



AGNICO EAGLE

2016 SUSTAINABLE DEVELOPMENT SUMMARY REPORT

Proud
of Our
Past



Engaged
in Our
Future



About this Report

The 2016 Sustainable Development Report marks the eighth year that Agnico Eagle Mines Limited ("Agnico Eagle" or the "Company") has produced a detailed account of our economic, health, safety, environmental and social performance. This report covers the period from January 1 to December 31, 2016. It is intended to give stakeholders a better understanding of how the Company manages the challenges associated with our health, safety, environmental and social risks.

This report has been prepared in accordance with the Sustainability Reporting Guidelines (G4) developed by the Global Reporting Initiative (GRI), including mining industry specific indicators incorporated into the Mining and Metals Sector Supplement. It also describes performance under the Mining Association of Canada's (MAC) Towards Sustainable Mining (TSM) Initiative.

The Canadian Malartic mine (50% Agnico Eagle) sustainable development performance is reviewed in a separate report that can be found on the website canadianmalartic.com.

Unless otherwise specified all funds are reported in USD and all information in this report is as of December 31, 2016.



On the cover:
Celebrating 60 Years of Excellence

Over the past 60 years, Agnico Eagle has undergone a remarkable transformation – from our earliest days as a small silver producer into one of the largest gold companies in the world operating on two continents. To learn more about our mining roots, please visit agnicoeagle.com/English/60th-anniversary

Pictured on the cover:
Proud of Our Past – Employees of Agnico Mines Limited pour silver doré at the refinery in Cobalt, Ontario.

Engaged in Our Future – Employees at Agnico Eagle's Pinos Altos mine in Chihuahua State, Mexico tend young pine seedlings for reforestation projects.

Pictured on the back cover:
Ruth Ann Scott, Geologist, Meliadine Project.

We invite your comments and questions about this report. To learn more, please visit our website at www.agnicoeagle.com or send us an email at SD@agnicoeagle.com.

Contents

About this Report	2
A Message from Our Senior Vice-President	2
Our Approach to Sustainable Development	3
Agnico Eagle At-a-Glance	4
2016 Performance Summary	5
2016 Performance Review	
– Health and Safety	6
– Environment	8
– Our Employees	10
– Our Communities	14
– Economic Value	17
Governance	19



LOUISE GRONDIN
Senior Vice-President,
Environment, Sustainable
Development and People

A Message from Our Senior Vice-President

In 2017, Agnico Eagle is celebrating a remarkable milestone in its corporate history – operating for 60 years as a precious metals company. We are proud of our accomplishments – from our humble beginnings in Cobalt, Ontario to the multi-mine, multi-country entity we have become. Over the years, we have forged a strong company culture where everybody contributes to our success in good times and helps shoulder the burden during down times. This culture will be an important ingredient to the future success and growth of our company – there are exciting times ahead for Agnico Eagle.

Defining a company culture is challenging because it ultimately lies in the hearts of the thousands of men and women who come to work every day and respond to the opportunities and challenges we face. In 2016, however, we did just that. We put into words the "Agnico way", refining them into the ABCs of Agnico Eagle's management style – anchored in our corporate values (respect, family, responsibility, equality and trust) and based on a collaborative management style and straightforward approach to business.

The "Agnico way" has a strong influence on our sustainable development performance. With a culture of respect and trust, stakeholders become partners with whom you want to develop long-term relationships. Our aspirational goal is to be the partner of choice, not only to be accepted but desired.

The value of family speaks to our high level of employee engagement and to our commitment to help our employees reach their full potential by providing long-term employment and development opportunities.

With a culture of responsibility, we must assess and control our health and safety, environmental and community risks. Here, our aspirational goal is zero harm to our employees and to the environment around our sites. With 60 years of experience, and guidance from internal and external audits, we are making progress towards that goal.

The value of family speaks to our high level of employee engagement and to our commitment to help our employees reach their full potential by providing long-term employment and development opportunities.

As we embark on our next growth phase, I believe that sustainable development will play a key role in Agnico Eagle's success. It puts people first, providing them with a healthy and safe work environment. It supports permitting and sustainable environmental design of projects in our pipeline. It evaluates and manages health and safety, environmental and social acceptability risks to ensure continuity of operation that deliver results. It ensures clarity with transparent and impactful communication.

Let's see what the next 60 years will bring. We are ready.

LOUISE GRONDIN
Senior Vice-President
Environment, Sustainable Development and People

March 21, 2017

Our Approach to Sustainable Development

At Agnico Eagle, we are proud of our past and engaged in our future. Throughout our 60 years in business we have consistently created value for our shareholders, while enhancing the employee experience and making a significant contribution to our communities. We have built a strong culture of responsible behaviour, achieving high standards of sustainability performance with a long-term goal of distinguishing ourselves as responsible miners.

In 2016, we continued to integrate sustainable development considerations into our business strategy and in the way we plan and manage our activities. During the year, we updated our Sustainable Development policy in order to reflect an increased emphasis on health and wellness, to more explicitly reaffirm our commitment to the protection of Human Rights, and to more specifically commit to minimize risks associated with the management of tailings and water.

Operate Safely



We are committed to maintaining the highest health and safety standards possible. Our long-term goal is to strengthen our health and safety culture with more individual accountability and leadership. This will be accompanied by a shift to aspirational Zero harm safety targets and leading performance indicators.

To achieve this, we:

- use sound engineering principles in the design and operation of our facilities;
- promote overall health and wellness and establish programs to protect them;
- provide appropriate training for all employees and contractors, at all stages of exploration, development, construction and operations;
- identify, prevent, eliminate or mitigate the risks to health, safety and industrial hygiene;
- maintain occupational health and industrial hygiene programs;
- provide appropriate tools to carry out the work safely and efficiently; and
- maintain a high degree of emergency preparedness to effectively respond to emergencies.

Protect the Environment



We focus on limiting our environmental impacts by using natural resources efficiently, by preventing or limiting emissions 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 with local stakeholders, building a foundation of trust and cooperation. We aim to eliminate, minimize and mitigate the impacts of our operations on the environment and maintain its viability and its diversity.

To achieve this, we:

- minimize the generation of waste and ensure its proper disposal;
- minimize all risks associated with managing tailings and water;
- manage waste rock and overburden to ensure environmental protection;
- implement measures to conserve natural resources such as energy and water;
- implement measures to reduce emissions to air, water and land, and to minimize our footprint;
- implement measures to reduce our greenhouse gas emissions and consider the effects of climate change;
- integrate biodiversity conservation and land use planning considerations through all stages of business and production activities; and
- rehabilitate sites to ensure long-term physical and chemical stability and in consultation with nearby communities in a timely manner.

