2009	\$881,931
2010	\$1,878,325
2011	\$3,655,395

Since 2009, AEM has contributed over \$6.4 million to various organizations and events.



Standards



Measuring up to our commitments: As part of our overall commitment to achieving industry and global best practices, AEM has been steadily increasing its presence on national, international and industry-specific boards and organizations.

As a participant in the following groups and initiatives, we have committed to meeting various compliance and industry standards:

- BNQ 21000
- Carbon Disclosure Project (CDP)
- Global Reporting Initiative (GRI)
- International Cyanide Management Code
- Towards Sustainable Mining (TSM) Initiative
- World Gold Council – Conflict Free Gold Standard



BNQ 21000

The BNQ 21000 is a Quebec-based initiative that encourages small, medium and large companies in the province to introduce sustainable development principles into their business practices. The program was developed by the Quebec Standards Office (Bureau de Normalisation du Québec), a government agency. This program is a result of the adoption by the Quebec government of a Sustainable Development Act in 2006. The program is divided into two phases:

Phase 1 – to develop a helpful guide to business on how to integrate sustainable development principles into their daily activities – in line with ISO 26000, GRI sustainable development reporting guidelines, the United Nations Global Compact guidelines, and other global guidelines for social responsibility. The guidance document was published in April 2011.

Phase 2 – to test and pilot the BNQ 21000 guide for its usefulness with different industrial sectors. The mining sector is part of the pilot program, and AEM's three Abitibi divisions – LaRonde, Lapa and Goldex – have agreed to participate in the pilot, which will continue until the end of 2012. For more information on BNQ 21000, visit www.bnq21000.qc.ca.

Carbon Disclosure Project

The Carbon Disclosure Project (CDP) is an independent, not-for-profit organization working to drive greenhouse gas (GHG) emission reductions by business and cities. The CDP does this by encouraging organizations to annually measure, disclose, manage and share environmental information – particularly their GHG emissions and climate change risk factors.

The CDP's goal is to encourage a rational response to climate change by facilitating a dialogue between stakeholders and businesses supported by harmonized, quality data. AEM made its first submission to the CDP in 2007 and we will continue to report on an annual basis. For more information on the Carbon Disclosure Project, visit www.carbondisclosureproject.net.

Global Reporting Initiative

The Global Reporting Initiative (GRI) sustainability reporting framework sets out specific criteria and indicators that organizations can use to measure and report their economic, environmental and social performance. Sustainability reports based on the GRI framework can be used to compare performance against set standards and voluntary initiatives, monitor organizational performance over time, and measure organizational commitment to sustainable development.

In compiling this report, we have measured our performance using the Sustainability Reporting Guidelines (G3.1) developed by the GRI, including mining industry specific indicators incorporated in its Mining and Metals Sector Supplement (MMS). AEM self-declares that we are reporting at an A Level based on the GRI G3.1 and MMS guidelines. For more information on the Global Reporting Initiative, visit www.globalreporting.org.

International Cyanide Management Code

The International Cyanide Management Code (the Cyanide Code) is a voluntary industry program for companies that use cyanide to recover gold. It focuses on the responsible and safe management of cyanide and cyanide solutions used in gold mining – as well as on the protection of human health and the reduction of environmental impacts – from production to transportation, and on-site storage and use, through to worker safety and training, emergency response, stakeholder involvement, decommissioning and implementation verification.

AEM became a signatory to the Cyanide Code in September 2011 and we are seeking to have our nominated operations audited and certified to the Cyanide Code by an independent third party within the three-year deadline. For more information on the code, visit www.cyanidecode.org. To learn more about AEM's cyanide management practices, [click here](#).



Towards Sustainable Mining

In December 2010, AEM became a member of the Mining Association of Canada (MAC) and fully endorsed its Towards Sustainable Mining (TSM) Initiative. TSM helps the mining industry sustain its position as a leading economic contributor, while protecting the environment and remaining responsive to Canadians. It helps the industry maintain its social licence to operate by providing a framework for companies to become proactive and socially responsible operators.

TSM was developed to help mining companies evaluate the quality, comprehensiveness and robustness of their management systems under six performance elements: crisis management, energy and GHG emissions management, tailings management, biodiversity conservation management, health and safety, and aboriginal relations and community outreach. The program has been acknowledged as an important industry initiative by several leading organizations including Five Winds International (www.fivewinds.com) and Canadian Business for Social Responsibility (www.cbsr.ca).

In 2011, AEM trained all its divisions on the implementation of the TSM Initiative. Our self-assessment of how we currently rate against the TSM indicators is presented in the Performance Data section ([click here](#)) of this report. We aim to achieve a Level A rating at all of our mines. As a member of MAC, we will have to undergo an external verification of our TSM performance by the end of 2013. Such external verification will be conducted at each facility every three years thereafter. More detailed information can be found at www.mining.ca.

World Gold Council

AEM is a member of the World Gold Council (WGC), a market development organization whose members are some of the world's leading gold producers. As the global advocate for gold, the WGC plays a key role in the development of a responsible gold mining industry.

The WGC believes that the mining of gold should be a source of economic and social development wherever it is found and that any possibility of gold being used to fund armed conflict must be eradicated. The WGC and its members, including AEM, have been working with a range of stakeholders to devise a system to identify how newly mined gold can be certified as "conflict free" and so aim to exclude "conflict gold" from the market.

The framework is designed to be applicable to armed conflicts globally and responds both to the requirements of section 1502 of the U.S. Dodd-Frank Act and of the emerging Organisation for Economic Co-operation and Development (OECD) gold supplement to their *Guidance on the Responsible Sourcing of Minerals from Conflict-Affected and High Risk Areas*. The conflict free gold standard will track gold from the mine to the refinery. For more information on the World Gold Council, and the development of the conflict free gold standard, visit www.gold.org.



Responsibilities and Commitments



As a global mining company, we strive to be a good corporate citizen. We have a particular duty to measure up to – and deliver on – our responsibilities and the substantial commitments we make to our stakeholders. Those responsibilities and commitments include operating in a safe and socially and environmentally responsible manner and being a catalyst for the development of sustainable communities where we operate. At every site, and in every community, we want to measure up to our own standards of operating safely, treating our people and communities with respect, and protecting the environment. This section will illustrate how AEM is measuring up to its various responsibilities and commitments.



In 2011, we introduced a web-based data system that greatly improved our ability to plan, implement, monitor and report on our health, safety and environmental performance.

AEM's proud 55-year history is a testament to our employees and local communities, who have been true partners in our success. We respect and value their support and, in turn, we are committed to operating in a safe and socially responsible manner and contributing to the communities in which we operate.

Responsibility for Health and Safety

Health and Safety in the Field

Creating and maintaining a safe workplace is a shared responsibility of the Company and each employee. Our overriding goal is zero harm to all workers at our sites. We do this through a combination of safety standards, safe work practices and procedures, incident reporting and tracking, knowledge sharing across our operations, and safety audits.

To that end, AEM has implemented a workplace safety card system across the organization to strengthen our risk-based training program (*Formule de supervision*). Developed by the Quebec Mining Association, the *Formule de supervision* teaches workers and supervisors to use risk-based thinking in their duties.

Using the *Formule de supervision* safety card, workers and their supervisors must meet every day to discuss on-the-job health and safety matters. The work card also allows our workers and supervisors to document daily inspections and record observations on conditions in the workplace, as well as the nature of risks, issues and other relevant information. In addition, it allows supervisors to exchange and analyze all relevant information between shifts and among various technical services to improve efficiency and safety. By engaging our workers, we empower them to find ways to do their jobs more safely and instill a sense of personal responsibility for safety. We believe this is the most practical and effective way to improve our safety performance.



Strengthening Our Health, Safety and Environmental Performance Management Systems

In 2011, with the introduction of a new web-based system, we improved our ability to plan, implement, monitor and report on AEM's health, safety and environmental performance. This in turn moved us closer to our goal of achieving a Level A within MAC's Safety and Health TSM protocol.

The Intellex health, safety and environmental (HSE) system allows us to gather information across all platforms and operating sites; to standardize processes, procedures, information gathering and management; and to manage external and internal HSE audits.

In addition, the web-based system is easily accessible by all of our operating divisions and exploration sites, in their host country language, and is consistent with the ISO 14001 environmental management system and the OHSAS 18001 health and safety management system. By automating a substantial portion of the reporting process, Intellex helps us ensure consistency between divisions and makes it easier to draw statistics and to follow up on action plans. The document control module provides a platform for managing company procedures, policies, job procedures and management plans. The legal and permitting module provides us with a platform to manage all of our regulatory and permit requirements. We are currently in the process of implementing the training module and in 2012 we will continue to implement other modules, such as an inspection and safety meeting module, at each of our sites.

Security in Mexico

Our Pinos Altos mine is located in Chihuahua State in the Sierra Madre region of northern Mexico. Even though Chihuahua State saw an intensification of drug-related criminal activity in the last three years, the region around Pinos Altos does not experience the same conditions. However, our primary safety concern is for our employees. We have a responsibility to ensure that our employees can travel safely from their place of residence to the camp and from the camp to the mine, and we are also responsible to ensure that the camp and the minesite are secure. A series of security measures have been implemented to help us meet these responsibilities and these measures are routinely audited and updated by a third party expert. Our security workforce is contracted; they are supervised by mine personnel to ensure that efficient security procedures are put in place but that this is done with all the respect due to our employees. We cooperate with government officials including military and police but our security personnel do not intervene outside the realm of protecting our employees.



Contributions in 2011 were

\$3.7 million.

Since 2009 AEM has contributed over \$6.4 million to our local community organizations and events.

AEM’s mine rescue teams are trained and ready for just about any emergency – whether it be at the surface or underground – or right in their own backyards, as they pitch in to help local community search and rescue missions.

Responsibility to Our Employees and Communities

Helping Our Communities When They Need It Most

Each of our minesites has an emergency response team – staffed with employees who volunteer for the assignment. Each employee receives extensive training and all the proper equipment they need to respond in an emergency situation. In 2011, they faced a number of unique and challenging situations.

At Meadowbank, the mine rescue team was called into action in March, following an early morning fire in the kitchen facilities. Damage was extensive but the fire was contained to the kitchen facilities, there were no injuries, and no other facilities or infrastructure were affected. That positive outcome was a result of the prompt actions of Meadowbank’s emergency response team, its management and employees.

Over the year the team was also called into action while attending the Fernie/Sparwood area of British Columbia for a mine rescue competition. An amber alert was issued for a lost three-year-old boy and the team joined the search and rescue efforts; the missing boy was eventually

found alive. The mine rescue and exploration teams at Meadowbank have also aided in several other search and rescue missions in the Canadian Arctic.

In Mexico, the emergency response team at Pinos Altos has assisted in several search and rescue and emergency response missions. The helicopter pilot and paramedics at the site rescued a tourist who was injured while hiking around a waterfall near the mine, and also assisted with first aid and emergency transport at the scene of an accident involving a bus and a train. At the request of the local population, the mine rescue team often assists in traffic accidents on the highway near the mine because the closest emergency service is three hours away. Because of this remoteness, it is a frequent occurrence that the nursing station at the mine is requested to help with medical emergencies by the local population in the middle of the night. The region of Mexico where Pinos Altos is located has been subject to drought conditions for several years. Periodically, the ERT is called upon to assist local authorities to combat forest fires that could pose risks to the local communities or the minesite.



Employee Philanthropic Initiatives

Employees at our Abitibi divisions have created a fund over the years to provide financial support to employees – or to their family members – to travel outside their local regions to receive necessary medical treatment. The funds can be used to cover costs such as transportation, lodging and meals associated with the trip for medical treatment.

In 2011, the daughter of one of our employees, Éric Bernard, was diagnosed with a degenerative brain disease and her life expectancy is currently unclear. Since Léanne's diagnosis, Mr. Bernard's co-workers have mobilized to raise funds to make Léanne's dream of going to Disneyland a reality. Since the campaign began, AEM employees have raised over \$8,000 – \$3,000 of which came directly from Éric's co-workers.



Employees of AEM's Lapa mine helped to make seven-year-old Léanne Bernard's dream of visiting Disneyland come true.

AEM employees lead various charitable initiatives, and the Company will often match employee contributions. Our Abitibi divisions, for example, participated in the Movember campaign to raise money for prostate cancer. The 30-man team, the Eenie Meenie Mining Mo's, raised \$5,241 for their cause and AEM matched the contributions, for a total of \$10,362 donated to the Movember cause.

Our Quebec divisions have a holiday season tradition of giving each employee a turkey to share with their families. Part of the tradition is also to share with those who are less fortunate. As such we also donated turkeys to the local food banks and contributed to Christmas baskets for families in the region.

Paul Penna Award 2011 Recipient, Pat McNamara

The Paul Penna Award was established in 2008 to help maintain the legacy of our founder, Paul Penna, and recognize the extraordinary achievements of AEM employees who volunteer their time and charity to help improve the lives of the residents in our surrounding communities. All AEM employees are eligible for this award, and a winner is chosen each year from a list of candidates submitted by each region of the Company. As part of this recognition, on behalf of the award recipient AEM will contribute C\$10,000 to the community initiative embraced by the winner or to a charitable organization chosen by the winner.

The 2011 recipient was Pat McNamara, AEM's Corporate Director, Taxation & Treasury Operations. Pat was nominated by his colleagues for his tireless work and long-serving commitment on behalf of Big Brothers of Toronto. Pat has been a Big Brother for over 23 years. He initially joined the organization after breaking his leg playing hockey in university.



AEM's Pat McNamara was the recipient of the 2011 Paul Penna Award. (L-R): Nicholas Ashaka, AEM's President and CEO Sean Boyd, Pat McNamara and Mike Kealey.



Pat describes his role as a Big Brother as being a positive male role model in the lives of young boys who come from broken homes, poverty or are underprivileged.

Pat is a true reflection of the qualities that our founder Paul Penna possessed. He has a great heart and is not only generous with his money but generous with his time. In Pat's words, "Donating money is one thing, but donating your time and actually being able to see with your own eyes the impact that it has on a child is *priceless!*" Pat also says that his experience being a Big Brother is just as rewarding for him as it is for the children.

Levi Ski Club in Kittila

The Agnico-Eagle Kittila mine in Finland is actively supporting its local high school and the Levi Ski Club Sports Academy, which focuses on keeping teenagers actively engaged in their community and achieving their goals for higher education.

Although this issue hasn't received much attention or support recently, it is growing in importance because the next generation is looking for local opportunities – and Levi offers a world-class environment to study locally and learn alpine skiing.

For the employees at our Kittila mine, it also represents an opportunity to keep their own children actively engaged and focused on future learning opportunities in the area.

Our support of the Levi Ski Club (2011–2012) is part of our core values and culture, but it also addresses society's growing need to focus on healthy lifestyles and higher education, as well as the need to support future growth in the region. It also complements similar support we have provided in the past – such as the Ice Hockey Arena renovation and soccer field rehabilitation.

Our ultimate goal is to have our employees' children and other young people remain in the region so that our community continues to grow and prosper.

Sports Day in Canada – Baker Lake

For the first time, Baker Lake, Nunavut, participated in the popular "Sports Day in Canada" event, which is a national celebration of sport from grassroots to high-performance levels. The national program is presented by CBC Sports, ParticipACTION and True Sport. AEM organized the Baker Lake community event, hosting a fun run/walk in the community and promoting active lifestyles. It was also a unique chance to celebrate the power of sport and be the most northern community participating in Canada's Sports Day.

On September 17th, 2011, AEM hosted a two-kilometre race for the whole community through the streets of Baker Lake Hamlet, and an obstacle race for its younger citizens. The event attracted over 250 runners and walkers for the main race, and about 100 children for the obstacle race. Obstacle race participants jumped tires, pulled weights with a rope, jumped hoops and skipped with Inuit traditional caribou skins.



Meadowbank Fitness Coordinator Frederick Choiniere (centre) helped to organize Sports Day in Canada for Baker Lake residents of all ages.



