



# MAKING A DIFFERENCE

2012 Corporate Social Responsibility Summary Report



# Message from Louise Grondin

SENIOR VICE-PRESIDENT, ENVIRONMENT AND SUSTAINABLE DEVELOPMENT



Throughout 2012, Agnico Eagle worked hard to make a significant and positive difference in the workplace and in the communities where we operate, all while delivering value to our shareholders. We also took important steps to further integrate our sustainable development program into all aspects of our business. Nowadays, to successfully manage our mining business, we need to not only reach our production and costs targets but to manage our human resources to their full potential, to ensure a healthy and safe workplace, to protect the environment and to secure and maintain social acceptability within our communities. The development and implementation of the Responsible Mining Management System (RMMS) will help us through the integration. Much work remains to be done but we are fully engaged on this path for continuous improvement.

## AGNICO EAGLE'S FIVE PILLARS

At Agnico Eagle, our efforts are supported by our Five Pillars: Trust, Respect, Equality, Family and Responsibility. These pillars define who we are and guide us in everything we do. They are a vital link to our history, central to our culture and an essential element in our success.

**TRUST**  
**RESPECT**  
**EQUALITY**  
**FAMILY**  
**RESPONSIBILITY**

This report summarizes Agnico Eagle Mines Limited's (AEM) 2012 Corporate Social Responsibility (CSR) Report. If you would like a more detailed review of our performance, please consult the full CSR report which is available online at [www.agnicoeagle.com](http://www.agnicoeagle.com). Our full report has been prepared in accordance with the Sustainability Reporting Guidelines (G3) developed by the Global Reporting Initiative (GRI), including mining industry specific indicators incorporated in the Mining and Metals Sector Supplement. It also reports on our performance under the Mining Association of Canada's (MAC) Towards Sustainable Mining (TSM) Initiative.

On the cover: Agnico Eagle employees are making a difference by helping us to integrate sustainability into all aspects and stages of our business.

All funds unless otherwise specified are reported in \$US.

# Agnico Eagle At-a-Glance

Agnico Eagle 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 lower risk regions.

In 2012, we set a new gold production record with strong performance from all of our mines. We also announced production decisions for the La India project in Mexico and to restart the Goldex mine in Quebec by developing satellite deposits, which will advance our near-term growth profile.

Agnico Eagle's mission is to run a high-quality, easy-to-understand business, which generates superior long-term per share returns for our shareholders, creates a great place to work for our employees, and is a leading contributor to the well-being of the communities in which we operate.

## OPERATING MINES

### Kittila

*Lapland, Finland*

Underground mine, northern Finland; by mid-2015, expansion of the mill will allow for mining throughput of 3,750 tonnes per day.

### Lapa

*Quebec, Canada*

Underground mine in Rivière-Héva, northwestern Quebec; current exploration focus is to extend mine life into 2016.

### LaRonde

*Quebec, Canada*

Underground mine in Abitibi region, Quebec (gold, silver, zinc, copper, lead); production and operating flexibility expected to improve in 2013, as the ramp-up continues at the lower mine.

### Meadowbank

*Nunavut, Canada*

Open pit mine in Nunavut Territory, northern Canada; operating performance improved significantly in 2012.

### Pinos Altos and Mascota

*Chihuahua, Mexico*

Open pit and underground mine with milling and heap leach operation, northern Mexico (gold, silver byproduct); southern production base continues to grow with sinking of an underground shaft.

## DEVELOPMENT PROJECTS

### La India

*Sonora, Mexico*

La India is under construction; the open pit heap leach operation is expected to achieve commercial production in 2014 with mine life of approximately nine years and annual gold production of 90,000 ounces.

### Meliadine

*Nunavut, Canada*

Advanced gold project located near Rankin Inlet, Nunavut Territory, northern Canada (300 kilometres from Meadowbank); updated study expected in 2014 while project permitting proceeds on schedule. Meliadine has the potential to be our largest single gold producer.

### Goldex

*Quebec, Canada*

Underground mine in Val-d'Or, Quebec. Mining operations were suspended indefinitely in late 2011.

Development of M and E satellite zones approved in July 2012 with first ore production expected in Q2 2014.

## EXPLORATION

### Exploration Offices

Vancouver, Canada; Chihuahua, Mexico; Kittila, Finland; Reno, USA; Val-d'Or, Canada

# 2012 Performance Summary

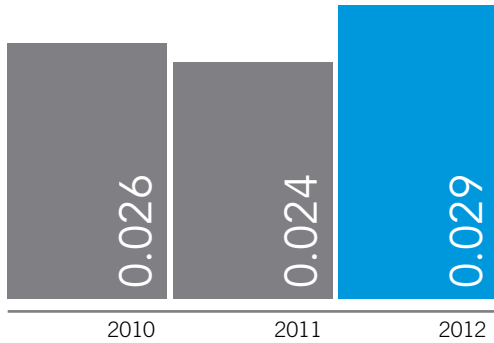
Agnico Eagle improved its performance during the year in the areas of health and safety, tailings management, and crisis management and preparedness. We also identified opportunities to improve our energy management and biodiversity conservation strategies as we move into 2013.

- We improved our overall health and safety performance, achieving a combined lost-time accident (LTA) frequency of 2.44, including contractors – substantially below our target rate of 3.3 and our lowest ever combined LTA rate. Our improved performance was the result of a concerted effort to strengthen our health and safety culture with more individual accountability and leadership, with the ultimate goal of a workplace with zero accidents.
- Our average greenhouse gas (GHG) intensity in 2012 was 0.029 tonnes of CO<sub>2</sub> equivalent per tonne of ore processed, compared to 0.024 in 2011.
- Our sites reduced the amount of water they consumed in 2012 by 6%, driven largely by improved water balances allowing better monitoring and follow-up.
- An Environmental Impact Statement for our Meliadine project was submitted to the Nunavut Impact Review Board in January 2013, the result of 18 months of intensive studies and assessments.
- We began implementing a formal Health, Safety, Environment and Social Acceptability Management System – a fully integrated management system known as the Responsible Mining Management System (RMMS) – which will assist us in fulfilling our commitments and responsibilities and improve performance.
- Following a review of our Code of Business Conduct and Ethics, Donations Procedure, Environmental Policy, and Health and Safety Policy, we developed a new Sustainable Development Policy which integrates people, health, safety, and environmental and social responsibility commitments.
- We updated and submitted closure plans for the LaRonde and Goldex mines, we received approval for the Bousquet and Lapa mine closure plans, and we completed extensive work at the Goldex site to control surface drainage in order to reduce the quantity of surface water infiltration and ground subsidence.