Respect for Our Employees



Agnico Eagle's people and culture have always been our competitive strength and advantage. It is critical to our current and future success that, even as we grow and expand our global footprint, we maintain our corporate culture where every person is treated with dignity and respect, and people interact on the basis of collaboration, commitment and dedication to excellence.

To achieve this, we:

- ensure that no discriminatory conduct is tolerated in the workplace;
- provide a fair and non-discriminatory employee grievance system;
- value diversity and treat all employees and contractors fairly, providing equal opportunity at all levels of the organization without bias;
- employ and promote employees on the basis of merit;
- provide fair and competitive compensation;
- enforce a drug and alcohol free workplace;
- maintain the confidentiality of collected personal and private information about employees;
- recognize the right of employees to freedom of association;
- provide appropriate training and development opportunities; and
- consult, communicate and provide appropriate support to employees during their association with Agnico Eagle.

Respect for Our Communities



We act in a socially responsible manner and contribute to the communities in which we operate in order to make a difference in their everyday lives. We are committed to working with our employees and other stakeholders to create growth and prosperity, which allows all stakeholders to benefit from our mining experience.

To achieve this, we:

- provide a confidential complaint reporting mechanism to report unethical, illegal or irresponsible behaviour;
- ensure that no child labour nor any form of forced or compulsory labour are permitted in the workplace;
- foster an open, transparent and respectful dialogue with all communities of interest and ensure that activities on private lands and indigenous lands are performed with the free prior informed consent of the land owners; and
- support local communities and their sustainability through measures such as development programs, locally sourcing of goods and services and employing local people; and
- provide assurance that our operations will not support, benefit or contribute to unlawful armed conflict, serious human rights abuses, or breaches of international humanitarian law.

Responsible Mining

Our goal is to further promote a culture of excellence that encourages our employees to continuously improve their skills and performance and to not only meet, but exceed, regulatory requirements for health, safety and the environment.

The Responsible Mining Management System (RMMS) is the foundation upon which we are building our capacity to manage the commitments made in our Sustainable Development Policy. Our RMMS is consistent with the ISO 14001 Environmental Management System and the OHSAS 18001 Health and Safety Management System.

The first internal audit of our in-house RMMS began at the end of 2016 and will be completed during the first quarter of 2017. The purpose of the audit is to verify the implementation of the system at the divisional level and to confirm whether the RMMS Standard requires clarification or improvement to achieve its intended goal of continuous improvement.

The audit's findings will be collected under five categories: major non-compliance to RMMS application, minor non-compliance to RMMS application, opportunities for improvement in RMMS application, best practices, and innovations. Findings will lead to action plans locally with a fixed timetable of three months for major non-compliance, six months for minor non-compliance and 12 months for improvement opportunities. Best practices and innovations will be shared between divisions.

To learn more about Agnico Eagle's RMMS, visit: agnicoeagle.com/English/sustainability/standards

Agnico Eagle At-a-Glance

60

Years in which Agnico Eagle has been producing precious metals

8

Agnico Eagle mines worldwide, including Canada, Finland and Mexico

■ Operating Mines ■ Advanced Exploration Projects ■ Development Projects ■ Closed Sites ○ Offices

NORTH AMERICA

MEXICO

EUROPE

5 MEADOWBANK

11 AMARUQ

12 MELIADINE

2 LAPA

3 LARONDE

4 GOLDEX

6 CANADIAN MALARTIC

9 AKASABA WEST

14 EAGLE & TELBEL

13 COBALT-COLEMAN

7 PINOS ALTOS

8 LA INDIA

10 EL BARQUEÑO

1 KITTLILA

Agnico Eagle is a senior Canadian gold mining company that has produced precious metals since 1957. Our eight mines are located in Canada, Finland and Mexico, with exploration and development activities in each of these regions, as well as in the United States and Sweden.

OPERATING MINES

1 Kittila

Location: Lapland, Finland
 Type of mine: Underground mine, northern Finland
 2016 payable production: 202,508 ounces of gold
 Employees and contractors: 819
 Kittila, located in northern Finland, is extracting ore from one of the largest known gold deposits in Europe. Its proven and probable mineral reserves* contain 4.48 million ounces of gold (30 million tonnes at 4.64 g/t).

2 Lapa

Location: Quebec, Canada
 Type of mine: Underground mine in Abitibi region, Quebec
 2016 payable production: 73,930 ounces of gold
 Employees and contractors: 247
 Lapa, a small underground operation near LaRonde, has entered its last year of operation based on the current life-of-mine plan. Proven mineral reserves* are 38,000 ounces of gold (0.3 million tonnes at 4.58 g/t).

3 LaRonde

Location: Quebec, Canada
 Type of mine: Underground mine in Abitibi region, Quebec (gold, silver, zinc, copper)
 2016 payable production: 305,788 ounces of gold
 Employees and contractors: 1,203
 LaRonde has proven and probable mineral reserves* of 3.1 million ounces of gold (18 million tonnes at 5.40 g/t gold, 19.14 g/t silver, 0.87% zinc and 0.24% copper).

4 Goldex

Location: Quebec, Canada
 Type of mine: Underground mine in Abitibi region, Quebec
 2016 payable production: 120,704 ounces of gold
 Employees and contractors: 463
 Goldex has proven and probable mineral reserves* of 0.9 million ounces of gold (17 million tonnes at 1.64 g/t).

5 Meadowbank

Location: Nunavut, Canada
 Type of mine: Open pit mine in Nunavut Territory, northern Canada
 2016 payable production: 312,214 ounces of gold
 Employees and contractors: 1,201
 Meadowbank open pit mine is Agnico Eagle's largest gold producer with 0.7 million ounces of gold* (8 million tonnes at 2.69 g/t).

6 Canadian Malartic

Location: Quebec, Canada
 Type of mine: Open pit mine in Abitibi region, Quebec
 2016 payable production: 292,514 ounces of gold (on a 50% basis)
 Employees and contractors: 1,128
 Canadian Malartic – in which Agnico Eagle has 50% ownership – is currently Canada's largest operating gold mine. It has

3.5 million ounces of gold in proven and probable mineral reserves* (102 million tonnes at 1.08 g/t) on a 50% basis.