Responsible Mining in Action

Suspending mine operations at Goldex

In October 2011, we suspended underground mining operations at our Goldex mine in Val-d'Or, Quebec, for an indefinite period. We took the suspension of operations action in order to investigate and remediate ground stability issues.

While surface subsidence issues have been the subject of attention and remediation in the past, the new issue of potential rock subsidence caused us to suspend operations. Our investigation of the situation continues and our remediation efforts are now focusing on preserving surface infrastructure.

Our decision to suspend operations was based on the opinions of industry experts and AEM engineers.

Our employees

For the employees at Goldex, the local human resource team began developing a plan to minimize any impacts to the 250 permanent employees during this investigation and remediation phase.

We were able to relocate 95 employees to our other Canadian mining operations, while the remaining 150 employees are still actively working at the Goldex mine. The majority of them are working underground on the Goldex exploration program, as well as on the development of an underground ramp to another ore zone. A smaller group of employees is working on surface remediation projects. While five employees have voluntarily resigned, we are pleased that, to date, there have been no layoffs of our permanent employees.

The people of Val-d'Or

The Goldex mine is located very close to the town of Val-d'Or, and any surface instability issues at the mine are naturally of concern to local citizens. The Goldex team has been engaged in a continued dialogue with neighbouring homeowners, business owners and community representatives about the surface subsidence issues we

were experiencing around the site. Additionally, AEM took a proactive approach to its communication efforts, regularly updating citizens through community information and open house sessions, and answering their questions about the status and potential long-term impacts of the situation.

Local land owners and Goldex neighbours

When operations began, we also established a preventative monitoring program to examine whether there were any impacts to the land or buildings of our neighbours who are located in close proximity to the mine. Once we ascertained that there were soil subsidence impacts, we presented several options to each affected home and business owner on an individual, case-by-case basis. The options included repairing any damage; acquiring the property; and/or relocating the owner. To date, 12 homes and commercial buildings have been acquired by AEM and the owners have been relocated. All of the discussions were conducted in a "mutual agreement" manner and all costs incurred during these proceedings were covered by AEM. Our preventative monitoring program remains in place for the foreseeable future.



AEM's Goldex mine kept local residents informed of the surface subsidence issue on a regular basis through information and open house sessions.



Responsible Community Involvement

Our Pinos Altos division plays an integral role in the communities that surround the mine, working closely with the Mexican government to understand and address some of life's most important and basic needs.

AEM Mexico has established a community relations team who assess local needs through extensive outreach and stakeholder engagement programs. They collaborate with the Mexican authorities to jointly identify and invest in community projects to ensure we are supporting the government's efforts and not replacing its role. Once the needs of the community have been identified, the Pinos Altos team invests strategically in key projects to ensure we maximize the benefits to our local communities. We mainly support initiatives that focus on health, education, the environment, or on building local economic development capacity.

Supporting schools and educational needs

The focus of our investment in education is on helping teachers to ensure they have the tools and support they need to properly teach and guide their students and subsequently their families.

We provided basic equipment to classrooms such as projectors for the teachers to use – and in one case a generator to produce the electricity needed to operate the projector – as well as space heaters for children at a kindergarten class at Basaseachi. We also provided a projector to the Huajumar health centre to be used in its community health training sessions.

In 2011, AEM provided material to build new classrooms in the communities of La Casita, Cahuisori and Huajumar. We also helped maintain the existing infrastructure at a number of schools in La Casita, El Perico, Ejido Basaseachi and Basaseachi and many others, by doing floor repairs, general painting, and wall and ceiling restoration. We also try to improve the basic conditions in school washrooms and in the overall water supply.

The Pinos Altos team also prepares individual school supply packages for distribution by teachers to the students who need them. Beyond tools and equipment, we often support local community kitchens by giving them food each month so they can provide nutritious breakfasts and lunches to the kindergarten students at Basaseachi.

At the post-secondary level, Pinos Altos works closely with the University of Chihuahua to provide their students with working terms at our site. In exchange, these students participate in orientation sessions we offer to students at the local high school who must select their field of study. In 2012, AEM will be offering scholarships for the youths who participate in this program.



Elementary school children gather outside their classroom in Cahuisori, one of the local communities surrounding the Pinos Altos mine.



Our Pinos Altos team has developed a proactive approach to investing strategically in key community projects that mainly support initiatives focused on health, education, the environment, or on building local economic development capacity.

Environmental support and education

One initiative that receives enthusiastic support from teachers, students and the local community alike, is the cleanups we help organize to improve the local landscape. We also offer training courses on environmental issues to the various local schools, and in 2011 we were able to provide this information to over 700 young students. And we enhanced local understanding of the importance of mining in today's society through a communications campaign that also helped people understand where their relatives work and what they do for a living. This campaign will continue in 2012.

Building local economic capacity

AEM Mexico's goal is to share the economic benefits of mining with our neighbouring communities. One of the ways we do this is by encouraging alternative economic development projects – this approach is vital to diversifying the local economy and to raising the average income of families.

In the community of El Perico, we teamed up with local community groups to support the start-up of a sewing cooperative. While our partners provided the machines, AEM paid for the training of individuals and gave them the fabric they needed to make their first samples.

The Chihuahua State Institute of Technical Training is providing the technical training for this venture, which AEM is funding. The co-op's goal is to mass produce clothing for sale in the region. This would provide both a permanent and alternate source of employment to mining in the area, and also support the tourist market there and beyond. We are also in discussions with community and business leaders about starting a silver jewelry fabrication company. AEM would provide training and the silver for such a venture, while others would need to invest financial and other resources.



Members of a local sewing cooperative in the community of El Perico work on garments in the workshop.



Improving the quality of life

AEM's Pinos Altos mine in Mexico undertook various health initiatives during the year to provide local communities with better access to dental and health care.

In 2011, AEM:

- donated food and medicine to local community and health centres;
- helped organize two dental clinics – in conjunction with dentists from the Universidad Autónoma de Chihuahua (UACH) – and provided free dental checkups, x-rays, extractions and medicine; in total, the clinics treated 563 patients, and we have plans to purchase more equipment to hold future campaigns; and
- provided free walkers, crutches and a wheelchair to people with mobility problems as well as a home access ramp.

In addition, we supported a number of employee health and wellness programs including: nutritional health, smoking cessation, campaigns to prevent chronic degenerative diseases like diabetes and hypertension, as well as campaigns to prevent respiratory infections, hearing damage and the flu.



Dentists from the Universidad Autónoma de Chihuahua examine a patient at one of the AEM dental clinics.



Several times each year, our Pinos Altos mine in Mexico coordinates health and dental visits to local communities enabling hundreds of people to benefit.



Our Pinos Altos mine helped to promote environmental awareness in the communities near the mine by sponsoring cleanup campaigns at the different schools.



Our Responsibilities and Commitments under the Meadowbank Inuit Impact and Benefit Agreement

The Meadowbank Inuit Impact and Benefit Agreement (IIBA) is a true milestone in the growth of our company. It represents the culmination of years of consultation and negotiation, and it reflects our commitment to the region on matters of: education and training, employment, business development, economic and social wellness, financial participation, environmental stewardship and site reclamation.

The stated purpose of the Meadowbank IIBA is to:

- ensure that the Meadowbank mine contributes to the well-being of Inuit;
- provide for training, employment and business opportunities for Inuit arising out of the Meadowbank project;
- address, as far as reasonably possible, any detrimental impacts on Inuit and provide benefits for Inuit from the Meadowbank mine;
- establish a positive working relationship and effective channels of communication between the parties; and
- help the Inuit achieve their development goals in a manner that is consistent with the Nunavut Land Claims Agreement.

Financial obligations

The Meadowbank mine is the first operating gold mine to be constructed on Inuit Owned Land (IOL) in the post-Nunavut Land Claims Agreement (NLCA) era. The mine has three ore deposits – Portage, Goose and Vault deposits – that are located on Inuit Owned Lands. The claims under the Portage and Goose deposits are grandfathered under the Canada Mining Regulations and thus the royalties are paid to the Government of Canada (because these claims were in place before the NLCA was signed). Upon receiving payment from AEM, the Government of Canada then forwards the funds to Nunavut Tunngavik Inc. (NTI). NTI is the Inuit organization that administers Inuit rights granted under the NLCA including the administration of mineral and royalty rights on IOL. The Vault deposit is not grandfathered and thus the royalty will be covered by a Production Lease from NTI with payments made directly to NTI. The Production Lease payment for the Vault deposit will only begin after the deposit

is placed into production later in 2015. The first royalty payment for the Portage pit production totalling \$2.3 million was made in April 2011 to the Government of Canada and, under the terms of the Canada Mining Regulations, the Government of Canada will forward this payment to NTI.

Environmental commitments

Meadowbank operates under environmental permits and agreements issued by the Government of Canada, the Government of Nunavut and the Kivalliq Inuit Association (KIA) – which is the designated Inuit organization managing Inuit surface rights on IOL in the Kivalliq region of Nunavut.

Agreement renewal

In October of 2011, we renewed the Meadowbank IIBA with the KIA. The document represents the anticipated partnership between AEM and the Inuit land owners in the future; it outlines a forum for both parties to develop and collaborate together on future goals; it identifies the future intentions of both AEM and the Inuit land owners parties; and it outlines the potential benefits that a local community can expect from the development of their local resource. For a copy of the renewed agreement, please click here: www.aemnunavut.ca/index.php?q=en/meadowbank/permits-and-agreements.

Upholding our commitments

AEM is dedicated to upholding the commitments we have made to the Inuit of Nunavut through the Meadowbank IIBA. Since mining began at the site we have implemented numerous education and training initiatives (see the [Sharing Responsibility for Training in Nunavut](#) story on page 49 for more details); we continuously strive to improve numbers of northern employees (see the [Workforce Hired from the Local Community](#) table on page 26); we are constantly expanding our environmental protection programs (see the [Meadowbank Consultation and Wildlife Management](#) case study on page 60); and we have posted financial securities in excess of \$85 million to secure future reclamation of the site and to ensure completion of the fisheries compensation program.



Sharing Responsibility for Training in Nunavut

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; and by creating a local labour force and market that will require their expertise in the future.

Through the Inuit Impact and Benefit Agreement (IIBA) which we signed with the Kivalliq Inuit Association, AEM has committed to partnering 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.

Some of the biggest challenges we face at our projects in the Canadian Arctic include harsh working conditions, lack of infrastructure and high employee turnover. While there is little we can do to control the climate, we have developed a number of initiatives to improve our employee turnover rates.

Finding people with the right skills and retaining them is a challenge we are facing at both Meadowbank and Meliadine in Nunavut, but we are redoubling our education, training and skills development focus to help address this issue.

At Meadowbank and Meliadine, the percentage of the workforce hired from surrounding communities is 37% and 34%, respectively – which underscores the fact that there is a lack of skilled workforce in our surrounding communities to fill the many positions we have available. Only 39% of the Inuit population of Nunavut have completed high school, and of the remaining 61%, 37% have completed below grade 9 educations.

High employee turnover rates are costly and disruptive to any organization, but particularly to large mining and production facilities. To address this issue, Meadowbank has embarked on an aggressive on-the-job training plan in partnership with the Inuit associations and Government of Nunavut to encourage retention of employees at our minesite. (Please see the [Community-based training through state-of-the-art technology](#) story on page 51 for more information.)

Encouraging a career in mining

Prior to the 2011 Kivalliq tradeshow in Rankin Inlet, which promoted future economic opportunities in the region including the Meadowbank mine, 20 high school students were nominated to attend the event based on their academic achievements, attendance and interest in business or mining careers. AEM provided each student with a new laptop and offered computer literacy and business education workshops to them as a way of encouraging them to complete their education and remain in their communities.



One of the student visitors to the tradeshow checks out the new AEM video.



AEM's Denis Gourde pictured with one of the 20 students to receive laptops from AEM.



Kivalliq school program

In September 2011, a group of 27 school educators took a tour of the Meadowbank mine. The guests included Nunavut’s Deputy and Assistant Deputy Ministers of Education, the CEO and senior staff of the Kivalliq Schools Organization, and the school principals of each elementary, junior and high school from the seven communities of the Kivalliq communities – all first-time visitors to the site.

Our guests took a tour of the mine pits, mill, maintenance shops, equipment-training simulator and the kitchen and were introduced to many of the Inuit employees on site from the Kivalliq communities. We also briefed them on the challenges we face to employ a locally available Inuit labour force; the progress we’ve made in training and developing the skills of our Inuit employees; our future training plans and job opportunities; and the community economic impacts of the Meadowbank mine and the benefits of having high school graduates better informed and prepared to consider careers in the mining industry.



AEM along with the Government of Nunavut are developing new training initiatives to encourage more youth to pursue skilled trades and professional careers in mining.

Exciting new partnership initiatives have surfaced from the tour of Meadowbank, including the adoption of the Prospectors and Developers Association of Canada’s (PDAC) Mining Matters curriculum which would introduce geology into the science curriculum and careers in mining into schools from grades 3 to 12. In addition, a new co-op trades program and new apprenticeship programs are being considered for the region.



The first graduating class of the Arviat diamond drillers program.

We are confident that these various programs and partnerships will help high school students consider a trade or professional career in Nunavut’s mining industry.

Meeting drilling demand and expanding local capacity

As mining exploration expands across northern Canada and the Nunavut region, there is increasing and competitive demand for diamond core drilling and for locally available diamond core drillers and drill helpers.

AEM is actively exploring in the Kivalliq region and understands the importance of having diamond drillers readily available. That is why we have given extensive support to a new partnership in the Hamlet of Arviat that will build a community-based drilling school and would provide Inuit with the skills needed to work in diamond drilling.

With advice and support from AEM, the hamlet has brought together a range of partners – such as government training agencies, drilling companies and colleges – to acquire the drilling equipment, develop the curriculum and operate the program. To date AEM has invested \$200,000 toward the program and also donated safety equipment to support Arviat’s initiative.

The program launched in October of 2011 and the first set of 11 students graduated in December. All of the graduates have been offered employment with AEM’s diamond drill service suppliers. The next program will start in February of 2012 with 12 new students.



Our investment in this program supports AEM's commitment to developing a local sustainable economy, as well as our business need to reduce costs associated with recruiting and transporting drillers from southern Canada.

Community-based training through state-of-the-art technology

In 2011, the Meadowbank training team introduced an on-site haul truck training facility, the first of its kind in Canada.

The simulation system is considered state-of-the-art technology that allows trainees to learn on a fully functional haul truck, providing the operator with a real-life experience inside a controlled, safe environment. AEM is offering the program to both employees and residents of the surrounding Kivalliq region.



Christopher Iglookyouak training on the haul truck simulator.

Training on the simulator includes a three-month on-site program, similar to an in-house apprenticeship. Each student receives 1,000 hours of experience on the haul truck simulator along with job coaching from the program's life skills coach. While the project's aim is to reduce the mine's operating cost, it will also contribute directly to the communities that help staff the Meadowbank mine. The major benefit is that it allows local residents to learn these skills on site, and on exactly the type of truck they will eventually drive, rather than leaving their families to travel down south for training at a trade college in Ontario. This initiative is aimed at increasing local skill levels and job opportunities, as well as to drive economic development opportunities and capacity in Nunavut.

Building capacity in the community

At AEM, we like to give everyone the opportunity to develop their competencies and "get to work." We employ over 160 people from Baker Lake, which has a significant impact on the manpower available to other local businesses. Specifically, the hamlet faced a shortage of experienced truck drivers to operate its vacuum and water truck.

The community asked AEM to provide a trainer to help them offer Class 3 truck driver training to local community members. A total of 14 residents registered for the 160-hour training program. Now, Baker Lake has a reserve pool of trained truck operators who in turn have additional qualifications and employment opportunities – and the hamlet is able to provide critical services to its residents without a manpower shortage.

AEM developed a similar program at Arviat in the Kivalliq region, and we look forward to establishing similar partnerships and programs with other Kivalliq municipalities in the future.



A participant in the Class 3 truck driver training in Baker Lake.