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 In 2012, Agnico Eagle celebrated a major milestone in our Company's history – we poured our millionth ounce of gold in a single year, setting a new annual gold production record of 1,043,811 ounces.  
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**Average Direct GHG Emission Intensity**  
(tonnes of CO<sub>2</sub> equivalent per tonne of ore processed)



Average GHG emission intensity for all of our operating mines was **0.029** compared to 0.024 in 2011 and 0.026 in 2010. The **increase** can be attributed to the fact that tonnages not produced at Goldex were replaced by additional production at Meadowbank, an operation relying exclusively on diesel fuel for electrical supply and production equipment.

**Water Use Intensity**  
(m<sup>3</sup> per tonne milled)



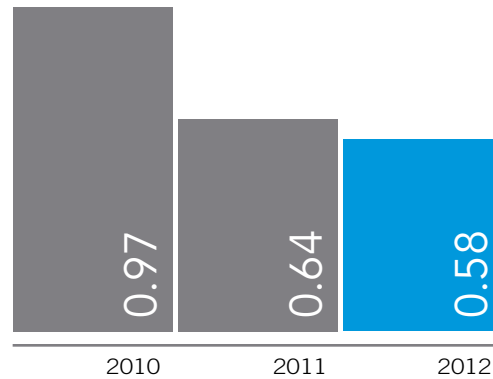
Our withdrawal and use of fresh water per tonne of ore milled from all sources averaged **0.38 m<sup>3</sup>**, down from 0.40 m<sup>3</sup> in 2011, and 0.52 m<sup>3</sup> in 2010, which represents a **6% reduction** over last year and reflects our continued efforts to improve overall water use intensity.

**Workforce Hired from the Local Community**



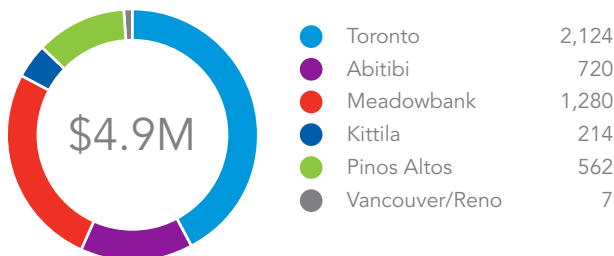
The proportion of the mine workforce hired locally is **81%** while the proportion of the mine management team hired locally is **71%**.

**Water Effluent Discharge Intensity from All Sources**  
(m<sup>3</sup> per tonne milled)



Our average water discharge intensity decreased from 0.64 m<sup>3</sup> per tonne of ore milled in 2011 to 0.58 in 2012, a **9% decrease**.

**2012 Community Investment by Division**  
(\$000s)



Economic value generated and distributed: Agnico Eagle invested **\$4.9 million** in communities in which we operate and provided over **\$363 million** in wages and benefits to our global workforce.

**Combined Lost-Time Accident and Light Duty Accident Frequency**



We improved our overall health and safety performance, achieving a combined lost-time accident (LTA) frequency of 2.44 – substantially below our target rate of 3.3 and our lowest ever combined LTA rate.

# Our Stakeholder Advisory Committee

INVESTING IN ENVIRONMENTAL AND SOCIAL RESPONSIBILITY INITIATIVES THAT MAKE A DIFFERENCE

We are determined to invest in environmental and social responsibility initiatives that make a difference and are strategically linked to the priorities and expectations of our stakeholders. Our Stakeholder Advisory Committee (SAC) helps us make those links and strengthens our existing stakeholder engagement activities.

The SAC provides us with constructive feedback from a diverse group of stakeholders. Members are independent stakeholders with expertise in sustainability, community development and disclosure and governance practices. With the SAC's guidance, we are building a focused sustainable development strategy that provides clear outcomes and rewards for both Agnico Eagle and the communities in which we operate. The Committee also reviews our social investment priorities and CSR and sustainability initiatives.

Since the SAC's inaugural meeting in 2011, we have implemented a number of recommendations including an updated Sustainable Development Policy, more targeted and transparent reporting, the transformation of the Health, Safety and Environment (HSE) Board Committee into the HSE/Sustainable Development Committee, and the development of our integrated Responsible Mining Management System (RMMS). For more information on our Stakeholder Advisory Committee please go to our website at [www.agnicoeagle-reports.com/responsibility/2012/](http://www.agnicoeagle-reports.com/responsibility/2012/).

The SAC also provided guidance on how we can help build capacity in the north and better understand the vision of our northern stakeholders.

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We aim to maintain a safe and healthy workplace that is based on mutual respect, fairness and integrity.  
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# CSR Achievements

## DEMONSTRATING LEADERSHIP AND INNOVATION IN THE WORKPLACE

Our employees help us to ensure that we operate in a safe and socially and environmentally responsible manner. Here are some of the recognitions, awards and certifications our team has recently received:

### Best 50 Corporate Citizens in Canada

In 2012, Agnico Eagle was ranked by *Corporate Knights* magazine as one of Canada's top 50 corporate citizens – defined as a company that fulfills its part of the social contract, while developing innovative solutions to the pressing social and environmental challenges of our time.

### Promoting Excellence

Agnico Eagle was the recipient of the Extra Award for Work and Study from the Rouyn-Noranda Chamber of Commerce and Industry. This award recognizes a company that provides support to its employees who want to further advance their academic standing by obtaining a degree and/or offers flexible work schedules during exam periods in order to promote success and retention.

### Socially Responsible Company

For the sixth 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.

### Equal Opportunity Employer

For the second time, Agnico Eagle'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. This certification is valid for two years.

### Silver Hard Hat

Pinos Altos won the "Silver Hard Hat" award at the 2012 annual safety awards of the Mexican Chamber of Mines, for maintaining the best safety statistics – by an underground mine with more than 500 workers – within the Mexican mining industry.

The Pinos Altos Mine Rescue Team also achieved a first place finish in the North Zone Mexican Mine Rescue competition on November 28, 2012.

### 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). This certificate, obtained following a rigorous audit, recognizes the excellence of environmental management at Pinos Altos.

### 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.

### Excellence in Governance and Reporting Practices

Agnico Eagle's CEO Sean Boyd was recognized for Best Investor Relations by a CEO (mid-cap) by *IR Magazine Canada* at its 2013 IR Awards ceremony.

# Responsible Mining

## PROMOTING A CULTURE OF ACCOUNTABILITY AND LEADERSHIP

We are working to integrate sustainability into all aspects and stages of our business – from our exploration and acquisition activities to our operating and site closure plans. We believe this integration will make a difference in the way we operate.

In 2012, we began implementing a formal Health, Safety, Environment and Social Acceptability Management System – a fully integrated management system we call the Responsible Mining Management System (RMMS). The aim of RMMS is to further promote a culture of accountability and leadership that encourages our employees to continuously improve their skills as well as our sustainability performance. The system will be consistent with the ISO 14001 Environmental Management System and the OHSAS 18001 Health and Safety Management System. It will also integrate other industry standards such as the Mining Association of Canada TSM Initiative and the Cyanide Management Code.