7 Pinos Altos

Location: Chihuahua State, Mexico
 Type of mine: Open pit and underground mine with milling and heap leach operation in northern Mexico (gold, silver by-product)
 2016 payable production including Creston Mascota: 240,068 ounces of gold
 Employees and contractors: 1,437

Pinos Altos has proven and probable mineral reserves* containing 1.4 million ounces of gold and 38.1 million ounces of silver (17 million tonnes at 2.55 g/t gold and 68.15 g/t silver). The Creston Mascota satellite deposit has proven and probable mineral reserves* containing 102,000 ounces of gold and 909,000 ounces of silver (2.5 million tonnes at 1.28 g/t gold and 11.35 g/t silver).

8 La India

Location: Sonora State, Mexico
 Type of mine: Open pit mine with heap leach operation in Mulatos Gold Belt
 2016 payable production: 115,162 ounces of gold
 Employees and contractors: 446
 La India has proven and probable mineral reserves* of 1.0 million ounces of gold and 3.7 million ounces of silver (44 million tonnes at 0.72 g/t gold and 2.63 g/t silver).

ADVANCED EXPLORATION PROJECTS

9 Akasaba West

The Akasaba West gold-copper deposit is less than 30 kilometres east-southeast from Agnico Eagle's Goldex mine, near Val-d'Or, northwest Quebec.
 As of December 31, 2016, the project hosts an estimated probable mineral reserve* of 142,000 ounces of gold and 24,851 tonnes of copper

(4.9 million tonnes at 0.89 g/t gold and 0.50% copper) plus an indicated mineral resource* of approximately 53,000 ounces of gold and 9,941 tonnes of copper (2.5 million tonnes at 0.66 g/t gold and 0.40% copper). Permitting and technical studies are underway with the goal of moving the project towards a production decision.

10 El Barqueño

Early-stage gold/silver project located in Jalisco State, Mexico.
 As of December 31, 2016 the project has an initial estimated indicated resource of 301,000 ounces of gold and 1.2 million ounces of silver (8.5 million tonnes at 1.11 g/t gold and 4.35 g/t silver). Different options are being studied to optimize the project's potential processing costs and gold recovery.

DEVELOPMENT PROJECTS

11 Amaruq

Gold mine project in Nunavut Territory, northern Canada.
 As of December 31, 2016, the project has an initial estimated indicated mineral resource* of 2.1 million ounces of gold (17 million tonnes at 3.88 g/t). Amaruq has been approved for development by the Agnico Board of Directors as a satellite mining operation to Meadowbank pending the receipt of the required permits, which are currently expected to be received in the third quarter of 2018.

12 Meliadine

Gold mine project in Nunavut Territory, northern Canada.
 Employees and contractors: 466
 The project has 3.4 million ounces of gold in proven and probable mineral reserves* (14.5 million tonnes at 7.32 g/t) and a large mineral resource*. Meliadine has been approved for development and is forecast to begin operations in the third quarter of 2019.

CLOSED SITES

13 Cobalt-Coleman Properties

Cobalt, Ontario, Canada
 Mining activities ceased in 1989; post-closure monitoring and maintenance are carried out. The Company is now working with local stakeholders and government authorities to develop rehabilitation plans in this area of historic mining activity.

14 Eagle & Telbel

Joutel, Quebec, Canada
 Mining activities ceased in 1993. Infrastructure areas have been rehabilitated and revegetated. Post-closure monitoring and maintenance activities are still being carried out. The Company is also currently testing some rehabilitation techniques to allow for more permanent solutions to close the tailings storage facility.

OFFICES

Exploration Offices

- Vancouver, British Columbia, Canada
- Chihuahua, Chihuahua State and Hermosillo, Sonora State, Mexico
- Kittila, Lapland, Finland
- Barsele, Sweden
- Reno, Nevada, USA
- Val-d'Or, Quebec, Canada

Administration and Support Offices

- Chihuahua and Hermosillo, Mexico
- Espoo, Finland
- Tucson, Arizona, USA
- Preissac and Val-d'Or, Quebec, Canada
- Toronto, Ontario, Canada

*For a detailed description of the Company's mineral reserves and mineral resources please see the Company's news release dated February 15, 2017.

2016 Performance Summary

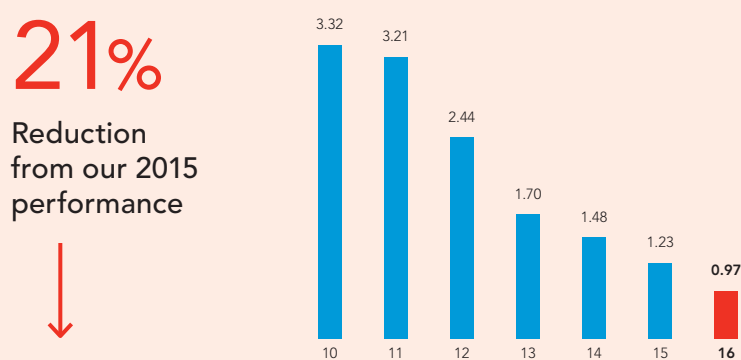
In 2016, we continued to improve Agnico Eagle’s health and safety performance, and made modest progress in reducing our overall use of water, diesel fuel and our production of greenhouse gases. We also adopted an Indigenous Peoples Engagement Policy, completed permitting for the Meliadine project and began the permitting process for Amaruq. We continued to implement the Meliadine Inuit Impact and Benefits Agreement (IIBA), with initiatives to increase Inuit participation in the workforce. The following highlights describe our other achievements:

Health and Safety



- For the first time in Agnico Eagle’s history, our combined lost time and light duty accident frequency is below 1 (0.97). Unfortunately, in December 2016, a fatality occurred at our Kittila mine, a sad reminder that we still had a lot of work ahead of us to reach our aspirational goal of zero harm.
- Our best performances came from Mexico with La India mine achieving a perfect score with a combined accident frequency of 0 and our Pinos Altos/Mascota mine with a combined frequency of 0.23.
- The Lapa mine received the F.J. O’Connell award for exceptional results in health and safety. A remarkable achievement, given that Lapa was winding down toward closure, with many transfers of employees to the other divisions and an increased reliance on contractors.
- Our Meadowbank mine was recognized during the year as one of Canada’s Safest Employers at the annual Canadian Occupational Safety Awards.