In 2011, AEM had

655

environmental audits compared to 517 in 2010.

We focus on limiting our environmental impacts by using natural resources efficiently, by limiting or preventing pollution, and by reducing waste.

Responsibility for the Environment

AEM is committed to:

- protecting the environment;
- achieving high standards of environmental performance;
- reducing our environmental impacts; and
- continuously improving our governance and disclosure of environmental matters, with open and transparent reporting of our environmental performance to relevant regulatory agencies and stakeholders.

Accountability for protecting the environment extends to every employee and contractor who works for AEM. Everyone is expected to understand and act in accordance with our Environmental Policy (www.agnico-eagle.com/Theme/Agnico2/files/enp_en.pdf), with various regulatory compliance requirements, and to report unacceptable practices to management.

In line with our Environmental Policy, 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.

In all parts of our business, we limit our environmental impacts by using natural resources efficiently, by limiting or preventing pollution, and by reducing waste. When environmental incidents occur, we determine the cause and take steps to prevent any recurrence. We have emergency preparedness and spill response plans at each of our operations and we regularly train our employees to ensure that our sites respond appropriately and efficiently when an incident occurs. Initial emergency response equipment is in place at all of our operations. For more information about our environmental programs please see our Responsibility section ([click here](#)).



Environmental Audits

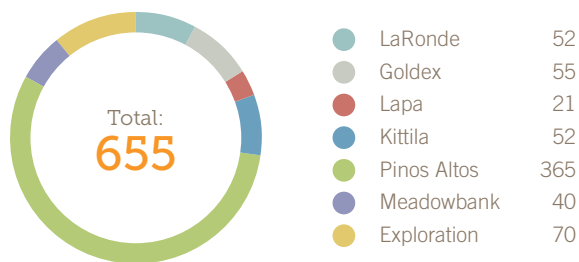
In 2011, we conducted 655 environmental inspections to verify key processes such as waste segregation, proper handling of hazardous waste, proper labelling of hazardous material, and water segregation and drainage. In addition, a full site environmental audit was carried out at Meadowbank, and internal cyanide management audits took place at the Kittila, Pinos Altos and Mascota, and Meadowbank sites in preparation for the certification process for the International Cyanide Management Code. These audits verify compliance with permit conditions and the application of best practices. Once we receive the audit

recommendations, we then develop actions plans to remedy any identified gaps or deficiencies. No major issues were noted in the 2011 audits. However, recommendations flowing out of the audits continued to focus on the need for a more consistent application of best practices across our operations. This will remain the focus of our work in 2012. In 2012, our Kittila mine in Lapland, Finland, will be renewing its environmental permits. Under Finnish environmental regulations, permits must be renewed every five years and are subject to an Environmental Impact Assessment that includes a period of public review.

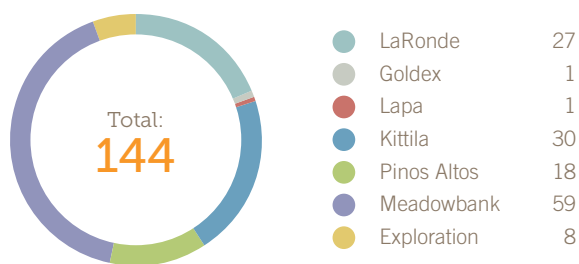
Environmental Expenditures

In 2011, operating expenditures related to environmental protection at all of AEM's operations totalled \$12 million. This figure does not include capital expenditures related to environmental protection such as tailings dams.

Total Number of Environmental Inspections Carried Out



Total Number of Internal Audits Carried Out



Improved Performance at LaRonde

In 2011, our LaRonde mine built a new acid water treatment plant to improve its environmental performance. The new plant provides a unique flexibility to choose among three different types of water treatment process depending on the different conditions with the acid mine water.





Environmental protection expenditures and investments

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank
How much did this mine spend on environmental protection and management in 2011?	\$4,490,479	\$350,000	\$490,804	\$974,057	\$544,306	\$4,417,635
Environment management budget	\$1,367,052	\$160,000	\$311,428	\$1,149,216	\$144,823	\$4,170,646
Environment capital expenditures (impoundment + infrastructure)	\$3,123,427	\$1,150,000	\$100,000	\$1,399,602	\$531,823	\$36,756,960
How much did this mine spend on waste disposal, water treatment and remediation in 2011?	\$6,640,662	\$55,000	\$342,362	\$259,955	\$1,817,810	\$3,743,900

Environmental Responsibility and Exploration

Drilling on the Jännessuo bog reserve

The Jännessuo bog reserve, which belongs to the NATURA 2000 network and is a protected area, lies in close proximity to our Kylmäkangas property in Lapland, Finland.

The Ministry of the Environment granted AEM permission to conduct exploration drilling in the area until mid-2009. The permit stated, however, that any drilling must be conducted on frozen ground covered with snow so as not to cause any permanent damage to ground vegetation. The nesting sites of nearby birds of prey also needed to be taken into consideration during any drilling activity.

Ice roads: To prevent damage to the vegetation and create safe access and exit routes to and from the site, AEM created 5,500 metres of ice road and constructed 34 drill sites on the Jännessuo bog during the winter of 2009. We also changed some of our drilling plans to adhere to the no-logging ban in the NATURA area. Following a positive site inspection in August 2010 by representatives from the Centre for Economic Development, Transport and the Environment, AEM's drilling team (Oijärvi Resources Oy) was granted the land claims in and adjacent to the NATURA 2000 area. The inspection team indicated it was impressed by the fact that there was almost no trace of a winter access road or drill sites.



Removing sand and till material after pre-collar drilling.



Cubiro Access Road Rehabilitation Project



The above picture shows 'malla de coco' partially installed on area.

Agnico-Eagle's exploration activities in Mexico are very active near the Pinos Altos mine. One of the projects, the Cubiro exploration project, is located just outside the Pinos Altos minesite in the Sierra Madre. Various steps were taken to ensure minimal impact on the surrounding biodiversity. In tandem with the construction of the Cubiro access road, which was constructed in early 2010, AEM implemented an environmental rehabilitation plan to:

- enhance and improve access road ditching to control runoff during the rainy season;
- restore vegetation to road banks, slopes and hillsides disturbed during road construction; and
- determine the most effective techniques for future projects in this region and terrain type.

Preventing soil erosion

The first objective was to prevent soil erosion during the heavy rains of the rainy season – various methods were used on the steep slopes in an experiment to see which proved most effective and practical.

The first step was to use existing dead timber, branches and rocks to construct anti-erosion barriers. The second step was to heavily seed the embankment and cover it with small branches and brush to shield the soil during the hard rains and provide shade, conserving soil water content. The brush and timber were all materials discarded during the construction of the Mascota open pit mine.



Above is a photo of the same area after one month.

Extremely labour intensive, this is an effective, proven, low-cost method, traditionally used in Mexico and approved by the Mexican government's Environmental Protection Agency – PROFEPA. After the rains begin, planted seeds sprout and indigenous bushes grow up through the layers of dead branches that also serve to stabilize the soil.

While the method is very effective, it is very slow and the area to reclaim was too large to be completed using materials from the open pit construction site. A more modern method was tested using "enviro-matting" ("malla de coco"), an organic mesh made from 100% natural coconut, to accomplish the same goals – prevent erosion and stabilize the soil while revegetation steps are implemented.

Minimizing impact

In an effort to minimize our impact in the area, trails were built instead of constructing roads. The drills were flown to the drill pad in pieces via helicopter and assembled on site or, depending on the terrain, towed in using mules and horses. In some areas where tall trees prevented the helicopter from delivering the drill pieces, horses, mules and men were used to move the unassembled drill to the platform. Utilizing the return trips made by the mules each day bringing out the core, all garbage and other unwanted items were carried out of the area and disposed of in the Pinos Altos landfill. Any drill cuttings were placed in sacks, carried out and disposed of in accordance with environmental protocol.



Lending Support to the Community

In October 2010, the Hamlet of Baker Lake in Nunavut requested AEM's help with managing its hazardous waste which had accumulated in their community landfill. AEM hired a specialized firm to package the hazardous waste into sea-going shipping containers (seacans) for shipping south in the summer of 2011. Twenty-five seacans were loaded with materials collected from the landfill site – including 880 drums filled with hazardous waste such as used oil, anti-freeze, contaminated soil and oily water; 598 empty contaminated drums; 42 containers of batteries and one container of propane tanks. An additional five seacans were brought to the hamlet so that local residents could dispose of items such as used tires.



A total of 354 tonnes of scrap metal and 94 tonnes of old tires were recovered, stored and shipped from Baker Lake to Bécancour by sealift in 2011.

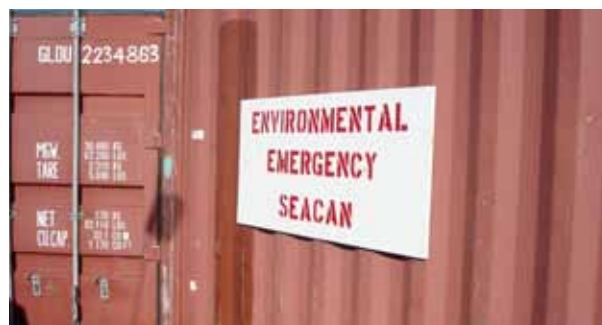
Prior to the 2011 sealift season, AEM extended the cleanup to an old landfill area where Cumberland Resources (AEM's predecessor company for the Meadowbank project) had stored ammonium nitrate bags and where AEM had stored leftover construction material from the Baker Lake tank farm construction. This old landfill had been closed for over 20 years but was still used to store used barrels, obsolete heavy equipment, scrap metal and used tires, which were strewn around the site. Our goal was to clean up all this material and return this portion of land as close as possible to its original state. A total of 354 tonnes of scrap metal and 94 tonnes of old tires were recovered, stored and shipped from Baker Lake to Bécancour by sealift in 2011. The materials were sent to licensed recycling companies in southern Canada. Over a three-week period, AEM staff with the help of five local workers diligently restored the site. The program cost AEM an estimated \$75,000.



Above is the cleanup crew preparing some of the scrap metal to be shipped south.

Learning from Incidents in Nunavut

Fuel for the operation of the Meadowbank mine is delivered in bulk to Baker Lake during the annual sealift where it is stored in a tank farm consisting of six tanks of 10 million litres capacity each. Throughout the year, highway fuel tank trucks transfer the fuel from Baker Lake to a storage tank at the Meadowbank minesite, a 110-kilometre journey. At the end of 2010, during the fuel transportation from Baker Lake to the mine, a fuel truck went off the road and in the process, punctured its fuel tank. The emergency response crew was rapidly on the scene and, with the help of cold weather, prevented the spilled fuel from reaching the nearby watercourse. In addition to the cleanup of contaminated soil and snow, the incident led to a rethinking of emergency measures along the road. Having identified that the highest risk was watercourse contamination, it was decided that a seacan equipped with emergency response material would be placed near each of the nine main water crossings along the road. In addition, all fuel delivery and material delivery personnel were trained on hazardous material transport.



Pictured is one of the nine seacans equipped with emergency response material that will be placed near each water crossing along the road.



Waste Management Plans

All of AEM’s mine waste rock and 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 underground paste backfill and cemented rockfill at LaRonde, Lapa and Pinos Altos helps minimize the long-term surface remediation requirements. By returning the waste to where it originated, we are also contributing to the safety of the underground opening.

In 2011, approximately 14% of the waste rock produced by mining at all of AEM’s operations was either used underground as backfill or in construction of tailings storage facilities and other infrastructure such as roads. Approximately 10% of the mill tailings generated at AEM’s mining operations were returned underground as backfill, except in the case of Meadowbank which has no underground component.

Responsible Cyanide Management

Cyanide is essential to extract gold from ore and it currently cannot be replaced by another chemical. Since it is considered a dangerous substance, it is our responsibility to ensure that it is managed with the highest level of care. This is why we have decided in 2011 to become signatory to the International Cyanide Management Code (ICMC). By becoming a signatory, AEM has committed to comply with the code in three of our four operations that use cyanide (Kittila, Meadowbank and Pinos Altos). This compliance will be demonstrated by an external audit that should take place within three years after becoming a signatory and every three years thereafter. The overall objective of the code is to improve the management of cyanide and to assist in the protection of human health and the reduction of environmental impacts.

The only operation using cyanide which will not be included in the strict application of the code will be LaRonde. The LaRonde tailings storage facility has been designed and constructed to use natural cyanide

degradation. Even though wildlife-detering measures are in place, they would likely not satisfy the requirements of the code for protection of wildlife. LaRonde has a cyanide destruction treatment plant at its tailings storage facility which treats water before it is reused at the mill or discharged to the environment (www.cyanidecode.org).



Aerial shot of the Kittila minesite.

Kittila has been the first of our minesites to begin the Cyanide Code audit process. Each and every phase of the operating sequence at the site – from the preparation of cyanide to its final use – has been reviewed to see if it meets the code requirements.

Kittila uses approximately 300 tonnes of cyanide annually to extract gold from ore during the milling process. The mine completed its internal auditing phase in the summer of 2011. These audits helped address any gaps in our current procedures, verifying that every step in our process is traceable and properly documented, and ensuring safety and environmental criteria are followed in the preparation, transportation, storage and use of cyanide. All phases in the cyanide management process – including external party transport – must be certified to ensure that the cyanide is responsibly managed from start to finish. Kittila anticipates that the complete certification audit of the mine will be performed once the transportation component of the process has been certified, which is anticipated by the end of 2012.



Land Use and Biodiversity

AEM has adopted a responsible approach to land use and biodiversity, first by striving to minimize our surface footprint in order to limit the impact we have on the ecosystems that surround our operations. We have reclamation plans in place for all of our 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 globally recognized standards and procedures to minimize any potentially adverse impacts.



In the planning stages of any mine development, we focus on reducing our proposed ecological footprint from the outset, and on minimizing our overall impact on biodiversity.

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 and on the 300-hectare conservation area that was created as part of the permitting process. (See the [Planning ahead](#) story on page 59.) In 2011, we continued reclamation efforts in the LaRonde area, planting trees around the former Bousquet mine and revegetating part of the Manitou tailings site.

Respecting local wildlife

At Meadowbank, we respect the wildlife that migrates into areas close to our operations. We have extensive wildlife monitoring programs and contribute financially to the Government of Nunavut’s caribou monitoring and collaring activity. (See the [Meadowbank Consultation and Wildlife Management](#) case study on page 60.) We assess whether our activities are impacting any endangered, protected or threatened species, according to the list of endangered or threatened species established by the jurisdictions in which we operate. At all of our sites, any impact on terrestrial or fish habitat must also be assessed and an attempt made to minimize any disturbance. In some jurisdictions there is a requirement to replace the area impacted by mining activities by an equivalent habitat. As part of these monitoring, assessment and compensation activities, we work closely with regulatory agencies to ensure our biodiversity programs are measuring up to their expectations.

Reducing our ecological footprint

In the planning stages of any mine development, we focus on reducing our proposed ecological footprint from the outset, and on minimizing our overall impact on biodiversity. At Meadowbank, for example, our leased boundary takes in approximately 2,292 hectares but our actual land disturbance has been limited to approximately 1,704 hectares. Our total land used at all of our operations in 2011 was 3,820 hectares out of a total leased or owned landholding of 12,396 hectares. (See the [Meadowbank Consultation and Wildlife Management](#) case study on page 60.)



Rolling along

Pinos Altos maintains a fleet of mobile heavy equipment including large 100-tonne haul trucks with tires that measure almost two metres in diameter. Since the mine began operating in 2009, the inventory of used tires has now grown to over 300.

The mine maintains a proactive recycling program in which materials such as scrap metal, paper, plastics, cardboard and paper are collected, separated and then shipped to a recycling facility to be transformed for future reuse. When employees at Pinos Altos began looking for new ways to reduce the mine’s impact on the environment, they focused their attention on a growing issue, what to do with the increasing number of used truck tires.