As we move into 2013, we are increasing cooperation within and between our operating divisions through the use of our newly retooled intranet, to ensure that the experience and skills of our health, safety, environment and community relations teams are used to their full potential. This will help in strengthening our focus on responsible mining and our culture of care, making a difference in the way we operate and interact with our communities.



We believe that all losses due to accident are preventable and that if we work together, we can achieve zero accidents in the workplace, enhancing the well-being of employees, contractors and communities.





We are committed to improving our sustainability performance and holding ourselves accountable for achieving key performance targets. The following table tracks our performance against our stated goals.

## 2012 PERFORMANCE

Performance Targets	2010 Performance	2011 Performance	2012 Performance	2013 Target
Lost-Time Accident Frequency	3.32	3.21	2.44	2.8
Water Use Intensity	0.52 m <sup>3</sup>	0.40 m <sup>3</sup>	0.38 m <sup>3</sup>	0.39 m <sup>3</sup>
Environmental Spills	No category 3, 4 or 5 environmental incidents	No category 3, 4 or 5 environmental incidents	No category 3, 4 or 5 environmental incidents	Report 100% of spills
GHG Emission Intensity	0.026	0.024	0.029	0.025
Towards Sustainable Mining	Self-assessment completed	Self-assessment completed	Integrated into RMMS planning	To achieve a Level A in each protocol

We obtain our targets by averaging the best two of the last three years' performance results.



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We are committed to creating value for our shareholders by operating in a safe and socially and environmentally responsible manner.

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# Making a Difference in Health and Safety

OUR COMBINED LOST-TIME ACCIDENT FREQUENCY DECREASED BY 24% TO 2.44 IN 2012

One of Agnico Eagle'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. Our improved health and safety performance in 2012 was the result of a concerted effort to strengthen our health and safety culture with more individual accountability and leadership, with the ultimate goal of a workplace with zero accidents.

In 2012, we achieved a combined lost-time accident (LTA) frequency of 2.44 – substantially below our target rate of 3.3 – and a 24% reduction from last year's combined LTA frequency of 3.21. This is the lowest combined LTA rate we have ever achieved, and to do so in the same year we set record levels of production is a remarkable outcome.

A key factor in our improved performance was the extensive training all members of our workforce received on the "supervisory formula" and its main tool – the work card – which engages everyone in looking after their own safety, and that of the people around them. It also encourages safety planning discussions and follow-ups.

Our long-term goal is to strengthen our health and safety culture with more individual accountability and leadership to reach the ultimate goal of a workplace with zero accidents. For 2013, our corporate objective is to achieve a combined LTA rate of 2.8 – which is an average of the best two of the last three years' performance results. Another key objective for 2013 is to select performance indicators that will demonstrate a consistent improvement in Agnico Eagle's safety management program.

## RISK MANAGEMENT

In January 2012, Agnico Eagle identified naturally occurring asbestos fibres in the dust samples taken from the secondary crusher building at the Meadowbank mine. The Company has determined that these naturally occurring asbestos formations are being found in small areas of the ore zone, in some areas of the Goose and Portage open pits.

Agnico Eagle is taking the appropriate measures to protect our employees by reducing the levels of dust that may contain asbestos and by providing appropriate personal protective equipment (PPE), personal hygiene facilities and training. The Company has also instituted engineered controls, changed work practices, implemented personal hygiene protocols and provided training to control dust containing asbestos and prevent its spread to non-affected areas.

Agnico Eagle's asbestos management program enables the Company to safely manage the issue within applicable Nunavut asbestos regulations and industry standards.

In 2012, formal risk assessments were performed at each of our four Canadian operations (Goldex, Lapa, LaRonde and Meadowbank) to identify major risks. The results of these assessments will be included in the risk register that will be created with the implementation of the RMMS, and action plans will be drawn to mitigate the identified risks.



“  
Our own attitude makes a difference in health and safety. It is not enough to have good up-to-date work and safety procedures, we need to follow them.  
”

JANI JAUHOJÄRVI,

TRAINING COORDINATOR AND HEAD OF THE VOLUNTEER FIRE DEPARTMENT, KITTILO MINE, FINLAND

Fighting fires and rescuing people injured in traffic accidents isn't a regular "day at the office" for members of Kittila's mine rescue team. But on any given day, more than 10 of our employees are putting their emergency response skills to the test in real-life emergency situations as members of their local volunteer fire departments. According to Jani Jauhojärvi, Training Coordinator and Head of the Volunteer Fire Department at our Kittila mine in Finland, "We want to make a difference in our community but the benefit really goes both ways. By taking on these volunteer roles, our employees are often managing real-life crisis situations, which sharpen their skills and improve their overall level of health and safety preparedness on the job too. If a good chain has even one weak link, the result can be a disaster. That's why being prepared and teamwork are two of the most essential elements of any solid health and safety program."



**33%**  
reduction

In 2012, the Kittila mine achieved a 33% reduction in its combined lost-time accident (LTA) frequency of 2.60 (from 3.94 in 2011).

**MAKING A DIFFERENCE BY DEMONSTRATING ACCOUNTABILITY AND LEADERSHIP IN THE WORKPLACE**

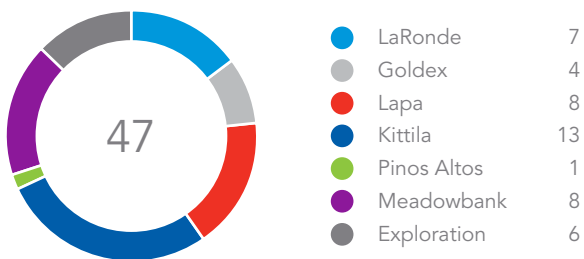
Recently, 15 of our Quebec-based supervisors from the LaRonde, Lapa and Goldex mines were recognized by the Quebec Mining Association (AMQ) for achieving more than 50,000 hours supervised without any compensable accidents on their work teams.

Michel Bédard, a Mechanical Supervisor at LaRonde who was also recognized by the AMQ for achieving 100,000 hours without a compensable accident, says there are a number of factors at play in achieving a consistently strong safety performance. "A good health and safety program must be rigorous and must be based on immediacy. At Agnico Eagle, everything we do emphasizes the importance of health and safety – it is a value firmly rooted in the Company."

Stéphane Comeau, an Electrical Supervisor at Lapa, agrees. "What makes a difference at Agnico Eagle is that health and safety is a value deeply rooted in the heart of management as well as employees. It is always front and centre in any communications we receive. Employees cannot help but notice how important it is for the Company."