Combined Lost-time Accident and Restricted Work Frequency
(per 200,000 person hours worked)

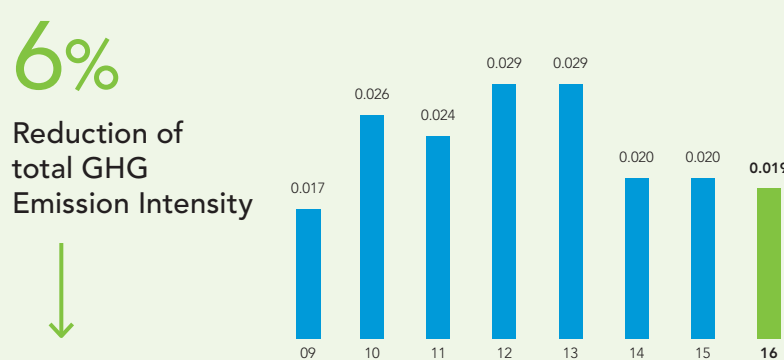


Environment



- The Nunavut Water Board approved the Meliadine Project Type A Water Licence in April, the final permit required to begin construction activities at Meliadine.
- The Nunavut Water Board approved a modification to the Amaruq exploration licence for the excavation of an exploration ramp.
- The Kittila mine received the renewal of its environmental permit.
- One notice of infraction was received at the LaRonde mine for declaring an incident past the 24-hours prescribed delay.
- The Kittila water treatment plant was constructed to remove sulphate and placed in service at the end of 2016.
- At Pinos Altos, the civil, mechanical, electrical and instrumentation installation for the overland tailings conveyor was completed at the beginning of 2016 and the dry tailings deposition was relocated to the Oberon Weber depleted pit.
- A Corporate Environmental Council (CEC) was created that consists of senior environmental leaders from across the Company to promote and exchange best practices and provide a forum to discuss emerging issues.

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



Our Employees



- The 2016 Paul Penna Award – which celebrates the legacy of our founder, who believed in supporting the well-being of employees and the communities in which we operate – was given to Norman Ladouceur for an initiative he led in Haiti, including the construction of a school and the implementation of a food program that feeds 1,500 children twice a week.
- The 2016 Michel Létourneau Award was given to the LaRonde paste backfill team for developing a new approach for managing the paste backfill process and the creation of a new role and department to oversee the coordination of activities based on collaboration and teamwork.
- For the fourth year in a row, Agnico Eagle Mexico was recognized in the “Great Place to Work” program for northwest Mexico region – the only mining company included in the top rankings – where we ranked sixth overall for employers with more than 1,000 employees.
- In 2016, we developed a clear, well-defined set of Guiding Principles to ensure we reinforce our management approach and cultural identity across the Company – a set of principles which have contributed to Agnico Eagle’s success for 60 years.