The mine recycles its smaller size tires by sending them for incineration and energy recovery at facilities approved by the Mexican environmental authorities. Disposing of the giant haul truck tires in a similar manner would be an expensive solution, with the disposal fee for more than 300 tires estimated at over \$200,000. It was obvious that Pinos Altos needed to find an alternative use for the tires.



Pinos Altos is working with a local entrepreneur to convert used haul truck tires into water troughs for cattle.

The solution: convert the tires into water troughs for ranchers to use with herds of livestock. The tires are a great alternative to metal stock tanks because the rubber is sturdy enough that livestock cannot damage it. Each one can hold approximately three cubic metres of water. And the tire tank helps to protect the water quality for the livestock. While a certain percentage of the used tires are damaged and will need to be sent to a government-

approved facility for incineration, we are looking for ways to seal the damaged tires with a plastic resin for use as either water or feed troughs for livestock. Pinos Altos is now working with a local entrepreneur to establish this new business opportunity.

Planning ahead

Our Pinos Altos mine in Mexico has implemented a progressive reclamation program years ahead of the anticipated mine closure. A new greenhouse was built with a capacity to produce approximately 130,000 seedlings of native pine species each year. Seedlings are grown in the greenhouse over the winter and then transferred to exterior holding racks for several weeks to allow the seedlings to acclimatize before being planted. Work crews also hydro-seed the planting areas that are ready for reclamation and use wood mulch for fertilizing. In 2012, the plan is to plant approximately 50,000 square metres as a testing area for the seedlings in order to evaluate the effectiveness of the reclamation process and to determine what areas of the minesite are best suited for the seedlings while protecting local biodiversity.



Pinos Altos built a new greenhouse with a capacity to produce approximately 130,000 seedlings of native pine species each year.

Mascota revegetation project – fighting steep slopes

At our Mascota project the topography is very steep. In preparation for the future reclamation of mining surfaces, we have initiated a pilot revegetation project using “revegetation tubes” to create a terrace effect. These tubes allow planting in very steep terrain and are filled with wood residues that will prevent soil erosion and retain moisture. We have successfully planted pine seedlings and some local flowers.



Meadowbank Consultation and Wildlife Management

The Meadowbank mine is situated on private, Inuit-owned land in the Canadian Arctic. The region hosts a large caribou population that annually migrates south of the mine area. In Baker Lake, the most inland northern community, caribou is the source of Inuit life and culture.

When AEM approached the Kivalliq Inuit Association (KIA), which represents the interests of all Inuit in the Kivalliq region, about its plans to develop Meadowbank into a fully operating mine, the KIA expressed interest in bringing employment and economic development opportunities to the north. However, they were very clear that any mine development in the area must have as little ecological impact as possible and not interfere with caribou migration patterns and habitats.

This overriding concern influenced all aspects of the Meadowbank mine's development. From the outset, the KIA was actively consulted on every phase of the project – from the initial planning stages through site location discussions and mine development options.

Caribou migration and tracking

During our mine development agreement discussions with the Government of Nunavut, we agreed to participate in and help fund a caribou satellite-collaring program to help determine the ranges of poorly understood caribou populations.

For the past decade there has been much debate about the reliability of information about migration patterns and herd range estimates of barren land caribou populations – particularly the status of the Beverly caribou herd, which traditionally calved near the Beverly and Garry Lakes in the Northwest Territories. In 2009, the population was reported to have sharply declined but recent studies have determined that the herd has not disappeared. Rather, it has likely shifted its calving area to the north – an argument that has been made by Nunavummiut elders for some time.

AEM began participating in the caribou collaring program in 2008. The program involves a number of joint commitments among industry, caribou management boards and the Government of Nunavut Department of Environment (GNDoE). The tracking information gathered to date from the satellite collars indicates that the Beverly caribou herd has indeed shifted its calving grounds from the central barrens near Baker Lake, Nunavut, to the coastal regions around Queen Maud Gulf.



One of the caribou from the satellite-collaring program. The program is a partnership between AEM and the Government of Nunavut to track caribou migration patterns and population density in the Kivalliq region.

The satellite-collaring data showed that caribou in the region, once thought to belong to the Ahiak herd, are likely the Beverly herd. According to the GNDoE, recent aerial surveys showed that the caribou populations around Queen Maud Gulf are healthy, with many caribou post-calving in these coastal regions.

AEM is actively involved in this program because we understand the need to improve regional data collection of caribou on behalf of the Nunavummiut. We have funded the placement of 25 collars over the past three years and we will continue to assist in determining accurate migration patterns and population densities of caribou movements within the Kivalliq region and in the northern Arctic.



Fish habitat initiatives

We have also made extensive commitments to help offset the fish habitat that would be lost due to the development of the Meadowbank mine. The affected fish habitat was in the northwest basin of Second Portage Lake, which is being used as a tailings disposal area.

Extensive evaluation and consultation were undertaken to determine the most suitable approach to offsetting the loss of the fish habitat on the minesite.

Following a review of baseline fisheries data collected between 1996 and 2005, we began consulting with the Baker Lake Hunters and Trappers Organization (HTO) and the Department of Fisheries and Oceans (DFO) to determine a suitable method of evaluating fisheries habitat. The DFO requires that fish habitat be measured in habitat units – a formula based on the multiplication of the site-specific fish species by the area of physical habitat. This method helped all stakeholders determine the fisheries value of the habitat lost due to the tailings disposal.

The DFO and HTO approved a compensation plan that offset the lost habitat at Second Portage Lake’s northwest basin – i.e., for every fish habitat unit (HU) lost, AEM has committed to creating two HUs in its place. These compensation features included salmonid spawning, nursery and foraging habitat structures.



Fish spawning platforms that were created at the Meadowbank site.

We continue to monitor the potential impacts of our mining activities on water quality, lower trophic aquatic biota and fish (i.e., lake trout, arctic char, round whitefish, burbot, sculpin and stickleback) in the adjacent lakes. We have also worked with local officials to create new fish habitats in the region and we continue to monitor any impacts on other terrestrial species such as caribou, birds, wolverines and foxes. We also collect scientific data to help improve environmental monitoring in the north.

Environmental effects monitoring

At all of our sites, we conduct environmental effects monitoring studies in waters that receive our discharged effluent; in Canada this is part of the federal Metal Mining Effluent Regulations (MMER) requirements. We are therefore monitoring our effects on aquatic biodiversity as a preventative measure. If there is ever an instance of confirmed effects, our efforts would immediately be directed to eliminating the cause.



Choosing the Right Tailings Disposal Strategy

The Meadowbank mine in the Nunavut Territory of northern Canada is one of Agnico-Eagle's largest mines. The mine is located on Inuit-owned land in the Kivalliq region of Nunavut, about 300 kilometres west of Rankin Inlet and 100 kilometres north of Baker Lake. Mine commissioning and first gold production from the Portage open pit began in early 2010. Agnico-Eagle acquired the Meadowbank mine from Cumberland Resources in 2007, which had initiated work on the project several years earlier.

At the time the Meadowbank project was being considered for development, the portion of the ore body that was to be mined was covered by lakes. So mining of this ore body would require construction of a series of dikes to separate the lakes from the mining area, and dewatering of the lakes while the mining operation was taking place. At closure, the dikes would be breached and the area would be returned as a lake.

In that context, the selection of a tailings disposal area was also seriously constrained by the presence of lakes and had to take into account the mining plan with the accompanying dewatering dikes.

Defining the process

The process used to select the tailings management system involved:

- identifying potential tailings storage locations and technologies;
- developing a list of key site selection criteria that all facilities needed to meet; and
- developing a site-specific, decision matrix model to evaluate, rank and select the best overall tailings management facility.

Initially, seven potential tailings management areas were identified. Three of these were excluded from further consideration based on a series of prescreening criteria. Four potential tailings management areas were carried forward for analysis using a decision matrix approach.

The requirements for a location to be considered were:

- the capacity to store the tailings from processing known ore;
- the potential to store additional tailings, in the event that exploration is successful in adding reserves to the mine life;
- the capacity to manage water in and around the tailings area;
- the capacity to minimize footprint and disturbance;
- the long-term chemical and physical stability of the tailings in the impoundment; and
- the feasibility of operation (e.g., distance from the mill).

This approach, known as a Multiple Accounts Analysis (MAA), is commonly used as a decision making tool for the selection of tailings and waste management facilities. An important aspect of the decision matrix methodology is that it requires all factors to be weighed in the final outcome, rather than allowing a single factor to dictate the overall outcome.

Preferred option

The results of the decision matrix analysis indicated that, given the fact that the northwest arm of Second Portage Lake was to be dewatered for mining purposes, disposal of tailings in that location would cause less additional disturbance. This location also enabled the permafrost to act as an encapsulation mechanism as the control strategy for acid mine drainage and metal leaching.



This preferred alternative was based on environmental, operational and economic considerations. The results of the sensitivity analyses showed that when economic factors were removed from consideration, and the relative importance of operational factors reduced, leaving environmental factors as having the greatest contribution to the overall decision analysis, the preferred option continued to be disposal in the northwest arm of Second Portage Lake, using permafrost encapsulation, with a four-metre rock cover, as the control strategy for acid mine drainage and metal leaching.

Some advantages of this tailings pond option were:

- lowest potential for the generation of acidic drainage;
- lowest potential for the generation of dust;
- lowest potential for the migration of contaminants beyond the limits of the storage facility and the minesite;
- simplest construction methodology requiring construction materials from the minesite;
- simplest closure methodology, requiring the least amount of borrowed materials;
- low risk of instability of tailings facility, and hence lower risk of potential release of tailings to the environment;
- feasible in Arctic climate.

Stakeholder participation and permitting

The various tailings management alternatives and location options were presented and discussed during the public environmental assessment and water permitting process. The preferred alternative was also presented.

At that time, the Kivalliq Inuit Association expressed its support for the preferred tailings option and for the development of the Meadowbank mine, indicating it had been actively involved and consulted in all stages of the project's development and was supportive of the balanced approach taken by AEM.

From an Inuit perspective, the option of using the northwest arm of Second Portage Lake to deposit tailings was favoured because it did not directly disturb the habitat or migratory pattern of the caribou herd(s), as would a raised on-land tailings pond. And since the basin was already going to be exposed as part of the site development (to mine the ore deposit, this portion of the lake would have to be dewatered), locating the tailings pond there meant less overall disturbance of the environment than the creation of a different tailings pond. The fact that the basin was located near the milling site was also seen as favourable.

With the support of the land owner, the process of inclusion of a proposed tailings disposal site under Schedule 2 of the Metal Mining Effluent Regulations (MMER) was started. It required consultation with the public, as well as approval from a number of regulatory organizations, including the Department of Fisheries and Oceans (DFO), Environment Canada (EC), and the Governor-in-Council. Fish-bearing waterbodies, such as the northwest arm of Second Portage Lake, are not normally considered for use as tailings disposal sites, unless preventative measures are implemented to ensure that there is No Net Loss (NNL) of fish habitat. Such measures may include the creation of new fish habitat, or enhancement of existing habitat.

Impact to fish habitat

The use of the northwest arm of Second Portage Lake for tailings deposition represented a permanent loss of habitat. A fish habitat compensation plan was prepared specifically for the replacement of the lost habitat and had to be approved by the Department of Fisheries and Ocean (DFO) as part of permitting. The way in which the lake would be dewatered and the fish captured also had to be approved by DFO. A total of 3,079 fish (1,123 kg) were removed from the Second Portage Arm and distributed to the community. Transfer of the fish in Second Portage Lake was seen by DFO as a potential overpopulation and was not considered appropriate.



Mine Closure Responsibility

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.

Cobalt-Coleman, Ontario

AEM holds historical mining properties in the Cobalt-Coleman area of Ontario where numerous mines were exploited for silver between 1903 and 1989. AEM operated 20 mines between 1956 and 1989, for silver but also for cobalt. The mining activities ceased in 1989 due to low silver prices. A closure plan was submitted for each of the mines to the Ministry of Northern Development and Mines (MNDM) and the requirements from these plans were fulfilled.

In 2011, AEM continued to carry out work in the Cobalt-Coleman area. The work consisted of:

- minor remediation works around known mine hazards;
- general housekeeping (garbage cleanup);
- monitoring of remediated areas;
- surveying of two tailings ponds and one former mill site, and identifying potential mine hazards;
- monitoring of water quality and water flow of the surface waters affected by old tailings ponds.

Throughout the year, AEM maintained contact on a regular basis with local stakeholders such as the Town of Cobalt, Coleman Township, Cobalt Historical Society, and the Cobalt Mining Museum.

Discussions were also undertaken with the Ministry of Environment of Ontario (MOE) and the Ministry of Northern Development and Mines to determine future remedial works to be conducted in the Cobalt-Coleman area.



Agnico operated 20 mines in the Cobalt-Coleman area of northeastern Ontario over a period of 33 years. In 2011, we held discussions with various government agencies to determine future remediation work in the area.

Preissac Molybdenite, Quebec

AEM holds a mining concession in Preissac Township, about 10 kilometres north of LaRonde mine in Quebec. This property, a former molybdenite mine, was part of the 1978 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. Unfortunately, the previous owner left the site littered with empty barrels of chemicals and contaminated ground. AEM's only involvement with the site was to conduct an underground exploration campaign in the 1990s. During the molybdenite mine operation, the tailings were discharged directly into the environment without containment and were never rehabilitated by the original owner. In meeting its obligation for the long-term care and maintenance of this site, we have removed building 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.



Eagle and Telbel, 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 (MRNF) about the chemical reactivity of tailings, AEM has conducted a number of studies over the years. Meanwhile, AEM is continuing post-closure monitoring of the final effluent to support the conclusion of the studies and models. Some reclamation works were also conducted on the tailings pond during 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 has asked environmental advice of the Ministry of Sustainable Development, Environment and Parks (MDDEP). Last summer, additional questions on the long-term fate of the tailings were brought by the MDDEP. AEM conducted an extensive study last fall with the best scientists in the field on the older tailings of the site to get answers for the remaining uncertainties. The results of this study will be discussed in 2012 with representatives of both Ministries (MRNF and MDDEP) to determine the final reclamation works to be conducted on the tailings pond.



The former Eagle mine in Joutel, Quebec began operation in 1982. The site was successfully revegetated in 2004. Above is the Eagle site in 1982.



Above is the same Eagle site in 2011.



Expectations



Measuring up to stakeholder expectations is a key driver of our CSR program – helping to shape and influence the development of key CSR initiatives. Throughout 2011, we actively consulted with our stakeholders to better understand, anticipate and address their evolving needs and expectations, as well as to contribute to their economic, social and development priorities. We value their insights and believe that, together, we have the opportunity to create sustainable value and socio-economic prosperity for the future.



We have formed a **Stakeholder Advisory Committee** to provide candid feedback and advice to our management team and to help ensure we are **actively addressing stakeholder concerns.**

In 2011, we focused on identifying and prioritizing our internal and external stakeholders, and gaining their perspective on our current CSR efforts in order to establish a baseline to move forward from in 2012 and beyond.

Stakeholder Expectations

Gaining Valuable Insights from Our Stakeholders

Following our materiality assessment, we conducted a stakeholder mapping workshop to identify key stakeholders at the divisional and corporate levels to further improve our engagement with key organizations – those that may have a significant influence on, or are significantly impacted by, our operations and activities.

Stakeholders at the local and regional levels are currently being asked to offer feedback on their expectations of AEM's sustainability priorities, programs and performance to date.

At the corporate level, we have formed a Stakeholder Advisory Committee to provide candid feedback and advice to our management team and to help ensure we are actively addressing stakeholder concerns.

AEM's Stakeholder Advisory Committee will meet regularly and in a meaningful way to help us identify and verify issues of materiality to our business and of relevancy to our stakeholders. At its inaugural meeting, the Committee confirmed, to a great extent, our initial list of material issues, identifying:

- leadership, governance and accountability as a material issue – specifically linking sustainability to AEM's corporate strategy and how it is integrated at site level;
- stakeholder engagement and consultation – specifically the need to improve stakeholder engagement to ensure issues and concerns are being heard, managed and addressed at all site levels; and
- greenhouse gas emissions, environment and safety management – specifically ensuring continuous improvement of our EHS systems, policies, programs and performance.