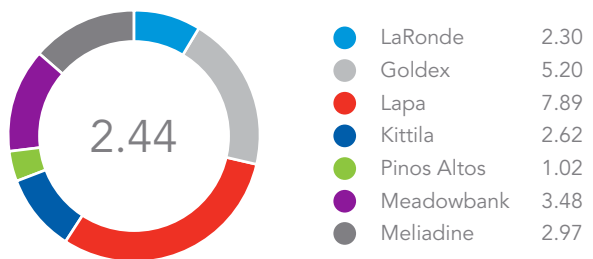
For Daniel Collin, a Mine Supervisor at Goldex, what makes a difference in terms of accountability and leadership is ensuring everyone understands what is expected of them. "My role is to promote the organization's values in health and safety, to ensure that my employees apply the principles and standards established by the organization and to be coherent in the way I manage health and safety. In 2013, my objective is to exert leadership, give clear instructions on what is expected and to promote the value of a safe and risk-free workplace."

**Number of Lost-Time Accidents**



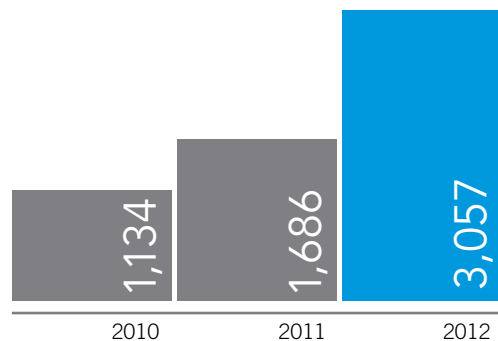
AEM recorded a total of **47 lost-time accidents** (2011 – 78).

**Combined Lost-Time Accident and Light Duty Accident Frequency**

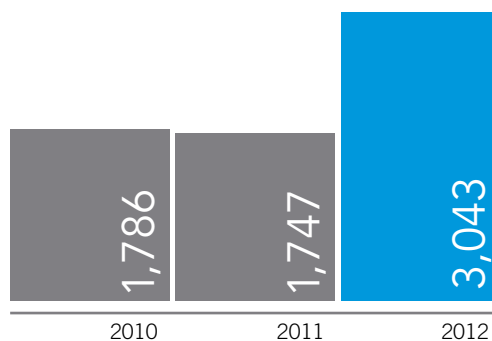


AEM recorded a **2.44 combined lost-time accident and light duty accident frequency** (2011 – 3.21).

**Total Number of Workplace Health and Safety Inspections and Audits Carried Out**



**Number of Formal Safety Meetings with Employees**



# Making a Difference in the Environment

**OUR SITES REDUCED THE AMOUNT OF WATER THEY CONSUMED PER TONNE OF ORE MILLED BY 6% IN 2012, DRIVEN LARGELY BY IMPROVED WATER BALANCES ALLOWING BETTER MONITORING AND FOLLOW-UP**

We aim to minimize the effects of our operations on the environment and maintain its viability and its diversity. Each of our operations is required to identify, analyze and manage its environmental risks and to work in a transparent manner with local stakeholders.

## ENERGY USE

### Total Electricity Consumed

Our total electricity consumed from the grid decreased from 728 million kWh in 2011 to 681 million kWh in 2012, a reduction of approximately 6%. The decrease was due to the shutdown of the Goldex operation (consumption at Goldex fell from 106 million kWh to 28 million kWh). However, increased production at our other divisions, to compensate for the production loss at Goldex, offset most of this reduction leading to a net reduction of 47 million kWh. The overall amount of electricity generated and consumed at the Meadowbank and Pinos Altos/Mascota sites decreased by 4%, from 860 GWh in 2011 to 828 GWh in 2012.

### Greenhouse Gas Emissions

We monitor direct and indirect greenhouse gas (GHG) emissions on a monthly basis 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 2012, Agnico Eagle's total overall GHG emissions (direct and indirect) were 364,795 tonnes, a 7% increase from 339,915 tonnes in 2011. In 2012, our average direct GHG emission intensity (the tonnes of CO<sub>2</sub> equivalent per tonne of ore processed) for all of our operating mines was 0.029, compared to 0.024 tonnes in 2011 and 0.026 tonnes in 2010. This increase is due to the increased production from Meadowbank where all electricity is generated by diesel.

In 2013, with the operating focus at each of our mines on cost control, energy management will play a key role. Energy reduction initiatives are often led by our employees, who regularly identify small incremental steps that can be taken to improve overall energy performance. Since many of our mines are fairly new, energy reduction through equipment renewal will be minimal – instead, any major improvements will likely be a result of employee energy management behaviour.

## 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. Our focus is on maximizing the amount of water we recirculate and minimizing the quantity of new water we bring into our facilities. We also manage all surface water at our sites to divert "clean" or unimpacted precipitation runoff – snowmelt 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.

*Note: Goldex data is reported in the total emissions and uses categories but is not included in the calculation of intensity because there was no production in 2012 and activities at the mine were mostly restricted to care and maintenance, remediation and exploration drilling.*

### Effluent Discharge

The total volume of effluent discharged from all of our mining operations in 2012 was 7.2 million m<sup>3</sup> down from 8.9 million m<sup>3</sup> in 2011, a 20% decrease due in part to the shutdown of Goldex and in part to the completion of dewatering at Meadowbank. The water discharge intensity decreased from 0.64 m<sup>3</sup> per tonne of ore milled in 2011 to 0.58 m<sup>3</sup> in 2012, a 9% decrease.

### Waste Management and Tailings

In 2012, our mining operations generated 52.9 million tonnes of waste rock compared to 51.7 million tonnes in 2011. The slight 2% increase is a balance between the decrease in waste rock production at Kittila (down 62%) and Pinos Altos (down 14%), as the pits are getting deeper requiring less excavation to reach the ore, and the 40% increase at Meadowbank related to a backlog in waste rock stripping. A total of 9.6 million tonnes of mill tailings were produced in 2012, compared to 10.9 million tonnes in 2011. This reduction is attributed to the fact that Goldex did not operate in 2012. About 1.1 million tonnes of tailings were returned underground as backfill in 2012, about the same quantity as in 2011.

### Incidents and Compliance

In 2012, Agnico Eagle received no notices of infraction at any of our minesites. Meadowbank did, however, record one exceedance of nitrate concentration in its effluent, which has since been resolved, and also exceeded the quantity of fresh water withdrawal specified in its permit.

The Kittila mine exceeded the quantity of water it is allowed to discharge to the environment, due to an error in the interpretation of the receiving river flow which determines the quantity that can be discharged.

At the end of September 2012, the Creston Mascota heap leach was shut down following movement of material on the pad. The event, still under investigation, was reported to the authorities but did not result in any environmental contamination.

Our employees are encouraged to report all environmental spills and incidents, no matter how small, so they can be properly investigated and mitigation measures can be put in place to minimize damage and prevent any reoccurrence. In 2012, 162 spills were reported, compared to 138 in 2011 and 135 reported spills in 2010. Of these incidents, five occurred outside our mine boundaries, with only one involving a large volume (approximately 500 m<sup>3</sup>). This incident occurred during the spring thaw at LaRonde when water overflowed a small drainage collecting basin because of a pump failure. No impact from this incident was recorded.