\$404M
Paid in global employee compensation

7,080*
Total number of employees and contractors

*Excluding Canadian Malartic

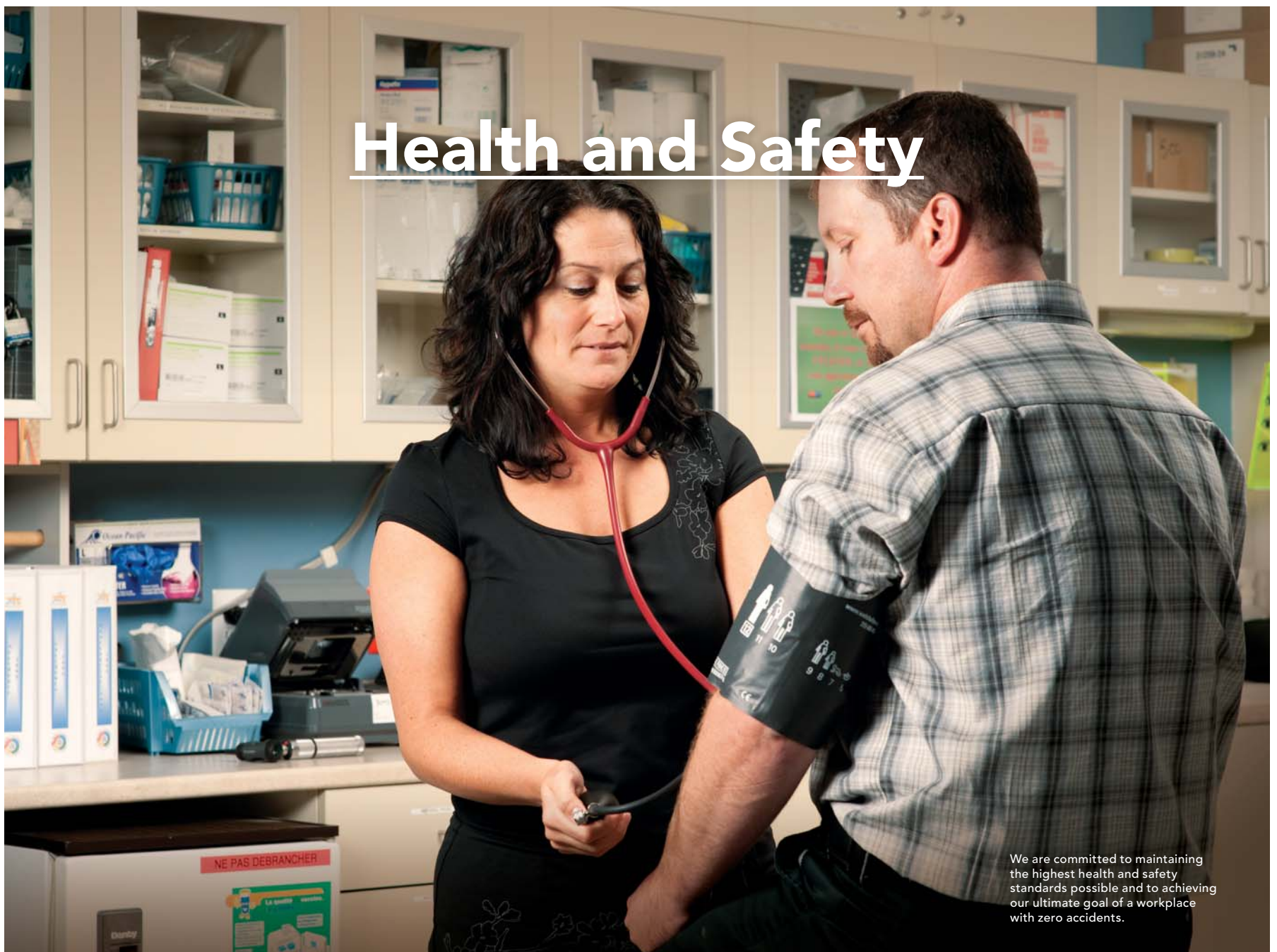
Our Communities



- Agnico Eagle Mexico was recognized as a “Socially Responsible Company” for the ninth consecutive year and La India was recognized for the first time.
- In April, Agnico Eagle received the NorTerra Corporate Award from the Nunavut Mining Symposium for making a significant contribution to the economic and social development of the Nunavut region.
- In December, the Pinos Altos mine organized 4 seminars at the Paul Penna camp, presented by Mexico’s National Commission of Human Rights (CNDH), on drug and alcohol addictions. Over 500 students attended from the surrounding communities.
- In 2016, Agnico Eagle formally adopted the Voluntary Principles on Security and Human Rights (VP), one of a series of standards created to help extractive sector companies balance the obligation to respect human rights while protecting the assets and people at their operations.

64%
Local procurement spending from total procurement spending

\$6.6M+
Contributed to various organizations and events in 2016



Health and Safety

We are committed to maintaining the highest health and safety standards possible and to achieving our ultimate goal of a workplace with zero accidents.

Agnico Eagle + Health and Safety



To achieve a safe and healthy workplace, we:

- use sound engineering principles in the design and operation of our facilities;
- promote overall health and wellness and establish programs to protect them;
- provide appropriate training for all employees and contractors, at all stages of exploration, development, construction and operations;
- identify, prevent, eliminate or mitigate the risks to health, safety and industrial hygiene;
- maintain occupational health and industrial hygiene programs;
- provide appropriate tools to carry out the work safely and efficiently; and
- maintain a high degree of emergency preparedness to effectively respond to emergencies.

We are committed to maintaining the highest health and safety standards possible. Our long-term goal is to strengthen our health and safety culture with more individual accountability and leadership. This will be accompanied by a shift to aspirational zero harm safety targets and leading performance indicators.

In 2016, we were saddened during the year by the fatality of an employee of a local contractor at our Kittila mine.

Despite this tragedy, our operations posted record safety performance, with the fewest lost-time accidents (LTA) since we began compiling global statistics 10 years ago.

Our combined lost-time accident and restricted work frequency rate was 0.97 (excluding Canadian Malartic), a 21% reduction from our 2015 rate of 1.23 and substantially below our target rate of 1.40. Three of our operations – Creston Mascota, La India and Lapa – contributed strongly to this improved performance. La India and Creston Mascota both achieved perfect years with 52 weeks worked at triple zero performance, no lost-time accidents, no light-duty assignments and no fatalities and our Lapa mine registered only a single light-duty assignment with no lost time during the year.

This is the sixth year in a row we have posted our lowest ever combined lost-time and restricted work frequency rate. Our 2016 performance reflects a total of 81 accidents, which resulted in either lost-time (29 accidents where the employees could not return to work immediately) or restricted work assignments (52 accidents where the employees continued to work but not in their regular job).

These results were achieved with almost 400 additional employees when compared to our 2015 workforce levels. In 2016, as we continue toward our goal of zero harm, we achieved 15 weeks in which no lost-time accident or restricted work cases were reported at any of our operations (this number includes Canadian Malartic whose reporting indicators do not include this particular measure). This compares to 16 weeks in 2015, when the size of our workforce was substantially smaller.

In July, La India experienced an armed robbery. During the incident, a security guard sustained a minor injury. An investigation involving local, state and military authorities was conducted. Agnico Eagle also undertook a complete review of site security procedures and implemented a number of enhancements.

At year-end 2016, we began an audit of our RMMS system, which will be completed during the first quarter of 2017. The audit will verify the implementation of the system and confirm whether the RMMS Standard requires clarification or improvement. In addition to reviewing the application of a select number of elements – such as risk management, modification management, training and awareness, and operational control – the audit will specifically review the application of the system at each site on two high health and safety risk activities and the application of two health and safety critical procedures.

Promoting a Healthy Workplace

At Goldex, as part of our Healthy Workplace initiative, we offer voluntary physical testing to help employees evaluate their overall physical condition. Medical staff test an employee's blood sugar levels, cholesterol, blood pressure, back health, fat level and muscle tone. Employees are then provided with a custom-made training plan designed to help them achieve personal health goals. The number of people taking advantage of this program has increased year-over-year, helping to achieve our long-term goal of preventing and promoting workplace practices that will improve the global health of our employees. In 2017, the health team at Goldex plans to pursue provincial certification for its Healthy Workplace program, as well as expand its gym due to high employee demand.

Image below: After winning the Quebec Mine Rescue championship our Goldex team went on to become the first team in the Company's history to participate in the International Mine Rescue Competition, held in Sudbury, Ontario.



HEALTH AND SAFETY HIGHLIGHT

Embracing Next-Generation Technology

Technology has revolutionized every stage of the mining process. From satellite imaging to robotics, the industry continues to invest in innovative solutions to improve safety and working conditions, increase efficiency and enhance environmental protection at our sites.

In 2016, we continued to focus on utilizing technology to improve underground safety at our mines.

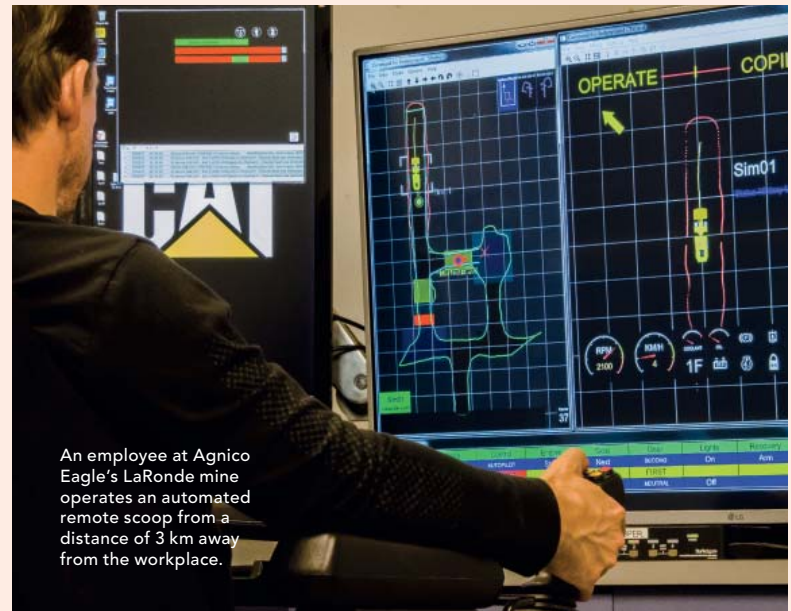
Following an extensive period of testing at our Goldex and Kittila sites, we made a decision to fully implement the Mineprox™ system, which is designed to improve underground pedestrian safety in hard rock mines. Mineprox is a proximity warning and collision avoidance system that uses radio frequencies to detect individuals, vehicles and hazards underground.