AEM strives to be
a catalyst for

sustainable,
long-term development.

Even with a commitment to transparency, it is important to understand what information the communities surrounding our operations want us to convey, what is of a particular concern to them.

Communities' Expectations

How Do We Seek to Understand Community Expectations?

The provision of regular updates of our activities creates a forum for us to seek input from the communities on their communication expectations and on their concerns. Throughout our divisions, this is done through meetings with the municipal councils or, on specific issues, with citizens and neighbours. Open houses are also held on a regular basis. Feedback is also sought by providing the communities with a consistent AEM contact person who will receive their concerns or questions and ensure that answers are provided.

Abitibi divisions

In addition to the routine meetings with municipal authorities and citizens, in the fall of 2011, the Abitibi divisions conducted specific interviews with their major stakeholders to get their opinions on the state of their relationship with us and on how we could improve.

In April 2011, AEM assisted the Conférence Régionale des Élus de l'Abitibi-Témiscamingue in the organization of a second forum of discussion on mining activities in the region. The focus of these discussions was "Open pit mining and the conditions for social acceptance." More than 200 people from different organizations participated at this event. The population gained a better understanding of how open pit mining activities are planned and conducted. The mining companies heard people's concerns and expectations about mining in Abitibi.

In 2011, AEM also participated on behalf of the Quebec Mining Association on a municipal advisory committee on mining. This committee comprises representatives from the mining industry and the town of Rouyn-Noranda who are joining forces to see how to conciliate mining development with municipal development, with a specific focus on exploration activities close to or in urban areas. The objective of the discussion was to find ways to gain social acceptance of mining projects and to reduce eventual conflicts between mining and other land uses.



In 2011, AEM also participated in a two-day conference on mining on Algonquin territory in order better understand the people's concerns and expectations about mining in the Abitibi region of northwestern Quebec.

What is the Abitibi population telling us? As the mining boom continues, community expectations from mine developers and operating companies are growing. Some of the common expectations that we heard from people and municipalities are:

- They want to be informed on a regular basis about AEM's activities and planned development projects.
- They want to have the opportunity to share their concerns very early in the project development cycle.
- They want to have AEM as a partner in supporting their local projects (for example, provision of summer students for community enhancement activities).
- They want part of the mining taxes and royalties to come back locally.
- They are opposed to open pits being developed in and near urban areas.
- They want mining companies to pay more attention to mine closure, planning and implementation.

Pinos Altos

At Pinos Altos, a dedicated community relations team is in regular contact with neighbours, schools, and municipal and state authorities to make sure that they are up to date with the activities of the mine and that any concerns about AEM's activities are dealt with.

The communities surrounding Pinos Altos are seeking AEM support to:

- help them improve their schools and programs;
- keep kids active through sports;
- help provide and sustain some essential health services; and
- provide assistance to grassroots entrepreneurship.

The mine has responded well to these demands for support. Our approach is to provide assistance to local people in the community who will take on the improvement project.

Kittila

At Kittila, open houses and public meetings are held on a regular basis to maintain a dialogue with the local population. A relationship has been established with the three specific groups who are most immediately impacted by mine activities: the reindeer herders, the fishermen's association (fishing on the Seurujoki River) and the immediate neighbours. Environmental protection is the main concern expressed by the participants.



Meadowbank

The AEM-Baker Lake community liaison committee is one of the forums providing information to the Baker Lake community and seeking their input. The committee has representatives from the elders, the youth, the school and the health centre. Expectations regarding employment and training are highest on the list. Support for local sport and community activities is also expected.

The Meadowbank mine is located in the Kivalliq region and draws employees and business partners from the whole region. Presentations are made to local municipal councils and to schools on the mine activities. In 2011, an Inuit Business Opportunity Initiative brought an AEM team to all the hamlets and towns in the Kivalliq region to encourage local entrepreneurship. This in itself created a lot of expectations in the community for increased economic benefit to the region.

How Are We Measuring Up to Community Expectations?

In all our divisions, we see ourselves as partners with our local communities. We hear that transparency is important to our communities. We have placed a larger effort in communication in 2011. For example, we created a website dedicated to our activities in Nunavut (www.aemnunavut.ca); given the remoteness of the communities, we saw this as the best way to reach the population.

We were also told that the creation of a sustainable economic future was important for our communities. We believe that the first step to a sustainable economic future is the availability of skilled workers. This is why a special emphasis on training has been made in all our divisions, whether at the minesite or with the local institutions. In Abitibi, we agreed to participate in the Mining Institute being created at the Université du Québec en Abitibi-Témiscamingue, a commitment of seven years to build local expertise.

The achievement of a strong economic future also depends on the establishment of local businesses and local entrepreneurs. We created the Inuit Business Opportunity Initiative, to inform the population of the Kivalliq region of Nunavut of the supplies and services that are required to operate a mine like Meadowbank and to see how local suppliers and contractors could eventually provide these.

We were also told that the provision of well-paid local employment is important to our communities. In 2011, we added online recruitment to our company website, so that wherever people are, they will be informed of the job opportunities.



Employee Expectations

As we grow our gold business, it is important that we understand the needs and expectations of our employees – so that we can help them perform at their best and contribute to AEM’s overall business success.

Employee Engagement Survey

In 2011, we conducted AEM’s first ever global employee engagement survey. The feedback we obtained on employees’ overall satisfaction levels is critical to developing an appropriate and strategic human resource plan for AEM’s ever expanding workforce.

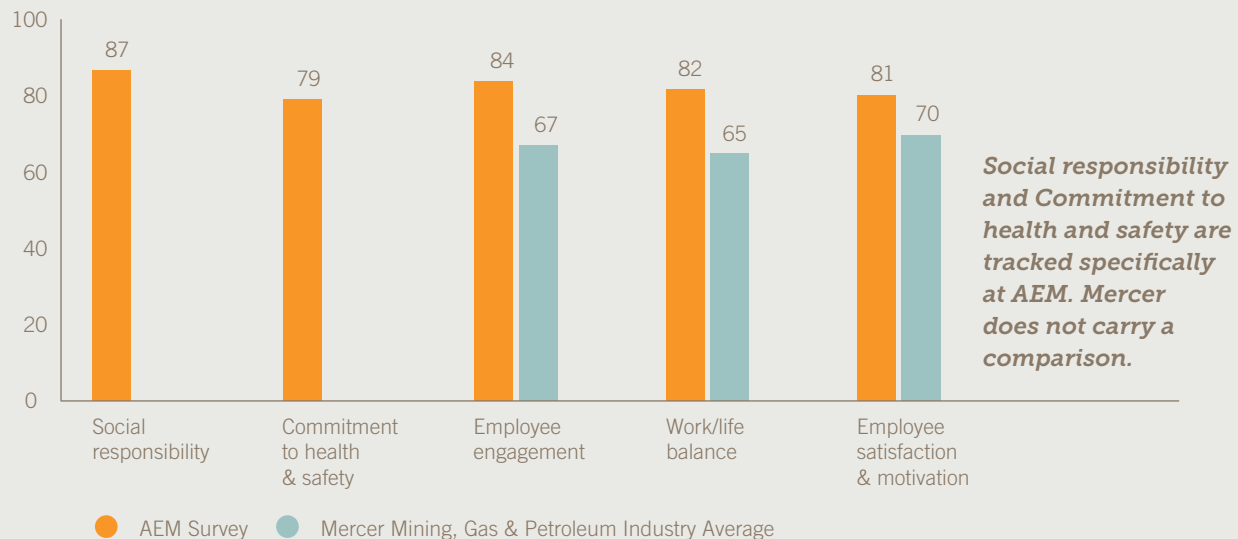
We asked our employees to share their opinions with us on a number of important workplace issues that are integral to our success including: our corporate culture, leadership, pay and benefits, communication performance programs, health and safety, our record on social responsibility as well as our vision and values, and their overall satisfaction levels with the Company.

We are listening: The overall results of the survey were very positive, and the overall participation rate very representative of that – 68%. The five main objectives of the survey were to: measure overall levels of engagement

and satisfaction in order to address any gaps in our human resource plan; assess employee knowledge and commitment to AEM’s vision, values and culture; identify preferred methods of communication; determine employee perceptions about AEM’s management style; and determine our employees’ own level of commitment to leadership, health and safety.

Our employees told us that they believe AEM is a good corporate citizen and that they are particularly proud of how we engage with our local communities. They also believe that our operations are environmentally conscientious, and that AEM is overall a good place to work. The highest approval rating we received was for our “social responsibility” program, scoring an 87% approval rate from our employees globally. The graph illustrates the top 5 approval results from the AEM survey, benchmarked against the Mercer industry average. Mercer did not have industry averages available in the social responsibility and health and safety categories as those categories were designed specifically for the AEM employee engagement survey.

Top 5 Employee Engagement Survey Results
(percent)





Opportunities to strengthen employee satisfaction:

Employees also provided open feedback on areas we need to improve – specifically AEM's overall performance management program and the lack of transparent and neutral mechanisms for employees to exchange with their supervisors about factors contributing to the success of AEM.

We have communicated the survey results back to our employees and management teams. We are currently developing our global human resource strategy, which will address the gaps identified by employees so that we can strengthen and maintain our high level of employee support and approval and focus on key HR projects for 2012.

Our goal is to ensure that our human resource programs and objectives align with the core values of our company and with the evolving expectations of our expanding workforce. It is this approach that will help us remain an employer of choice in the regions in which we operate.



Employees at the Meadowbank mine participate in an on-site training session.



Employees at the Pinos Altos minesite.



As we move into 2012, we will continue to measure our performance against the leading global standards of our industry and against the core values of our company.

Shareholders and Investor Expectations

Investors are increasingly giving greater weight to a company's environmental, social and governance (ESG) performance when deciding whether to invest in that company. It is now a market expectation that AEM will not only participate in these investor surveys, but also perform well.

AEM extended its outreach to shareholders and investors through various activities in 2011. These initiatives are designed to help foster transparency, feedback and alignment with shareholder expectations.

- We continued to advance our online investor relations program, through a comprehensive database that was recently recognized by *IR Magazine* for the "Best use of technology." We were also named first overall in the electronic disclosure category of the 2011 Canadian Institute of Chartered Accountants (CICA) Corporate Reporting Awards (CRA) for our investor website: www.agnico-eagle.com.
- We attracted more than 1,500 participants to our quarterly conference calls.
- We held more than 600 meetings with investors, primarily with institutional shareholders.
- We attended 27 investor conferences and hosted five investor mine tours.

Listed on the Jantzi Social Index (JSI)

This listing is an indicator that AEM ranks well among our industry peer group, that AEM is a strong reporter in both GRI and TSM initiatives. The Company's solid social performance is illustrated by our relations with indigenous communities. Agnico-Eagle has also shown a commitment to employee safety through its strong health and safety management systems resulting in a lower than average fatality rate compared to industry peers.



AEM's President and CEO addresses investors during a site visit to the Meadowbank mine.



Going beyond regulatory compliance to ensure our activities take place responsibly, in a way that creates economic opportunities, respects community interests, protects the environment and ensures public safety.

Regulatory Expectations

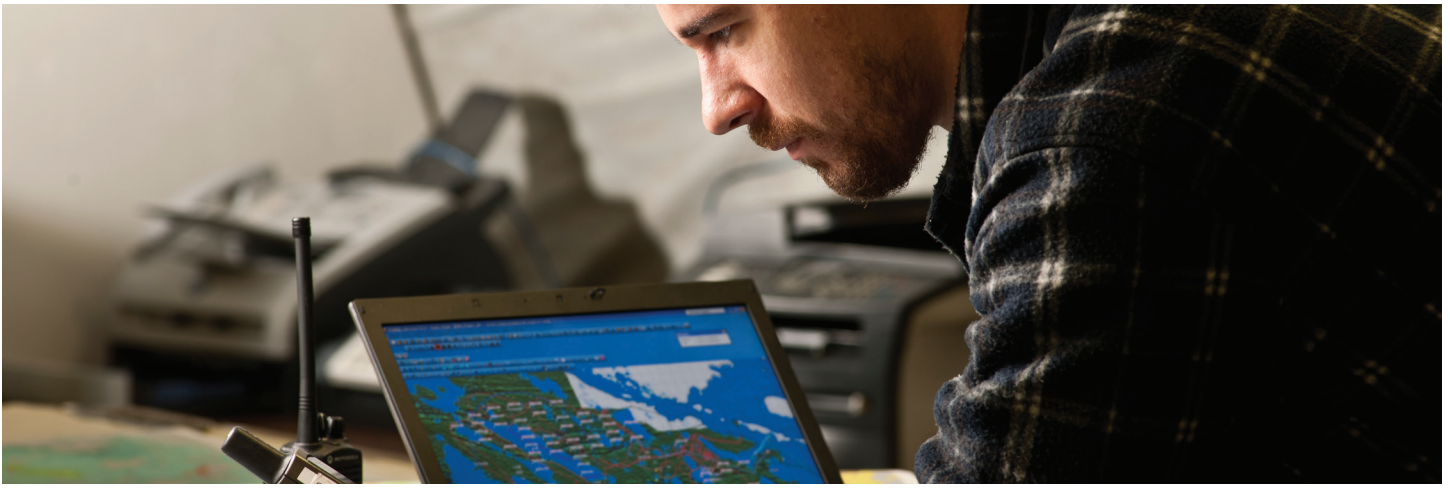
Regulatory expectations are rising everywhere in the world as a result of the demands of the population for more accountability from the industrial sectors. Mining is no exception. With the members of the mining associations to which we belong, we are reviewing the regulatory landscape of the jurisdictions in which we operate to better prepare our operations for eventual changes in the laws that govern mining. Here are some the trends in regulatory expectations that we see:

- More transparency regarding mining activities and decisions
- More regard for the other land uses with which mining shares the territory
- Public consultation becoming a requirement of permitting, legitimizing the “social licence to operate” informally sought by mining companies
- Continuous improvement of environmental performance becoming a condition of permitting
- Continuous improvement of health and safety performance
- Respect for human rights

We are working towards being able to meet these expectations by improving our communications and consultations with the population, by implementing a health, safety and environment management system and by upgrading our policies.



2011 Performance Data



The report covers activities at our five mining operations in northwestern Quebec (LaRonde and Lapa), northern Finland (Kittila), northern Mexico (Pinos Altos), Nunavut in northern Canada (Meadowbank) and our exploration operations. The performance of the suspended Goldex operation is also included.



Global Reporting Initiative

G3.1 Content Index

In compiling this report, we have measured our performance using the Sustainability Reporting Guidelines (G3.1) developed by the Global Reporting Initiative (GRI) (www.globalreporting.org/reporting/reporting-framework-overview/Pages), including mining industry specific indicators incorporated in their Mining and Metals Sector Supplement (www.globalreporting.org/reporting/sector-guidance/mining-and-metals/Pages) by AEM-specific indicators that recognize our values and challenges, and by Towards Sustainable Mining (TSM) (www.mining.ca/site/index.php/en/towards-sustainable-mining/performance-measures-a-protocols.html) which strive to push Mining Association of Canada's (MAC) members to meet society's needs for minerals, metals and energy products in the most conscientious way possible, conducting all facets of business effectively, transparently and accountably.