We believe these higher numbers are more an indication of our improved tracking and reporting capabilities than an actual increase in spill events. With the continued use of Intalex as a reporting tool, and the accompanying emphasis on reporting incidents to improve performance, we expect the number of reported spills to continue to increase in 2013.

“ We aim to minimize the effects of our operations on the environment and maintain its viability and diversity. ”





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**At Agnico Eagle we're always looking for better alternatives – I think we are pioneers in that respect. It isn't enough to do what is required by law or local regulations; we want to see actual results, and to me, this is the definition of sustainability.**

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**ERNESTO ARMENDARIZ**

ECOLOGICAL ENGINEER, PINOS ALTOS, MEXICO

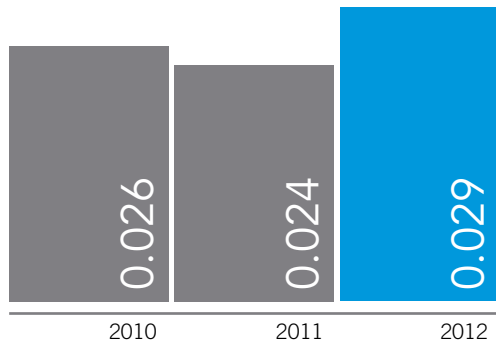
For Ernesto Armendariz, making a difference is about never giving up – especially on land restoration projects that can produce real and positive results for both the environment and for Agnico Eagle. The pine forest in the Pinos Altos–Mascota region has been exceptionally preserved – with little deforestation – but during the rainy season, soil degradation is a potential problem. The environmental team has established a restoration technique they developed to help mitigate soil erosion. Using a special mesh used in orchards, the technique is to build tubes that are filled with chipped wood residues. A series of these tubes are placed horizontally along steep slopes to stabilize soil, retain moisture and allow seedlings to take root. This technique improved performance and saved costs. The team has been able to achieve a 95% survival rate for tree plantings, which is much greater than the 70% rate expected with conventional methods.



**130,000**  
**seedlings**

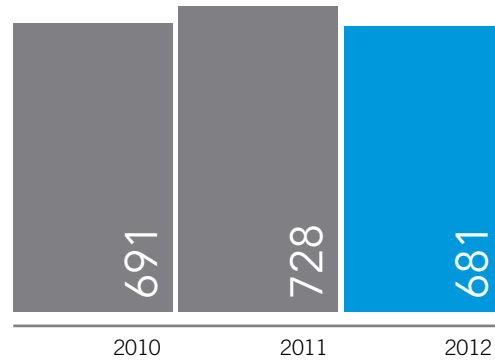
The new greenhouse at Pinos Altos can produce approximately 130,000 seedlings of native pine species each year which are planted with a 95% survival rate.

**Average Direct GHG Emission Intensity**  
(tonnes of CO<sub>2</sub> equivalent per tonne of ore processed)



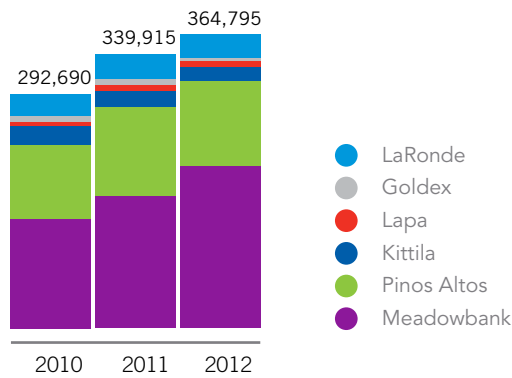
Average GHG emission intensity for all of our operating mines was **0.029** compared to 0.024 in 2011 and 0.026 in 2010. The **increase** can be attributed to the fact that tonnes not produced at Goldex were replaced by additional production at Meadowbank, an operation relying exclusively on diesel fuel for electrical supply and production equipment.

**Electricity Consumed from the Grid**  
(millions of kWh)



Our total electricity consumed decreased from 728 million kWh in 2011 to **681 million kWh** in 2012, a **reduction of approximately 6%**.

**Total GHG Emissions by Site**



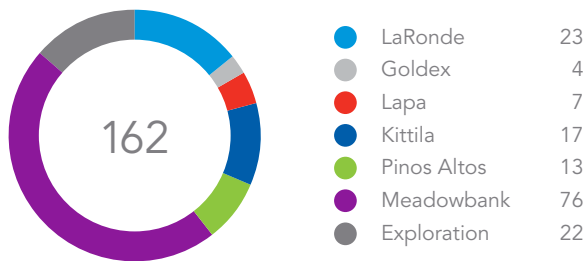
Total GHG emissions (direct and indirect) were **364,795 tonnes** in 2012, a **7% increase** from 339,915 tonnes in 2011, due to the increase production at Meadowbank.

**Natural Gas Consumption**



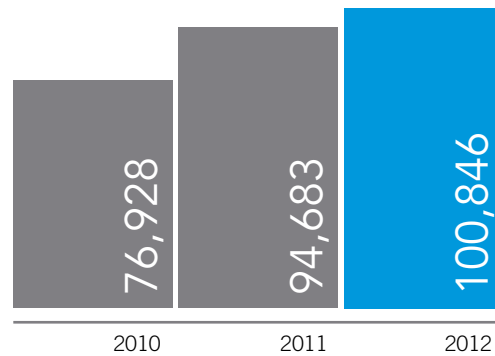
Natural gas usage **decreased by 13%** in 2012 compared to 2011, in part because of the suspension of mining at Goldex and in part because of better control.

**Total Number of Significant Spills\***



\*A significant spill is anything above 100 litres.

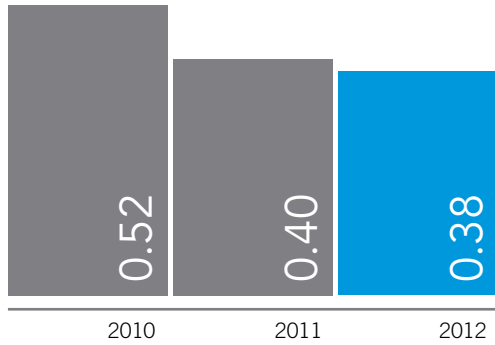
**Diesel Consumption**  
(000s of litres)



Diesel fuel consumption **increased by 7%** from 95 million litres to **100 million litres**.