According to Guillaume Lachapelle, Agnico Eagle's Corporate Director of Health, Safety and Security, "We decided to test this system after we experienced several near miss situations between mobile equipment and pedestrians, an industry-wide safety issue. We wanted to ensure the equipment worked properly in all types of underground situations. After gathering feedback from 15 Agnico employees and feeding over 570 points of data back to the supplier, we have decided to fully implement it across all of our sites, starting in 2017 at LaRonde."

The LaRonde mine remains our most active site in terms of seismicity, averaging over 600 "events" per day. The team is using technology there to better monitor, track and predict such events, 24 hours a day, seven days a week. This allows the mine to actively prevent access to any areas that are experiencing increased seismic activity.

Pascal Larouche, General Superintendent, Technical Services says, "Previously, any time we blasted a stope, we didn't have the tools or software to predict with accuracy what would happen. So we automatically closed the impacted area for 12 hours, typically over two or three levels of the mine. Now we can use software to predict with increased accuracy where seismic activity will occur and then introduce appropriate safety protocols for each blast."

As the team mines deeper into the LaRonde orebody, it is also employing automated equipment to improve overall safety and productivity at the mine. For example, mechanized bolting machines allow employees to work from the safety of their machine's cab instead of right at the rock face. LaRonde has also introduced automated technology that allows an employee to operate a scoop from surface – 3 km above the workplace.



An employee at Agnico Eagle's LaRonde mine operates an automated remote scoop from a distance of 3 km away from the workplace.

In 2016, we continued to focus on utilizing technology to improve productivity and underground safety at our mines.

0.97

Our combined lost-time accident and restricted work frequency rate

21%

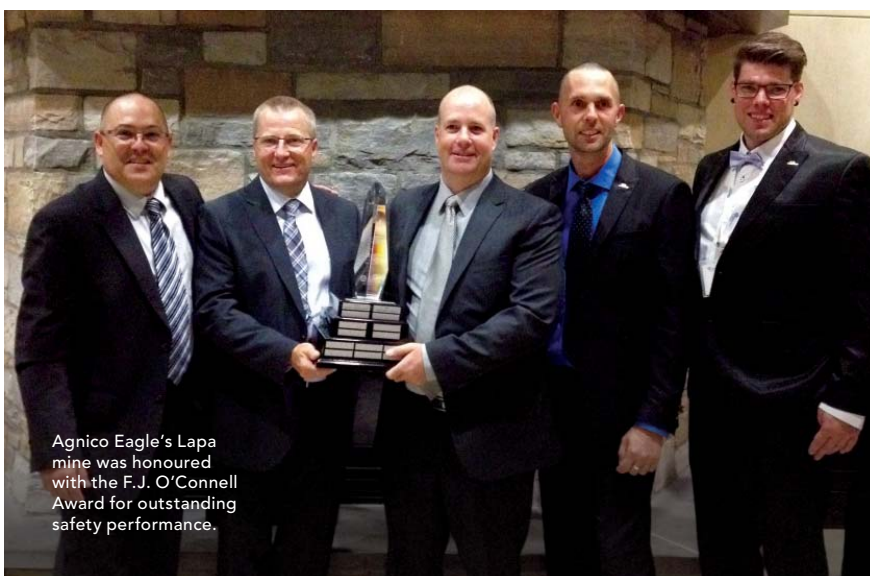
Decrease from our 2015 combined LTA and restricted work frequency rate

6th

Year in a row, lowest combined lost-time and restricted work frequency rate

15

Weeks without lost-time accidents in 2016



Agnico Eagle's Lapa mine was honoured with the F.J. O'Connell Award for outstanding safety performance.

Recognizing Leadership, Teamwork and Responsibility

Year after year, Agnico Eagle posts record safety performance. For the sixth year in a row, we reduced the number of accidents, the number of lost days at work due to accidents, and our global accident frequency rate. Such consistent results don't happen by chance, they require a safety culture that focuses on leadership, teamwork and responsibility.

Echoing this impressive teamwork, our Goldex mine rescue team won the Quebec Mine Rescue Provincial Championships and went on to compete for the first time at the global level at the International Mine Rescue Awards.

Agnico Eagle's Meadowbank mine was recognized as one of Canada's Safest Employers at the annual Canadian Occupational Safety Awards this year, and our Abitibi operations were named as finalists in the prestigious Quebec Chamber of Commerce's "Mercuriades" Provincial Award for Health and Safety.

At the Mine Rescue Competition in Yellowknife, the Meadowbank mine team won first place in first aid and second place in firefighting, rope rescue and surface obstacles, and at the CAMIMEX Northern Mexico regional competition the Pinos Altos and Creston Mascota teams placed first in underground rescue, second in benchman and third in first aid.

That was especially true in 2016, when our Lapa mine received the F.J. O'Connell award for exceptional results in health and safety. This was a remarkable achievement, given that Lapa was winding down toward closure, with many employees transferred to other divisions and an increased reliance on contractors. The leadership of the Lapa team and their increased presence in the field helped ensure employees remained focused on working safely on the job at hand.



In Mexico our Pinos Altos and Creston Mascota mine rescue teams finished with top honours at the 9th Regional Underground and Open Pit Mine Rescue Competition.



Our Meadowbank mine was recognized as one of Canada's Safest Employers at the Canadian Occupational Safety Awards.

Environment

We consider tailings and water management as a core business activity, using a mix of best available practices and technologies, integrating them from the start of our activities and adapting them to each site's local conditions.