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 2011 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	Exploration	Total
Total number of workplace Health & Safety Inspections carried out in 2011	168	133	41	23	858	306	35	1,564
Total number of workplace environmental inspections carried out in 2011	52	55	21	52	365	40	70	655

AEM2 – Number of internal audits carried out

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration	Total
Total number of workplace internal Health & Safety audits carried out in 2011	24	1	1	29	12	49	6	122
Total number of workplace internal environmental audits carried out in 2011	3	–	–	1	3	2	2	11
Total number of external environmental audits	–	–	–	–	3	8	–	11

**AEM3 – Number of persons that received the Health, Safety and Environment Induction Training in 2011**

LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration	Total
1,135	670	145	721	282	810	82	3,845

AEM4 – Number of formal safety meetings with employees carried out in 2011

LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration	Total
710	111	207	188	99	425	7	1,747

AEM5 – Number of accident/incident analyses carried out in 2011 involving employees

LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration	Total
123	32	34	86	277	225	1	778



Towards Sustainable Mining Initiative – AEM Self-Assessment for 2011

TSM performance element

Tailings Management Reporting Assessment	Goldex	Kittila	Lapa	LaRonde	Meadowbank	Pinos Altos
TM1 Tailings management policy and commitment	B	B	N/A	B	C	B
TM2 Tailings management system	B	B	N/A	B	B	B
TM3 Assigned accountability and responsibility for tailings management	B	B	N/A	A	A	B
TM4 Annual tailings management review	B	C	N/A	A	A	A
TM5 Operating, maintenance and surveillance manual for tailings and water management facilities	B	C	N/A	A	C	A

1) Lapa has no tailings facility.

Energy Use and GHG Emissions Management Assessment	Goldex	Kittila	Lapa	LaRonde	Meadowbank	Pinos Altos
EU1 Energy use management system	B	C	B	C	C	B
EU2 Energy use reporting system	A	B	A	A	B	A
EU3 Energy use intensity performance target	C	C	C	C	C	C
GHG1 GHG management system	C	C	C	C	C	B
GHG2 GHG reporting system	A	B	A	A	B	B
GHG3 GHG emissions intensity performance targets	C	C	C	C	C	B

Aboriginal and Community Assessment	Goldex	Kittila	Lapa	LaRonde	Meadowbank	Pinos Altos
EO1 Community of interest identification	AA	A	B	AA	A	A
EO2 Effective community of interest engagement and dialogue	B	B	B	B	B	A
EO3 Community of interest response mechanism	A	B	B	A	B	AA
EO4 Reporting	B	B	B	A	A	AA

Crisis Management Planning Assessment	Goldex	Kittila	Lapa	LaRonde	Meadowbank	Pinos Altos
CM1 Crisis Management Plan (CMP) exists	Y	N	Y	Y	N	Y
CM2 CMP reviewed regularly	Y	N	Y	Y	N	Y
CM3 Training on crisis management	Y	N	Y	Y	N	N

Biodiversity Conservation Management Assessment	Goldex	Kittila	Lapa	LaRonde	Meadowbank	Pinos Altos
BC1 Corporate biodiversity conservation policy, accountability and communications	C	C	C	C	C	C
BC2 Facility-level biodiversity conservation planning and implementation	C	C	C	C	AA	A
BC3 Biodiversity conservation reporting	C	C	C	C	AA	B

Health and Safety Management Assessment	Goldex	Kittila	Lapa	LaRonde	Meadowbank	Pinos Altos
HS1 Policy, commitment and accountability	A	B	A	AA	AA	A
HS2 Planning, implementation and operation	A	C	A	A	B	B
HS3 Training, behaviour and culture	A	B	A	B	AAA	A
HS4 Monitoring and reporting	A	B	A	A	AA	A
HS5 Performance	A	A	A	B	A	B



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	\$1,821,799
Economic value distributed	
b) Operating costs	
Exploration	\$78,224
Operations	\$882,710
Total operating costs	\$960,934
c) Employee wages and benefits	\$308,877
d) Payments to providers of capital	\$163,048
e) Payments to government by country – gross taxes	\$66,634
f) Payments to government by country – royalties	\$12,390
g) Community investments – voluntary contributions and community investments	\$3,655
Economic value retained	
h) Retained earnings (deficit)	\$(129,021)

* all numbers in thousands US\$

** where converted to US\$ – currency rate as of 03.12.12 was used MXN 0.07896, CND 1.00757 & €1.31557

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. A Large portion of our operations draw power from hydroelectric sources; In that regard Meadowbank is a special case as it needs to generate its 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 minesites.

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
Meadowbank	
Nunavut Fuel Tax Rebate under Development Partnership Agreement	\$1,912,195.75

EC5 – Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation (all amounts are represented in local currencies)

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos (Pesos)	Meadowbank	Exploration	Average
EC5A) What was the starting entry level wage (\$/hr.) at this mine in 2011	\$27.15	\$26.74	\$27.74	17.73€	MXN 21.01	\$20.26	N/A	
EC5B) What was the local minimum wage in the jurisdiction in which the mine is located?	\$9.65	\$9.65	\$9.65	15.36€	MXN 7.15	\$11.00	N/A	
The ratio of the mine's entry level wage to the local minimum wage = EC5A/EC5B	2.8	2.8	2.9	1.2	2.9	1.8	N/A	2.40

For Exploration this is not applicable as the wages vary from region to region.

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	52%	62%	66%	18%	51%	52%	50%
Total purchases for division (all amounts are represented in local currencies)	\$245,485,723	\$82,606,903	\$47,694,854	143,735,164€	MXN 2,674,012,373	\$355,557,125	
Total purchases for division in local region	\$128,123,837	\$51,522,174	\$31,388,064	26,217,631€	MXN 1,353,892,602	\$185,136,313	

1) For Pinos Altos many of the businesses operate in our local area in Chihuahua (and indirect economic benefit is locally derived from these transactions) but have head offices in other regions of Mexico. Consequently 93% of the spending from the Pinos Altos mine is within Mexico, but for the purpose of this indicator we are considering that to be local. 51% (MXN 1,353,892,602.99) of our total spending is spent exclusively in the Chihuahua region.

**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	Exploration	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	98.75%	100.00%	100.00%	91.68%	67.96%	37.03%	N/A	82.57%
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%	57.18%	3.00%	N/A	68.36%

This indicator is not applicable for the exploration program, as the location of the exploration office frequently is different than the exploration site itself.

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**

LaRonde	
Goldex	Every year AEM gives to the palliative care houses in the surrounding areas (Amos, Val-d'Or and Rouyn)
Lapa	
Kittila	none
Pinos Altos	New school rooms, etc.
Meadowbank	<ul style="list-style-type: none"> Continued cell service in Baker Lake would not be there if we did not develop the project. Cleaned up the laydown area that had been used for years to store old metal barrels and obsolete equipment. This material was sent to a metal recycling facility in the South.

EC9 – Understanding and describing significant indirect economic impacts, including the extent of impacts

The Kittila mine currently is the biggest employer in Finland north of the Arctic Circle. Located close to a ski resort, the Kittila area's local economy was almost exclusively dependent on the busy winter months, and most businesses shut down during the summer. AEM has provided a significant number of year-round employment opportunities, and increased overall level of economic activity in the area. Agnico-Eagle has also brought much-needed stimulus to the local economies around the Pinos Altos and Meadowbank mines. Agnico-Eagle is a substantial economic contributor both directly through employment and local purchasing, and indirectly through the 'multiplier effect' stimulating employment in goods and services industries and improving the quality of living in the local communities around the mine.



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	2,406,000	2,477,000	621,000	1,031,000	4,509,000	2,978,000	14,022,000
Tonnes of waste rock mined	762,871	209,721	130,167	5,784,772	24,301,314	20,471,385	51,660,230

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	Exploration	Total
a) How much diesel fuel was used to generate power at this minesite (litres)?	–	–	–	7,800	1,558,542	33,118,070	2,691,779	37,376,191
b) How much diesel fuel was used by mining equipment (heavy equipment & lighter vehicles) at this minesite (litres)?	5,245,073	1,405,178	1,209,667	4,224,648	18,653,649	24,913,427	655,533	56,307,175
c) Was diesel fuel used for any other purposes – If yes – what was this fuel used for?	–	–	–	–	yes, for ANFO preparation	–	–	–
d) If yes – how much diesel fuel was used for this purpose (litres)?	–	–	–	–	220,317	–	–	220,317
e) Was mine air heated at this minesite – yes or no?	yes	yes	yes	yes	–	–	–	–
f) If yes – what fuel was used to heat mine air?	Natural Gas	Natural Gas	Natural Gas	Heavy Diesel	–	–	–	–
g) If yes – how much of this fuel was used to heat mine air – natural gas m ³ or diesel (litres)?	4,472,339 –	1,646,319 –	1,895,675 –	– 405,247	– –	– –	– –	8,014,333 405,247
h) How much gasoline was used at this minesite (litres)?	63,500	–	5,900	–	535,791	75,499	98,617	779,307
i) How much aviation fuel was used at this minesite (litres)?	–	–	–	–	44,160	185,743	384,593	614,496
j) How much propane (other than for mine air heating) was used at this minesite (litres)?	–	–	–	–	–	5,259	–	5,259
k) Was there any other fuel used by the division and how much (litres)?	–	–	–	–	615,249	–	–	615,249
l) If yes, what type of fuel?					LPG for heating systems, laboratory furnaces and refinery burners			
m) Natural gas for heating buildings and air compressors (m ³)	2,224,740	–	–	–	–	–	–	2,224,740
n) Total quantity of fuel used at the mine (litres)	5,245,073	1,405,178	1,209,667	4,232,448	20,432,508	58,031,497	3,347,312	94,682,990

Notes:

- 1) Kittila switched from heavy diesel to propane in April.
- 2) 1,000 litres is 1 m³.

**EN4 – Indirect energy consumption by primary source**

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration	Total
Electricity purchased from an outside utility (kWh)	367,063,320	106,337,366	41,133,056	123,451,907	90,363,068	–	–	728,348,717

EN4a – Electricity generation on site

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration	Total
Electricity generated on site (kWh)	–	–	–	–	5,922,623	125,371,400	–	131,294,023

EN5 – Energy saved due to conservation and efficiency improvements – Initiatives implemented in 2011**Estimate of the amount of energy saved over the past year**

LaRonde Compressor replacement on the Penna Shaft (kWh)								1,463,000
Goldex								none
Lapa								none
Kittila								none
Pinos Altos								none
Meadowbank								none

Aspect: Water**EN8 – Total water withdrawal by source**

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration	Total
1) Total amount of freshwater pumped by AEM from a lake, river, stream, or wetland and used at this minesite (m ³)	1,286,893	942,878	246,291	1,216,286	–	1,088,183	70,428	4,850,959
2) Total amount of groundwater (well water) pumped by AEM at this minesite (m ³)	1,043	–	1,961	16,185	774,327	–	6,400	799,916
3) Total amount of rain water (and snowmelt) collected directly, stored and used by AEM at this minesite (m ³)	–	–	839	–	–	–	–	839
4) Total amount of municipal water (water taken from a town system) used by AEM at this minesite (m ³)	–	7,280	–	–	–	–	1,500	8,780
1+2+3+4) Total volume of all freshwater used for all mine uses (m ³)	1,287,936	950,158	249,091	1,232,471	774,327	1,088,183	78,328	5,660,494

**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 Chassignolle	Thompson River	Héva River	Seurujoki River	Underground mine	Third Portage Lake
If a lake what is the size of the lake in cubic metres?	>25,000,000	N/A	N/A	N/A	N/A	446,000,000
If a river or stream what is the average flow in cubic metres per second?	N/A	2.7	0.33	5.58	N/A	N/A
Is the source designated as a protected area (nationally and/or internationally)?	no	no	no	no	N/A	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	N/A	no
Number of protected species in the water body	none	none	none	none	N/A	none
Is the water body a Ramsar-listed wetland or any other nationally and/or internationally proclaimed conservation area?	no	no	no	no	N/A	no
Does the withdrawal account for an average of 5 percent or more of the annual average volume of the water body?	no	no	no	no	N/A	no
Based on the above is the water source significantly affected by the withdrawal?	no	no	no	no	N/A	no

EN10 – Percentage and total volume of water recycled and reused

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration	Total
Total volume of water recycled & reused at this minesite (cubic metres)	4,404,020	2,721,508	175,154	1,884,671	1,318,002	2,144,270	N/A	12,647,625
Percent recycle/reuse	342%	289%	71%	155%	N/A	197%	N/A	

Notes:

- 1) At Pinos Altos water from the mine dewatering is used in the process plant.
- 2) There is no freshwater usage at Pinos; no percentage can be calculated.
- 3) For exploration there is some recycling of drill water, however the data is not currently collected.

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	Exploration
At this minesite 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?	no	no	no	no	yes – 7,796 ha	no	N/A

Notes:

- 1) Land leased or owned by the Company currently is 7,796 hectares that are adjacent or close to protected areas (ANPs). Mascota and Pinos Altos mines are adjacent but are considered outside the protected areas (ANPs).

**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	Meadowbank	Exploration
At this minesite is the mine having any significant impact on biodiversity?	no	no	no	no	no	no	no

Notes:

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 site to replace sensitive vegetation and tree species so that this impact can be reversed during mine reclamation.

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	Exploration	Total
Total land area in hectares owned or leased that makes up the minesite	785.00	517.02	70.00	846.90	7,885.00	2,292.00	N/A	12,396
Total of this land area that is physically disturbed by mine activity (Ha)	706.00	330.00	12.00	680.00	388.37	1,704.00	N/A	3,820
Total of this land that has been reclaimed (Ha)	0.00	0.00	0.00	0.00	0.00	0.00	N/A	–

EN13 – Habitats protected or restored

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration
At this minesite was there any mine impacted land restored in 2011? If yes – please describe the restoration completed and the amount (Ha) of land restored	no	no	no	no	no	no	yes
If restored – whether the success of the restoration measure was/is approved by independent external professionals.							Restoration was successful – but has not been approved by independent external professionals – see Cubiro Access Road Rehabilitation Project p. 55
Whether partnerships exist with third parties to protect or restore habitat distinct from where the organization has overseen and implemented restoration or protection measures.	no	no	no	no	no	no	yes

Notes:

1) AEM contributes to a restoration fund for abandoned drill sites.

**EN14 – Strategies, current actions, and future plans for managing impacts on biodiversity**

The organization's strategy for achieving its policy on biodiversity management:

- Including integration of biodiversity considerations in analytical tools such as environmental site impact assessments
- Including methodology for establishing risk exposure to biodiversity
- Including setting specific targets and objectives
- Including monitoring processes
- Including public reporting
- The actions underway to manage biodiversity risks identified in EN11 and EN12 or plans to undertake such activities in the future

We do not have a specific policy on biodiversity conservation for AEM operations. We don't have specific targets and objectives and no specific methodology to assess risk exposure to biodiversity, but as part of the Towards Sustainable Mining initiative we assess our performance with respect to biodiversity. The purpose of the biodiversity assessment protocol is to provide guidance to the member companies in completing their evaluation of biodiversity conservation management against TSM indicators. The assessment protocol sets out the general expectations of MAC for biodiversity conservation management by its member companies in support of the TSM initiative

1. When we are planning our project we are trying as much as possible to reduce our ecological footprint, in other words, to minimize our impact on biodiversity. That's how Lapa and Goldex were developed. So in that sense we do have biodiversity consideration when we are assessing the impact of mining projects. We need to assess if we impact any endangered, protected or threatened species according to the provincial and federal list of endangered or threatened species, or if we have any impact on a wetland. Also, any impact on fauna habitat has to be assessed in surface area and financially compensated to the local government. Any impact on fish habitat must be assessed and compensated (to recreate a similar habitat of the same value somewhere else, so it has to be quantified and monitored to confirm that the works achieve our goal).
2. Second, we are trying to reclaim (through revegetation) any area of our property that does not need to be used anymore. In doing that, we recreate habitat for biodiversity (reptile, wildlife, birds and mammals). LaRonde and Pinos Altos did some reclamation works in 2010/11 in areas that consisted of planting trees. These works are quantified in term of surface area revegetated.
3. Third, at our sites we are conducting environmental effect monitoring studies in receiving waters of their effluent as part of the requirements to the federal Metal Mining Effluent Regulation. In that sense, we do monitor our effects on aquatic biodiversity and when confirmed effects are observed, we are setting research efforts to find causes of these effects and implementing plans to reduce these effects when the causes have been identified and related to the mine.