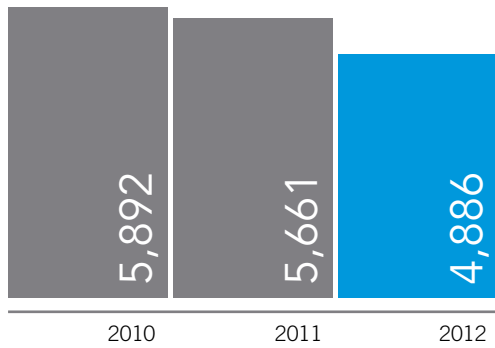
**Fresh Water Use Intensity from All Sources**  
(m<sup>3</sup> per tonne milled)



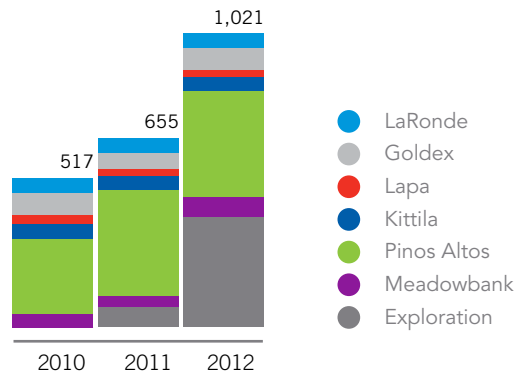
**6%** reduction

Our water withdrawal and use intensity (fresh water from all sources) was **0.38 m<sup>3</sup> per tonne of ore milled** down from 0.40 m<sup>3</sup> per tonne of ore milled in 2011, and 0.52 m<sup>3</sup> in 2010, which represents a **6% reduction** and reflects our continued efforts to improve overall water recirculation.

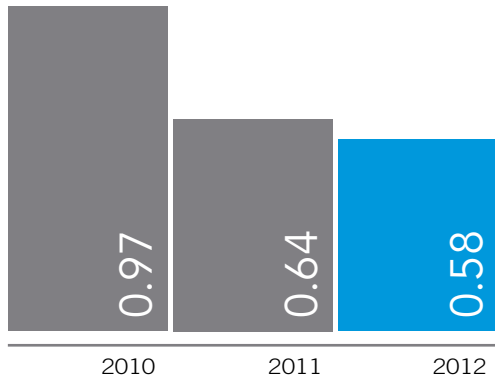
**Total Volume of All Fresh Water Used for All Mine Uses**  
(000s of m<sup>3</sup>)



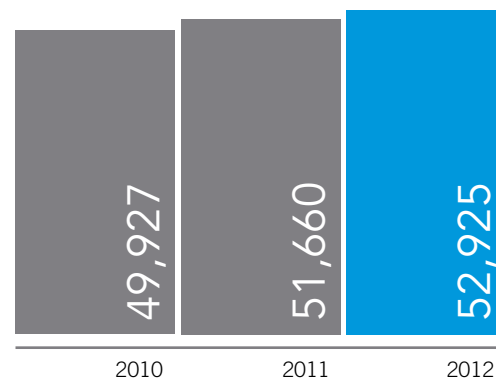
**Number of Inspections Carried Out by Site**



**Water Effluent Discharge Intensity from All Sources**  
(m<sup>3</sup> per tonne milled)



**Volume of Waste Rock Produced**  
(000s of tonnes)



Our average water discharge intensity decreased from 0.64 m<sup>3</sup> per tonne of ore milled in 2011 to 0.58 in 2012, a **9% decrease**.

# Making a Difference with Our Employees

81% OF OUR EMPLOYEES COME FROM THE REGION SURROUNDING THE MINES

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. We believe that this approach will help 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.

## 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 continue to provide training that enhances employees' personal and career development opportunities. We place a particular emphasis on health and safety training, to ensure that our employees are achieving Agnico Eagle's workplace health and safety standards. Our exploration employees receive regular first-aid training so that they can take appropriate actions in the event of an accident.

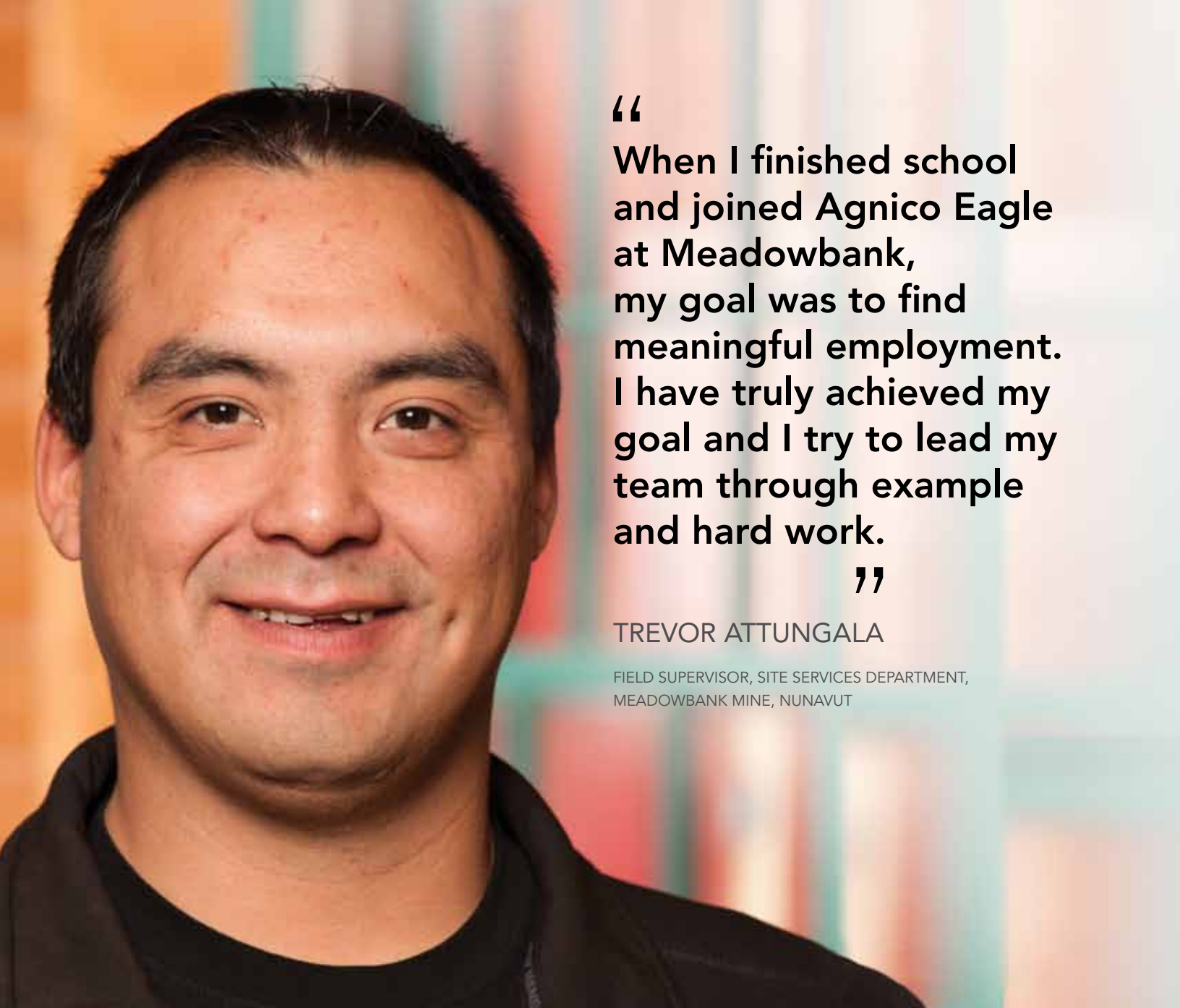
## MAXIMIZING LOCAL EMPLOYMENT

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.