Agnico Eagle + Environment



We aim to eliminate, minimize and mitigate the impacts of our operations on the environment and maintain its viability and its diversity. To achieve this, we:

- minimize the generation of waste and ensure its proper disposal;
- minimize all risks associated with managing tailings and water;
- manage waste rock and overburden to ensure environmental protection;
- implement measures to conserve natural resources such as energy and water;
- implement measures to reduce emissions to air, water and land, and to minimize our footprint;
- implement measures to reduce our greenhouse gas emissions and consider the effects of climate change;
- integrate biodiversity conservation and land use planning considerations through all stages of business and production activities; and
- rehabilitate sites to ensure long-term physical and chemical stability and in consultation with nearby communities in a timely manner.

We focus on limiting our environmental impacts by using natural resources efficiently, by preventing or limiting emissions 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 with local stakeholders, building a foundation of trust and cooperation.

Energy Use

Our annual electricity consumption from the grid increased by 4% to 942 gigawatt hours (GWh) in 2016 from 901 GWh in 2015. This increase was mostly due to increased production at Kittila.

Our annual electricity production in 2016 remained stable with 2015 levels at 149 GWh. The construction of a transmission power line to Creston Mascota in 2014 has limited the need for electricity production onsite to periods when the regional electrical grid is down.

Overall, the total amount of electricity used both from external grids and generated onsite increased by approximately 4%, from 1,049 GWh in 2015 to 1,091 GWh in 2016. This overall increase can be attributed to increased production and development at our various mines.

Total diesel fuel consumption decreased from 109.7 million litres (ML) in 2015 to 104.8 ML in 2016. Of that quantity, 66.4 ML (63%) were used for mining equipment, 38 ML (36%) were used for power generation, and 0.4 ML (<1%) were for other uses.

Goldex increased its diesel consumption by 19% due to the Deep Zone development. This was counterbalanced by a decrease at La India and Lapa. La India, having completed two construction projects in 2015 that demanded an increase in diesel for heavy equipment use, stabilized its diesel use at 6.6 ML in 2016. Lapa also decreased its overall diesel use in 2016 as development continued to slow and less equipment was being used in the lead-up to closure.

Diesel fuel usage per tonne of ore processed fell by 9% overall to 4.95 litres from 5.39 litres in 2015, demonstrating an improvement in efficiency that can be linked to a more energy efficient use of our equipment, the transfer of mine heating at Kittila to the use heat recovered from the autoclave. The reduced stripping ratio (less waste to extract) with our more mature open pits at Meadowbank and Pinos Altos also reduced the diesel consumption per tonne of ore processed.

Greenhouse Gas Emissions

We calculate 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 (CO₂ equivalent) and in intensity, which is the amount of tonnes of GHG (CO₂ equivalent) per tonne of ore processed.

Total direct and indirect GHG emissions were 400,410 tonnes of CO₂ equivalent in 2016, a 2% decrease from 407,471 tonnes in 2015. The reduced emissions are linked to the reduction in diesel consumption mentioned above.

In 2016, total direct GHG emissions decreased slightly compared to 2015. Total direct GHG emissions were estimated at 325,922 tonnes of CO₂ equivalent from all sources – including fuel used to generate power, fuel for mining vehicles, natural gas for heating, and explosives used in blasting at our operating mines. This compares to 337,190 t of CO₂ equivalent in 2015, which represents a decrease of approximately 3%.

Total indirect GHG emissions were approximately 74,488 t of CO₂ equivalent in 2016, as compared to 70,281 t in 2015, which represents a 6% increase. This increase is mostly related to an increased tonnage of ore processed at both Kittila and Pinos Altos.

Our average GHG emission intensity (tonnes of CO₂ equivalent per tonne of ore processed) for all of our operating mines decreased by 6% from 0.0200 in 2015 to 0.0189 in 2016. This is due to a slight decrease in emission but mostly to increased tonnage of ore processed.

Water Management

In 2016, the total fresh water withdrawn by Agnico Eagle from all sources was 6.059 million m³ (Mm³), an 11% decrease from 6.752 Mm³ in 2015. Most of the water withdrawal savings can be attributed to our Meadowbank mine where the mill was able to use more reclaimed water in 2016, with an estimated 83% of its total water use coming from recycled water in 2016, thereby reducing the need to withdraw more fresh water.

Our total water use was 0.29 m³ per tonne of ore processed, down from 0.33 m³ per tonne in 2015, which represents a 14% decrease and reflects our continuous improvement efforts with all of our sites undertaking initiatives to reduce their total water consumption.

Effluent Discharge

In 2016, the total volume of effluent released to the environment from all of our mining operations increased over 2015 levels – from 9.8 million Mm³ to approximately 11.9 Mm³ in 2016, representing a 17% increase. This increase is attributed to the dewatering of the old Bousquet 1 mine for the development of the LaRonde 5 Zone, discharging more water from the Parc Sud at Goldex, more water uses at Lapa mine and a higher discharge rate at Kittila due to more water infiltration in the underground.

Water discharge intensity therefore increased by 17% in 2016 as compared to 2015 – from 0.48 m³ per tonne of ore processed in 2015 to 0.56 m³ in 2016.

Waste and Tailings Management

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.

In 2016, the total ore tonnage processed both through our milling and heap leach facilities was approximately 21.2 Mt, as compared to 20.4 Mt in 2015. The tonnage of ore stored on heap leach facilities was approximately 8.2 Mt, as compared to 7.8 Mt in 2015. The total amount of tailings produced by the milling operations was approximately 12.9 Mt, as compared to 12.6 Mt in 2015.

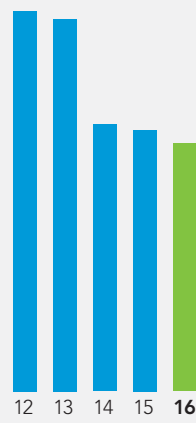
From the 12.9 Mt of tailings produced in 2016, approximately 2.5 Mt or 20% were returned underground as backfill. The remaining tonnage of 10.4 Mt was deposited on surface at our different tailings storage facilities. This compares with 10.1 Mt in 2015. In 2016, Agnico Eagle's mining operations generated 50.9 Mt of waste rock compared to 56.7 Mt in 2015.

2016 Performance: Environment

Total direct and indirect GHG emissions were 400,410 tonnes of CO₂ equivalent in 2016, a 2% decrease from 407,471 tonnes in 2015. Goldex and LaRonde increased their GHG emissions due to the Deep mining project at LaRonde, which was counterbalanced by a decrease in consumption at La India and Lapa. This decrease was due to La India having completed its two construction projects and the development slow down at Lapa with the mine approaching closure.