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	Exploration
Are there any lands on the minesite where a biodiversity management plan is required?	no	no	no	no	no	no	no

EN15 – Number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration
	none	none	none	none	none	none	N/A

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 Direct GHG Emissions	26,961	7,075	7,042	12,054	63,157	165,110	281,399
Total Indirect GHG Emissions	3,340	880	403	7,568	46,326	–	58,517
Total GHG Emissions	30,301	7,955	7,445	19,621	109,483	165,110	339,915
GHG Intensity	0.013	0.003	0.012	0.019	0.024	0.055	0.024

1) CO₂ equivalent per tonne of ore processed (tonne of CO₂ equivalent per tonne milled)

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 minesite 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	Exploration
Were there any initiatives taken at this minesite in 2011 to reduce greenhouse gas emissions – yes or no?	no	no	no	no	no	no	no
If yes – please describe the initiative and estimate the emission reduction achieved							

EN19 – Emissions of ozone-depleting substances by weight

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration	Total
Ozone-depleting substances emitted in 2011	none	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	Exploration	Total
Estimated SOx emissions from fuel (tonnes in 2011)	22	6	5	13	89	238	N/A	373
Estimated NOx emissions from fuel (tonnes in 2011)	24	6	3	2	54	151	N/A	240

EN21 – Total water discharge by quality and destination

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration	Total
a) Volume of final effluent discharged to the receiving environment at this minesite (m ³)	2,538,576	617,222	163,084	2,979,120	–	2,625,528	N/A	8,923,530
What type of effluent treatment is used at this mine	Chemical + Biological	–	Stripping ammonia tower; Precipitation of suspended solid Sedimentation		N/A	Actiflow for TSS	N/A	–
b) Volume of sewage (black & grey water) discharged by the mine into a municipal sewage treatment system (m ³)	none	none	none	708	none	none	–	708
c) Volume of sewage (black & grey water) treated at the mine and discharged (m ³) to the receiving environment	Not measured	7,280	4,850	5,894	25,263	None treated and then held within tailings impoundment with no release to the environment	5,752	49,039
d) What type of sewage treatment system is used at this minesite?	Septic fields and aerated lagoon	Septic field and ultraviolet treatment	Biological treatment	Biological treatment	Activated sludge	Biological treatment	–	–

- 1) At Kittila, during the transition from NP tailings pond to CIL we were given a special permit to discharge a larger quantity of water to the exfiltration field.
- 2) At Meadowbank the number is much smaller than in 2010 because dewatering of 2nd portage arm was almost complete.
- 3) Sludge from the sewage treatment plant is being treated at the municipal facility at Kittila.

**EN22 – Total weight of waste by type and disposal method**

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration	Total
Paper and cardboard (tonnes)	63	18	8	5	27	–	–	121
Plastics (tonnes)	–	–	1	73	–	–	–	74
Metals (tonnes)	1,167	332	91	639	111	–	–	2,340
Wood (tonnes)	414	147	89	190	68	–	–	908
Used oil sent off site for treatment/disposal or used on site as fuel (litres)	216,860	40,310	27,340	76,187	277,515	5,878	200	644,290
Waste stored or disposed of on site	–	–	–	–	–	–	–	–
Contaminated soil stored on site in 2011	–	–	–	35	107	–	–	142
Contaminated soil treated on site at a landfarm in 2011	–	–	–	–	–	–	–	0
Domestic garbage sent to an on-site landfill facility (tonnes)	–	–	–	–	350	7,830	–	8,180
Domestic garbage sent to an on-site incinerator (tonnes)	–	–	–	–	–	535	–	535
Waste stored or disposed of off site	–	–	–	–	–	–	–	–
Domestic garbage sent to off-site municipal landfill (tonnes)	401	317	99	522	–	–	1	1,340
Contaminated soil shipped off site for disposal at a licensed facility (tonnes)	42	–	–	–	107	–	–	149
Total domestic waste generated in 2011	2,045	813	287	1,429	557	8,364	1	13,496
Hazardous wastes shipped by the mine to a licensed off-site disposal/recycle facility (tonnes)	267	102	70	153	90	662	–	1,344
% of total domestic waste recycled at each site	80%	61%	66%	64%	37%	N/A	0%	–

1) At Meadowbank the domestic waste quantity was greatly reduced this year because there was almost no construction material compared to 2010.

2) In 2011, at Meadowbank hazardous waste was accumulated for the first 12 months in sea cans and shipped during the summer shipping season.

In 2010 only six months' worth of hazardous waste were shipped.

**MM3 – Total amounts of overburden, rock, tailings and sludges presenting potential hazards**

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
Overburden mined (tonnes)	–	–	–	192,630	–	–	192,630
Waste rock mined (total) (tonnes)	762,871	–	–	5,683,771	–	16,206,178	22,652,820
Waste rock returned underground as backfill (tonnes)	475,949	–	–	–	–	–	475,949
Waste rock used in tailings dam construction (tonnes)	374,305	–	–	6,000	–	262,548	642,853
Waste rock used in other construction (tonnes)	39,303	–	–	45,000	–	1,873,506	1,957,809
Waste rock placed on surface waste rock piles (tonnes)	175,000	–	–	–	–	14,070,124	14,245,124
Mill tailings (total) (tonnes)	2,869,321	–	–	1,187,297	–	2,977,722	7,034,340
Mill tailings returned underground as backfill (tonnes)	679,217	–	–	–	–	–	679,217
Mill tailings placed in surface tailings containment (tonnes)	2,190,104	–	–	–	–	2,977,722	5,167,826

Notes:

1) For LaRonde, waste rock from existing stockpile has been used for tailings dam construction and is included in the number.

MM3a – Total material mined, both hazardous and non hazardous

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Total
Overburden	–	–	–	192,630	–	2,320,155	2,512,785
Tonnes of ore loaded onto heap leach pad	–	–	–	–	992,992	–	992,992
Waste rock (total)	762,871	209,721	263,873	5,683,771	25,904,857	20,471,385	53,296,478
Returned UG as backfill	475,949	–	329,408	–	–	–	805,357
Used in tailings dam construction	374,305	68,581	–	33,000	871,207	490,637	1,837,730
Used in other construction	39,303	95,314	–	18,000	50,000	2,572,908	2,775,525
Placed on surface waste rock piles	175,000	105,826	(62,522)	5,632,671	24,983,650	15,087,685	45,922,310
Mill tailings (total)	2,869,321	2,439,616	–	850,497	1,740,769	2,977,722	10,877,924
Returned UG as backfill	679,217	–	–	–	462,368	–	1,141,585
Placed in surface tailings containment	2,190,104	2,439,616	–	–	1,278,399	2,977,722	8,885,841

Notes:

- 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) At LaRonde the mill tailings are co-disposed with Lapa mill tailings (Lapa ore is milled at the LaRonde site with LaRonde tailings). Of the mill tailings' total number (2,869,321), 2,249,605 of that is from LaRonde and 619,716 is from Lapa.
- 4) The % tailings returned underground is calculated with the LaRonde tailings numbers only.
- 5) At the Lapa mine, the waste rock stored on surface is being used underground as cemented rockfill. It is expected that by the end of mine life there will be no waste rock left on surface.

**EN23 – Total number and volume of significant spills**

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration	Total
All spills	29	3	1	8	17	78	2	138
Number of spills inside the minesite boundary	29	3	1	8	17	73	1	132
Total volume of spills inside the minesite boundary (litres)	26,502	70	3	1,330	4,970	577,974	10	610,859
Average volume of spills inside the minesite boundary (litres)	1,258	23	3	166	292	7,917	10	9,669
Number of spills outside the minesite boundary	–	–	–	–	–	5	1	6
Total volume of spills outside the minesite boundary (litres)	–	–	–	–	–	11,320	35	11,355
Average volume of spills outside the minesite boundary (litres)	–	–	–	–	–	3,837	35	3,872
Spills > 100 litres	10	–	–	–	4	18	–	32
Number of spills inside the minesite boundary	10	–	–	–	4	17	–	31
Total volume of spills inside the minesite boundary (litres)	9,200	–	–	–	850	576,185	–	586,235
Average volume of spills inside the minesite boundary (litres)	9,220	–	–	–	213	33,893	–	43,326
Number of spills outside the minesite boundary	–	–	–	–	–	1	–	1
Total volume of spills outside the minesite boundary (litres)	–	–	–	–	–	11,200	–	11,200
Average volume of spills outside the minesite boundary (litres)	–	–	–	–	–	11,200	–	11,200
Spills > 1,000 litres	5	–	–	1	4	10	–	20
Number of spills inside the minesite boundary	5	–	–	1	4	9	–	19
Total volume of spills inside the minesite boundary (litres)	23,500	–	–	1,000	3,700	573,300	–	601,500
Average volume of spills inside the minesite boundary (litres)	4,700	–	–	–	925	63,700	–	69,325
Number of spills outside the minesite boundary	–	–	–	–	–	1	–	1
Total volume of spills outside the minesite boundary (litres)	–	–	–	–	–	11,200	–	11,200
Average volume of spills outside the minesite boundary (litres)	–	–	–	–	–	11,200	–	11,200
% of these spills that affected area outside the mine boundary	–	–	–	–	–	–	–	–
Total volume of spills outside the mine boundary	–	–	–	–	–	–	–	–

**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	Exploration
Did this minesite ship any hazardous waste outside the country in 2011 – yes or no?	no	no	no	no	no	no	no
If yes – what was shipped, to where and how much?	–	–	–	–	–	–	–

EN25 – Identify size, protected status and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration
Where does the mine discharge its final effluent (name of lake, river, stream or wetland)?	Dormenan Creek	No Name Stream	Wetland	Wetland	LA Bateria Stream and Concheño River	Third Portage Lake	N/A
If a lake, what is the size of the lake in cubic metres?	N/A	N/A	N/A	N/A	N/A	446,000,000	N/A
If a river or stream what is the average flow in cubic metres per second?	2	N/A	N/A	N/A	N/A	N/A	No data
Is the receiving water body designated as a protected area (nationally and/or internationally)?	no	no	no	no	no	no	no
Is the receiving water body 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	no
Number of protected species in the water body	none	none	none	none	none	none	none
Is the water body a Ramsar-listed wetland or any other nationally and/or internationally proclaimed conservation area?	no	no	no	no	no	no	no
Does the amount of effluent discharged into this water body account for an average of 5 percent or more of the annual average volume of the water body?	no	no	N/A	N/A	no	no	no
Based on the above, is the water body significantly affected by the discharge?	no	no	N/A	N/A	no	no	no

EN26 – Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation

As a member of the World Gold Council, Agnico-Eagle mines is committed to ensuring ethical gold use.

EN27 – Percentage of products sold and their packaging materials that are reclaimed by category

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration
The percentage of reclaimed products and their packaging materials for each category of products	none	none	none	none	none	none	none
How the data for this indicator has been collected	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Agnico-Eagle gold doré and concentrate is not packaged, therefore this indicator is not applicable in our business case.

**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	Meadowbank	Exploration
Was this mine charged in 2011 for any non-compliance events with environmental laws and regulations – yes or no?	no	yes	no	no	no	no	no
What was the total amount of fines or penalties levied against the mine in 2011 for non-compliance with environmental laws and regulations (US\$)?	N/A	See footnote	N/A	N/A	N/A	N/A	N/A
Was there any action taken against this mine in 2011 for non-compliance events with environmental laws and regulations?	no	no	no	no	no	no	no

1) Goldex was charged with non-compliance with TSS concentration at the effluent of the South Tailings pond. The corrective measures being taken are: increasing the height of the dikes of the sedimentation basin, an internal cofferdam and enhancing the polishing pond dikes. No financial fines or penalties were levied.

EN30 – Total Environmental Protection expenditures and investments by type (excluding Capital)

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration
How much did this mine spend on environmental protection and management in 2011?	\$4,490,479	\$350,000	\$490,804	€974,057	MXN 544,306	\$4,417,635	\$937,528
Environment management budget	\$1,367,052	\$160,000	\$311,428	€1,149,216	MXN 144,823	\$4,170,646	–
Environment capital expenditures (Impoundment + infrastructures)	\$3,123,427	\$1,150,000	\$100,000	€1,399,602	MXN 531,823	\$36,756,960	–
How much did this mine spend on waste disposal, water treatment and remediation in 2011?	\$6,640,662	\$55,000	\$342,362	€259,955	MXN 1,817,810	\$3,743,900	–



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	Exploration	Corporate & Administration	Total
Total number of employees (AEM, contractors, full time & temporary) working at this minesite in 2011	994	328	292	626	1,223	1,153	143	290	5,049
Total number of AEM employees working at this mine in 2011 (Q4)	794	240	212	432	1,099	746	39	290	3,852
AEM – full time employees (Q4)	794	240	212	432	1,099	746	39	281	3,843
AEM – part time employees (Q4)	–	–	–	–	–	–	–	9	9
Total number of contractor employees working at this mine in 2011 (Q4)	200	88	80	194	124	407	104	–	1,197

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

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration	Total
Total number of AEM employees leaving employment at this mine in all of 2011	25	10	9	24	142	60	31	301
Breakdown of this number by gender (employees leaving employment)								
Female	2	1	–	3	17	9	6	38
Male	23	9	9	21	125	51	25	263
Breakdown of this number by age group (employees leaving)								
< 30 years old	5	2	1	6	72	22	11	119
30 to 50 years old	13	7	6	16	65	33	12	152
> 50 years old	7	1	2	2	5	5	8	30
Breakdown of this number by region (employees leaving employment)								
Number who are local employees (economic region in which the mine is located)	23	10	9	7	75	27	20	171

Notes:

- 1) At the Meadowbank mine we have a relatively high turnover rate amongst our employees coming from the local region around the mine. 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 and in many cases the employee leaving will later re-apply to come back to work.
- 2) At Pinos Altos we also have a relatively high rate of turnover due to the fact that there is a lot of competition for skilled labour between the mines in the area.

**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	Exploration
Are the following benefits offered to AEM full time employees – yes or no?							
Life insurance	yes	yes	yes	yes	Only SAEM personnel	yes	yes
Health care (additional to government-provided health care)	yes	yes	yes	yes	yes	yes	yes
Disability/Invalidity coverage	yes	yes	yes	yes	yes	yes	yes
Maternity/Paternity leave	yes	yes	yes	yes	yes	yes	yes
Retirement provision	yes	yes	yes	yes	yes	yes	yes
Stock ownership	yes	yes	yes	yes	no	yes	yes
Are the following benefits offered to AEM temporary employees – yes or no?							
Life insurance	yes	no	no	yes	Only SAEM personnel	no	no
Health care (additional to government-provided health care)	yes	no	no	yes	yes	no	no
Disability/Invalidity coverage	yes	no	no	yes	yes	no	no
Maternity/Paternity leave	no	no	no	yes	yes	no	no
Retirement provision	no	no	no	yes	yes	no	no
Stock ownership	yes	no	no	no	no	no	no
Are the following benefits offered to AEM part time employees – yes or no?							
Life insurance	no	no	no	yes	Only SAEM personnel	no	no
Health care	no	no	no	yes	yes	no	no
Disability/Invalidity coverage	no	no	no	yes	yes	no	no
Maternity/Paternity leave	no	no	no	yes	yes	no	no
Retirement provision	no	no	no	yes	yes	no	no
Stock ownership	no	no	no	yes	no	no	no

LA4 – Percentage of employees covered by collective bargaining agreements

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration
What percentage of AEM employees are covered by a collective bargaining agreement at this minesite?	0%	0%	0%	99.9%	0%	0%	0%

Notes:

1) At each of our mines, we have a collaboration committee consisting of employees from different areas of the mine who are elected to represent their co-workers. These representatives meet regularly with local mine management to discuss all issues of concern to employees including employment conditions, compensation, work schedules and procedures, equipment selection and grievances.