In Mexico, we have virtually achieved this goal. Today, more than 99.9% of the Pinos Altos workforce is from Mexico. The majority of people are hired from northern Mexico, with 65% of the workforce coming from the northern states of Chihuahua, Sonora and Sinaloa – most of whom are drawn directly from local communities within a 10-kilometre radius of the mine.

In northern Canada, we have modified our approach to focus on the creation of sustainable jobs and careers in mining for the Inuit population. We are working on the establishment of work readiness programs for new recruits and on career path planning for our Inuit workforce. This approach will be the basis for the training component in our ongoing IIBA (Inuit Impact and Benefit Agreement) negotiations for the Meliadine project. Approximately 32% of our local mine workforce is drawn from Inuit of the Kivalliq region of Nunavut.

We have also made a substantial three-year investment in Mining Matters' Aboriginal Education and Outreach Programs to help demonstrate to young people that there are interesting jobs, careers and a future for them in the north – and that the mining industry can be a key source of those opportunities.



“

When I finished school and joined Agnico Eagle at Meadowbank, my goal was to find meaningful employment. I have truly achieved my goal and I try to lead my team through example and hard work.

”

TREVOR ATTUNGALA

FIELD SUPERVISOR, SITE SERVICES DEPARTMENT,  
MEADOWBANK MINE, NUNAVUT

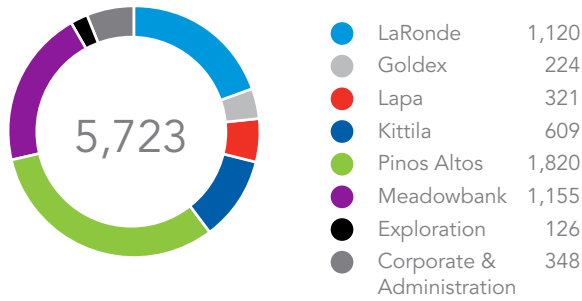
Trevor Attungala, 31, graduated from the Community Aerodrome Radio Station training program in 2003, joined the Agnico Eagle team in May 2009, and was promoted to a Leader position in the Site Services department in April 2011. His determination, leadership and other work skills led him to become Agnico Eagle's first Inuit supervisor at Meadowbank when he was promoted to the role of Field Supervisor in June 2011.



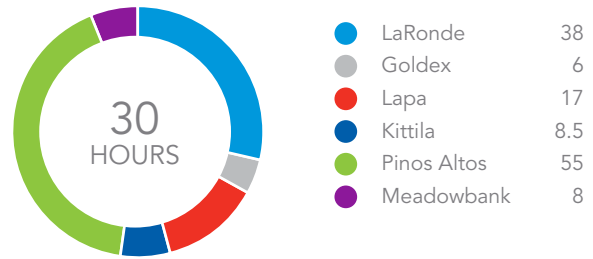
**32%**  
local hires

Currently, approximately 32% of our Meadowbank mine workforce is drawn from the seven communities in the Kivalliq region of Nunavut.

**Total Workforce by Region**



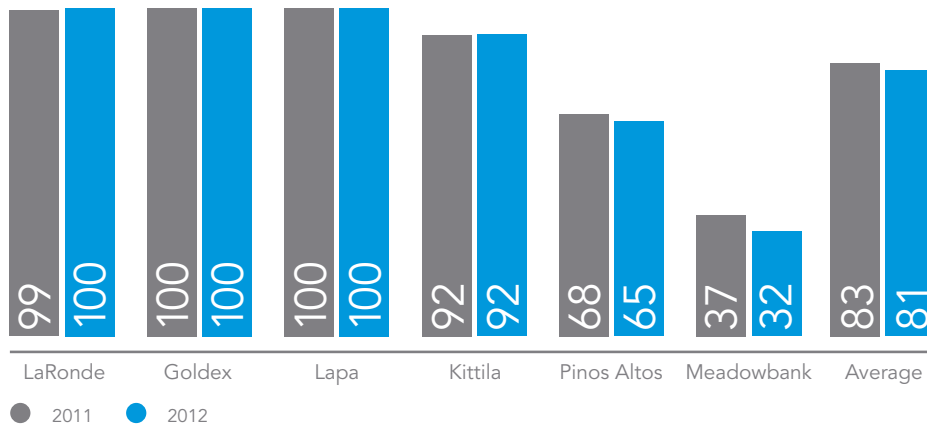
**Average Hours of Training per Employee**



Agnico Eagle employed a total of **5,723 people** in 2012 (permanent employees and contractors), up from 5,049 in 2011 and 4,782 in 2010.

The amount of training provided to each of our employees averaged **30 hours** in 2012.

**Workforce Hired from the Local Community**  
(percent)



The proportion of the mine workforce hired locally is **81%**, while the proportion of the mine management team hired locally is **71%**. Note that in Mexico, we consider local any employee coming from Chihuahua or Sonora State. In actual fact, 99.9% of our workforce is from Mexico.

“  
We aim to contribute to the social and economic development of sustainable communities associated with our operations.  
”



# Making a Difference in Our Communities

**IN 2012, WE PAID \$243 MILLION IN TAXES TO ALL LEVELS OF GOVERNMENT, INVESTED \$4.9 MILLION IN THE COMMUNITIES IN WHICH WE OPERATE AND PROVIDED OVER \$363 MILLION IN WAGES AND BENEFITS TO OUR GLOBAL WORKFORCE**

We believe the biggest contribution we can make to the well-being of the communities in which we operate is through the creation of long-term employment opportunities and the provision of economic development opportunities.

## **GENERATING EMPLOYMENT AND ECONOMIC BENEFITS**

In 2012, Agnico Eagle paid \$363 million in global employee compensation, up from \$308.8 million in 2011. Through the payment of wages and benefits, we contributed approximately \$162 million to the economy of the Abitibi region of Quebec, Canada; \$33 million to the economy of Finland; \$91 million to the economy of Nunavut, Canada; and approximately \$31 million to the economy of Chihuahua State in Mexico.

## **TAX AND ROYALTY PAYMENTS**

We increased our level of disclosure on tax payments to governments during the year, providing details for payments by type, by country and by business unit in order to highlight our economic contribution to public finances. Although we do not measure the direct and indirect economic impact of employee wage spending on local goods and services, it is an important factor in Agnico Eagle's overall contribution to our host economies.