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

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration
At this minesite typically how many weeks notice would be given to employees prior to a significant operational change that could substantially affect them?	4 weeks	3–5 weeks	6 months	4 weeks	3–5 weeks	4 weeks or based on seniority years	2–5 weeks

MM4 – Number of strikes and lock-outs exceeding one week's duration, by country

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration
Total number of strikes and lock-outs that exceeded one week's duration during the reporting period, by country	nil	nil	nil	nil	nil	nil	nil

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	Exploration
Does this mine have a formal Health & Safety Committee with labour and management representation?	yes	yes	yes	yes	yes	yes	yes
What proportion of the workforce is represented on this committee?	100%	100%	100%	100%	100%	100%	75%

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	Exploration	Total
Number of fatalities in 2011	1	0	0	0	0	0	0	1
Number of lost-time accidents in 2011	17	3	5	25	1	16	11	78
Number of light duty accidents in 2011	30	4	13	1	18	48	11	125
Number of medical aid accidents in 2011	51	25	23	19	135	33	6	292
Person days lost in 2011 due to accident	2,070	15	473	237	476	819	100	4,190
Person days lost in 2011 due to occupational illness	2,121	128	0	3,367	1	0	0	5,617
Combined lost-time accident and light duty accident frequency (per 200,000 person hours)	4.20	1.93	6.17	3.94	0.95	5.16	5.03	3.21

**LA8 – Education, training, counseling, 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	Exploration
In 2011 did the mine provide training to assist workforce members prevent/ manage serious disease – yes or no?	yes	yes	yes	no	yes	yes	yes
Was this training given to:							
Employees	yes	yes	yes	–	yes	yes	yes
Employees' families	–	–	–	–	yes	–	–
Other members of the community	–	–	–	–	yes	–	–

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

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration
Is Health & Safety covered in any formal agreement with trade unions at this mine in 2011 – yes or no?	no	no	no	no	no	no	no

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

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration	Total
Total person hours devoted to training personnel at the mine in 2011	29,068	4,000	1,207	7,307	66,378	39,000	250	147,210
Average hours of training = Total hours devoted to training/Total number of employees (in hrs.)	37	17	6	12	68	18	8	24

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	Exploration	Total
Did the mine offer internal skills training programs at the mine in 2011?	yes	yes	yes	no	yes	yes	yes	
Did the mine have any apprenticeship training programs in place in 2011?	yes	no	no	no	yes	yes	yes	
If yes – how many apprenticeships were in place in 2011?	33	–	–	–	261	8	5	307
Did the mine offer any programs to help employees prepare for retirement in 2011 – yes or no?	yes	yes	yes	no	yes	yes	yes	

LA12 – Percentage of employees receiving regular performance and career development reviews

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration
What percent of all employees at this mine received regular performance and career development reviews in 2011?	30%	55%	20%	36%	40%	33%	73%

**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	Exploration
% of workforce at this mine who are male	95%	96%	97%	87%	88%	83%	77%
% of workforce at this mine who are female	5%	4%	3%	13%	12%	17%	23%
% of workforce at this mine in each of the following age groups (total should be 100%)							
< 30 years old	15%	10%	19%	20%	50%	24%	31%
30 to 50 years old	65%	70%	63%	65%	45%	47%	50%
> 50 years old	20%	20%	18%	15%	5%	29%	19%

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

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos (Pesos)	Meadowbank	Exploration
Average wages paid to all male employees at this site	\$79,448	\$80,646	\$100,040	\$57,780	MXN 139,463	\$66,245	\$66,019
Average wages paid to all female employees at this site	\$65,908	\$73,339	\$87,326	\$51,444	MXN 110,929	\$57,083	\$52,269
Ratio: Men avg salary/women avg salary	1.21	1.10	1.15	1.12	1.26	1.16	1.26

Notes:

1) Pinos Altos wages are stated in Mexican Pesos



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

AEM will not conduct business in places of high political risk or places where there are high instances of human rights abuses. As such, we have not felt the need to apply human rights clauses or screening to past significant investments agreements. We will continue to mine only in places where the instances of human rights abuses are low and places of low political risk and consequently AEM does not have plans to implement a human rights screening process. However, we will take such measures should the need arise.

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

We expect all potential business partners to adhere to the same stringent set of values that AEM holds itself to (as outlined in our code of business conduct). In the induction process, all contractors must agree to the terms laid out in the code of conduct. We are currently working on an “AEM Code of Sustainable Conduct” in which human rights will explicitly be covered. Once implemented, the “AEM Code of Sustainable Conduct” will also be incorporated into the inductions for both employees and contractors.

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	Exploration
Did this mine provide training to its employees in 2011 on human rights policies or cross-cultural awareness training – yes or no?	no	no	no	no	yes	yes	yes
If yes – how many hours of training were provided?	–	–	–	–	no data available	536	N/A
If yes – approximately what percentage of the workforce received this training?	–	–	–	–	0.0%	12.0%	90.0%

Notes:

Agnico-Eagle Mines does not record its training data for the exploration divisions at this time.

Aspect: Non-discrimination

HR4 – Total number of incidents of discrimination and actions taken

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration
In 2011 at this minesite were there any formal complaints of discrimination or harassment submitted by employees or contract employee – yes or no?	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)	–	–	–	–	–	–	–

Notes:

Agnico-Eagle Mines is currently in the process of updating some of its policies to include more explicit guidelines on human rights and discrimination. We ensure compliance with our current anti-discrimination policy in the Code of Business Conduct and Ethics throughout our operations with our whistleblower hotline. Each quarter, a report is submitted to the Audit Committee outlining the number of complaints received since the previous report.



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	Exploration
	Not at risk	Not at risk	Not at risk	Not at risk	Not at risk	Not at risk	Not at risk

Notes:

Agnico-Eagle does not operate in any jurisdictions where our employees' right to exercise freedom of association or collective bargaining is at significant risk. As such no actions plans have been required by the Company.

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	Exploration
	Not at risk	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	Exploration
	Not at risk	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	Exploration
At this mine what % of the mine's security personnel have received training in human rights policies, cross-cultural awareness?	0%	0%	0%	0%	no data available	16%	N/A

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	Meadowbank	Exploration
Operation adjacent or on Indigenous Peoples' territory	no	no	no	no	no	yes	–
Formal agreements in place	no	no	no	no	no	yes	–

Notes:

- 1) The Pinos Altos site is situated on collective lands (ejidos). Agreements with these land owners were signed prior to any activity on site.
- 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 and Benefit Agreement, a Water Compensation Agreement, a Commercial Land Lease and a Production Agreement that includes payment of royalties to the Inuit.

Aspect: Indigenous Rights

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

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration
In 2011 at this mine were there any reported incidents of violations involving rights of indigenous peoples – yes or no?	no	no	no	no	no	no	no
If yes – what actions were taken?	–	–	–	–	–	–	–



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.

MM6 – 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	Exploration
	none	none	none	none	none	none	none

Aspect: Corruption

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

In 2011, we conducted a Fraud Risk Assessment for AEM as a whole, company-wide. The risk assessment was based on interviews with individuals across many levels and at all the divisions as well as head office. Interviews were used to highlight potential scenarios that related to fraud and by extension, corruption. These scenarios were then assessed in terms of their likelihood, the impact (financial and in terms of reputation) and the inherent risk. From this we identified the relevant controls we have in place to determine the extent of the remaining risk. Recommendations were provided to address some of the relevant risks.

MM7 – 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	Exploration
	None required in 2011	None required in 2011	None required in 2011	None required in 2011	None required in 2011	None required in 2011	None required in 2011

MM8 – Number (and percentage) of company operating sites where artisanal and small-scale mining (ASM) takes place on, or adjacent to, the site; the associated risks and the actions taken to manage and mitigate these risks

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration
Operating sites where ASM takes place on, or adjacent to, the site as a number and as a percentage of the Company's total operating sites	none	none	none	none	none	none	none
Nature of the risks and the actions taken to manage and mitigate them	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**MM9 – Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process**

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration
Number of households involved in any resettlement program	none	12	none	none	none	none	none
Number of individuals impacted directly by resettlement or an informed estimate can also be reported	none	22	none	none	none	none	none
Consultation processes and measures put in place to re-establish the affected community, to mitigate any impacts of relocation, and the outcomes in terms of livelihoods, including sustainable land use	none	yes	none	none	none	none	none
Significant disputes related to resettlement and the processes employed to resolve outstanding issues	none	none	none	none	none	none	none

MM10 – Number and percentage of operations with closure plans

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration
Does this minesite have a completed closure & reclamation plan?	yes	yes	yes	yes	yes	yes	N/A
Has it been submitted to the regulatory authorities for approval?	yes	yes	yes	yes	yes	yes	N/A
Has the plan been formally approved by the regulatory authority?	yes	yes	no	yes	yes	yes	N/A

Notes:

1) At Lapa the closure plan was submitted in 2007. There is currently a lack of capacity at the Ministry of Natural Resources and given that it is a small site it was not given high priority.

MM10a – Significant incidents involving communities in which grievance mechanisms have been invoked to address them, together with their outcomes

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration
In 2011 were there any formal grievances submitted to the mine by local communities – yes or no?	no	no	no	no	yes	no	yes
If yes – please provide details about the grievance and actions taken to resolve the complaint	–	–	–	–	–	–	–

Notes:

1) At the Pinos Altos mine a grievance related to the Cahusori or Bravo Creek contamination and overexploitation of water was generated by an NGO from Cahusori and Basaseachi, supported by an NGO named Sierra Madre Alliance. Some meetings were held with the local NGO; inspections were carried out with the participation of both parties to the camp site and the creek. Several authorities conducted inspections but no changes were required of AEM.

**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	Meadowbank	Exploration
Were there any incidents affecting employees, communities or the environment that occurred at this mine in 2011 where the mine's emergency preparedness procedures were activated – yes or no?	no	no	no	no	no	yes	yes

Notes:

- 1) Limited fuel necessitated a shutdown of specific activities and a kitchen fire forced emergency evacuation.
- 2) On June 15, 2011 the exploration team reported a wildfire which was extended at NW of Cubiro camp. The mine rescue brigade attended, supported by Environment and Exploration departments to try and stifle off the fire. For security, next day the camp was evacuated, the G4 rig was moved off the drill pad and a 6m long trench was scooped out between the wildfire area and the camp. Shortly thereafter the wildfire was extinguished and the drill machine was relocated within a week.

S03 – Percentage of employees trained in organization's anti-corruption policies and procedures

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration
	100%	100%	100%	100%	100%	100%	100%

Notes:

- 1) All staff (salaried employees) receive 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.

S04 – Actions taken in response to incidents of corruption

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration
	None required in 2011	None required in 2011	None required in 2011	None required in 2011	None required in 2011	None required in 2011	None required in 2011

Aspect: Public Policy**S05 – 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 Quebec Mining Association, 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 Mexican Chamber of Mines. In Finland we are a member of the Association of the Finnish Extractive Resources Industry “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.

S06 – Total value of financial and in-kind contributions to political parties, politicians and related institutions by country

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration
Did the mine make any financial or in-kind contributions to political parties, politicians, or related institutions in 2011?	none	none	none	none	none	none	none

Aspect: Anti-Competitive Behaviour**S07 – Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes**

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration
	none	none	none	none	none	none	none



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	Meadowbank	Exploration
	none	none	none	none	none	none	none

GRI Product Responsibility Performance Indicators

M12 – Programs and progress relating to materials stewardship

AEM currently does not have any policies or procedures for improving efficiencies and sustainability throughout procurement, production, use and disposal processes. We expect all of our business partners to uphold themselves to the same standards as AEM does (as outlined in the code of conduct and business ethics and the code of sustainable conduct once it is an official AEM policy).

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 products and services 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 sell 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 Jewelry 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.

PR2 – Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration
The total number of incidents of non-compliance with the health and safety of products and services, broken down by incidents of non-compliance with regulations resulting in a fine or penalty	none	none	none	none	none	none	none
The total number of incidents of non-compliance with the health and safety of products and services, broken down by incidents of non-compliance with regulations resulting in a warning	none	none	none	none	none	none	none
The total number of incidents of non-compliance with the health and safety of products and services, broken down by incidents of non-compliance with voluntary codes	none	none	none	none	none	none	none



Aspect – Product and Service Labeling

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 labeling requirements are not relevant. We do provide information to the refiner receiving our doré on the contents and make up of our doré bullion.

PR4 – Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration
The total number of incidents of non-compliance with regulations concerning product and service information and labeling, broken down by incidents of non-compliance with regulations resulting in a fine or penalty	none	none	none	none	none	none	none
The total number of incidents of non-compliance with regulations concerning product and service information and labeling, broken down by incidents of non-compliance with regulations resulting in a warning	none	none	none	none	none	none	none
The total number of incidents of non-compliance with regulations concerning product and service information and labeling, broken down by incidents of non-compliance with voluntary codes	none	none	none	none	none	none	none

PR5 – Practices related to customer satisfaction, including results of surveys measuring customer satisfaction

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration
Organization-wide practices in place to assess and maintain customer satisfaction	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Results or key conclusions of surveys conducted that were related to the organization as a whole; a major product/service category or significant locations of operation	N/A	N/A	N/A	N/A	N/A	N/A	N/A



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 Jewelry Initiative.

PR7 – Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration
The total number of incidents of non-compliance with regulations concerning marketing communications, broken down by incidents of non-compliance with regulations resulting in a fine or penalty	none	none	none	none	none	none	none
The total number of incidents of non-compliance with regulations concerning marketing communications, broken down by incidents of non-compliance with regulations resulting in a warning	none	none	none	none	none	none	none
The total number of incidents of non-compliance with regulations concerning marketing communications, broken down by incidents of non-compliance with voluntary codes	none	none	none	none	none	none	none

PR8 – Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data

	LaRonde	Goldex	Lapa	Kittila	Pinos Altos	Meadowbank	Exploration
Total number of substantiated complaints received concerning breaches of customer privacy, categorized by complaints received from outside parties and substantiated by the organization	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total number of substantiated complaints received concerning breaches of customer privacy, categorized by complaints from regulatory bodies	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total number of identified leaks, thefts or losses of customer data	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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 2011 for non-compliance with laws and regulations concerning the provision and use of its products or services.



How are we measuring up?

AEM welcomes your comments and questions about our 2011 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

 facebook.com/agnicoeagle  twitter.com/agnicoeagle

FORWARD-LOOKING STATEMENT

The information in this report has been prepared as at April 15, 2012. Certain statements contained in this report constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 and forward-looking information under Canadian provincial securities laws. When used in this document, the words “anticipate”, “expect”, “estimate”, “forecast”, “planned” and similar expressions are intended to identify forward-looking statements and information.

Such statements include, without limitation: estimates of future mineral production and sales; estimates of future production costs, cash costs, minesite costs and other expenses; estimates of future capital expenditures and other cash needs; statements as to the projected development of certain ore deposits, including estimates of exploration, development, and other capital costs, and estimates of the timing of such development or decisions with respect to such development; estimates of reserves and resources, anticipated future exploration and feasibility study results; the anticipated timing of events with respect to the Company’s minesites; and other statements regarding anticipated trends with respect to the Company’s capital resources and results of operations. Such statements reflect the Company’s views as at the date this report was prepared and are subject to certain risks, uncertainties and assumptions. Many factors, known and unknown, could cause the actual results to be materially different from those expressed or implied by such forward-looking statements. Such risks include, but are not limited to: uncertainty of mineral reserve, mineral resource, mineral grade and mineral recovery estimates; uncertainty of future production, capital expenditures and other costs; gold and other metals price volatility; currency fluctuations; mining risks; and governmental and environmental regulation. For a more detailed discussion of such risks and other factors, see the Company’s Annual Information Form and Summary report on Form 20-F for the year ended December 31, 2011 as well as the Company’s other filings with the Canadian Securities Administrators and the U.S. Securities and Exchange Commission. The Company does not intend, and does not assume any obligation, to update these forward-looking statements.



TSX/NYSE: AEM

Agnico-Eagle Mines Limited
145 King Street East, Suite 400
Toronto, Canada M5C 2Y7
(416) 947-1212

www.agnico-eagle.com