In 2012, we made various payments in taxes and royalties to governments at all levels totalling US\$243 million. Of that amount, \$87 million was paid in taxes and royalties in Quebec, Canada; \$44 million in taxes and royalties to the economy of Nunavut, Canada; \$42 million in taxes and royalties to the economy of Finland; and approximately \$70 in taxes and royalties to the economy of Mexico. Tax contributions to governments comprised 13% of our gross revenue in 2012.

## **BUYING LOCALLY**

Agnico Eagle prefers to buy 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. Local suppliers must still meet the same criteria that all potential suppliers must meet in order to do business with our Company. We continued to make steady progress in 2012 toward increasing the overall level of local spending at our minesites.

## **MAKING A DIFFERENCE IN OUR COMMUNITIES**

In 2012, we began re-evaluating our community investment program to ensure it is more targeted and sustainable over the long term and that each of our operating communities is able to gain the maximum benefits from economic development in their region, even after mining ceases. Our goal is to provide both Agnico Eagle and our host communities with maximum returns on our investments in strategic health, education and capacity-building initiatives.



“  
With Agnico Eagle’s support, we’ve come a long way. Now, we are ready to take on more work – the more work the better!  
”

MARTA MONTEA PONCE

MANAGER OF THE SEWING CO-OPERATIVE WORKSHOP,  
EL PERICO, MEXICO

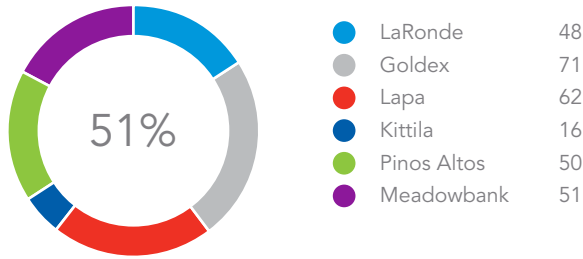
Agnico Eagle Mexico is making a difference to small businesses in the region by encouraging and often investing in economic development projects that help diversify the local economy. In the community of El Perico, Agnico Eagle Mexico is supporting the start-up of a sewing co-operative by providing the training and the fabric the co-op needs to make its first clothing samples. The sewing co-operative currently employs 11 seamstresses. They are attending training classes at the Training Institute for Chihuahua State Labor, sponsored by Agnico Eagle Mexico, to improve their design and technical skills. A win-win for both the broader community and Agnico Eagle alike, the co-op has become a model for the development of a similar program in Arviat, Nunavut. Agnico Eagle’s Meadowbank mine in Nunavut has signed up with the Kiluk sewing workshop in Arviat to provide the Company with a range of commercial sewing services, including repairs to work wear.



**\$11.3**  
million

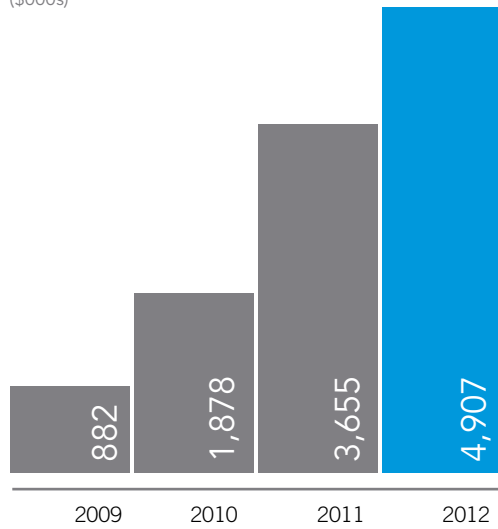
Since 2009, AEM has contributed over \$11.3 million to various health, education and community organizations and initiatives.

**Proportion of Spending with Locally Based Suppliers**  
(percent)



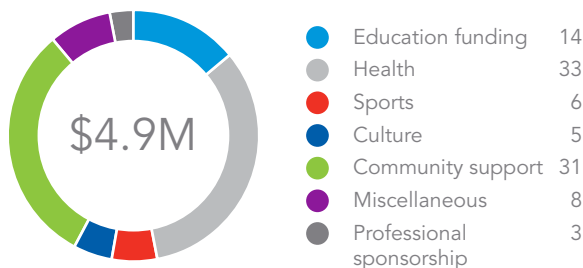
The proportion of spending on locally based suppliers and contractors averaged **51%**.

**Community Investments**  
(\$000s)

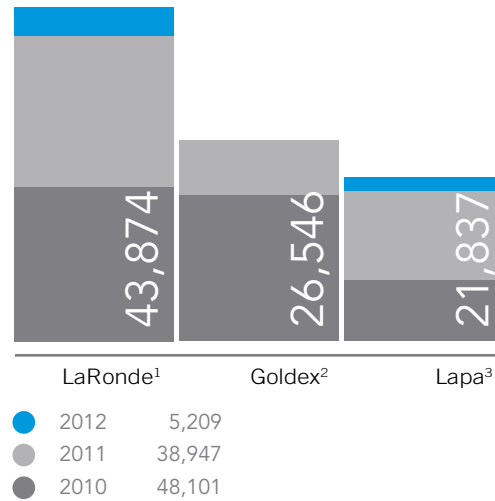


Since 2009, AEM has contributed over **\$11.3 million** to various health, education and community organizations and initiatives.

**2012 Community Spending by Category**  
(percent)

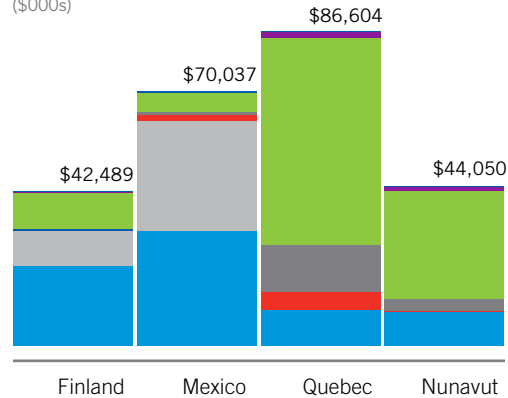


**Quebec Royalties Paid on a Mine by Mine Basis**  
(\$000s)



<sup>1</sup> In 2012 tax credits deferred from the significant investment made in LaRonde extension project.  
<sup>2</sup> Mining activities at Goldex were suspended in 2012.  
<sup>3</sup> Applied tax from investment in Lapa processing infrastructure in 2012.

**2012 Payments to Government**  
(\$000s)



- Deferred tax
- Current tax
- Government royalties and mining taxes
- Payroll taxes (paid by employer)
- Payroll taxes (paid by employee)
- Municipal taxes
- Rent (mining leases and claims)

Agnico Eagle paid taxes totalling **\$243 million** to all levels of government.



# AGNICO EAGLE

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