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

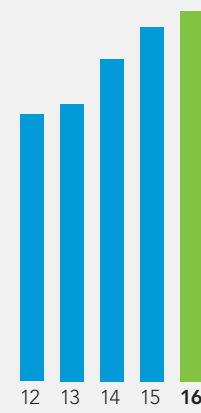
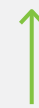
6%
Decrease
in average
GHG emission
intensity



2016	0.0189	2013	0.0285
2015	0.0200	2012	0.0290
2014	0.0204		

Total Electricity Consumed from the Grid (GWh)

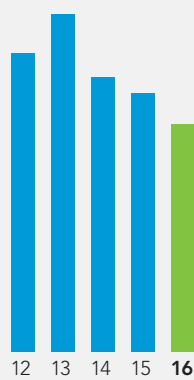
4%
Increase
from 2015
to 942 GWh
in 2016



2016	942	2013	705
2015	901	2012	681
2014	819		

Water Use Intensity (m³ of water per tonne of ore processed)

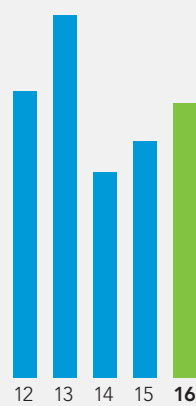
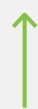
14%
Decrease
from 2015



2016	0.29	2013	0.43
2015	0.33	2012	0.38
2014	0.35		

Effluent Discharge Intensity (m³ per tonne of ore processed)

17%
Increase
from 2015



2016	0.56	2013	0.74
2015	0.48	2012	0.58
2014	0.42		

2016 Reported Environmental Incidents by Category



Level 1 – Insignificant	415	Level 4 – Major	0
Level 2 – Minor	411	Level 5 – Catastrophic	0
Level 3 – Moderate	2		

ENVIRONMENT HIGHLIGHT

A Step Change in Improving Our Water and Tailings Management



As part of our continuous improvement efforts all of our sites undertake initiatives to reduce their fresh water consumption and minimize environmental impact. In 2016, we reduced our water use intensity by 14%.

With the goal of being an industry leader in sustainability, we strive to be at the forefront of change, constantly evolving and seeking new ways to maintain our social license to operate.

While that typically means applying innovative technologies and strategies to the front end of the mining and processing cycle, the team at Agnico Eagle believes improving the way we manage mine waste is really the next step in advancing our sustainability leadership within the mining industry.

“Agnico Eagle considers tailings and water management as a core business activity. We use a mix of best available practices and technologies in mine waste management, integrating them from the start of our activities and adapting them to each site’s local conditions,” says Michel Julien, Vice-President Environment.

“As an industry, we must aim at continuously self-regulating and adapting our practices, rather than waiting for government standards or regulations to be imposed. We can never take for granted our social

license to operate or the reputation we’ve garnered over the years. As an important company in the gold space, and an environmental leader in the industry, we need to continuously strive for better practices and performances.”

“In 2016, at a practical level, we continued to reinforce our in-house capabilities and we worked with external consultants to conduct ongoing and independent reviews of our tailings and water management practices. We also embarked on a project aiming to enhance our data management so that information is accessible, transferable and easily shared across the environmental team. We also established a Corporate Environmental Council – a cross-section of internal experts and our environmental leaders in the company – which is helping us step up to this challenge.”



The total amount of tailings produced by the milling operations in 2016 was approximately 12.9 Mt compared to 12.6 Mt in 2015.



From the 12.9 Mt of tailings produced, approximately 2.5 Mt or 20% were returned underground as backfill.



Agnico Eagle generated 50.9 Mt of waste rock in 2016 compared to 56.7 Mt in 2015.

Our Employees



Throughout our 60 years of existence as a company, Agnico Eagle's employees have engaged in our business, always going the extra mile to ensure our success.

Agnico Eagle + Employees



We aim to maintain a safe and healthy workplace that is based on mutual respect, fairness and integrity. To achieve this, we:

- ensure that no discriminatory conduct is tolerated in the workplace;
- provide a fair and non-discriminatory employee grievance system;
- value diversity and treat all employees and contractors fairly, providing equal opportunity at all levels of the organization without bias;
- employ and promote employees on the basis of merit;
- provide fair and competitive compensation;
- enforce a drug and alcohol free workplace;
- maintain the confidentiality of collected personal and private information about employees;
- recognize the right of employees to freedom of association;
- provide appropriate training and development opportunities; and
- consult, communicate and provide appropriate support to employees during their association with Agnico Eagle.

Agnico Eagle's people and culture has always been our competitive strength and advantage. It is critical to our current and future success that we maintain our corporate culture where every person is treated with dignity and respect, and people interact on the basis of collaboration, commitment and dedication to excellence.

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.

DEVELOPING OUR PEOPLE

Our award winning "e-learning" program has helped to address the training challenges we face at our Fly-In Fly-Out Meadowbank operation. Following the program's successful launch in 2013, lesson plans have been created and updated in order to improve the quality and consistency of the training. With many of our Inuit employees working at the mill, two new modules – which were launched in the fall of 2015 – have resulted in a considerable increase in the number of e-learning hours. This will continue with the preparation and implementation of new modules.

ENGAGING OUR PEOPLE

We actively measure employee engagement levels in each of our operating regions, and we take specific actions to support and improve our engagement scores. In Mexico, for example, we are implementing a program to recognize the team's safe work and attendance, and we have seen a progressive increase in their engagement scores over the past five years. In 2017, at our operations in Canada and Finland, we will undertake our third Employee Engagement survey since 2011, to measure engagement and to direct actions in 2018 and beyond to strengthen employee engagement.

Wherever possible, we minimize the use of contractors and consultants by filling vacant and newly created positions with our own team of skilled and talented people. At the Lapa mine, for example, where we are preparing for closure in 2017, we managed our workforce by implementing a plan to successfully relocate employees to other Agnico Eagle mines which enabled us to sustain work for our people. This relocation process began in 2015 and will continue through 2017 as the operation winds down.

EMPLOYEE VALUES AND COMMITMENT

Recognizing Leadership, Teamwork and Responsibility

For the fourth year in a row, Agnico Eagle Mexico was recognized in the "Great Place to Work" program for northwest Mexico region – the only mining company included in the top rankings – where we ranked sixth overall for employers with more than 1,000 employees. The program recognizes companies that facilitate the sharing of employee knowledge and experience to improve both their business and the quality of their workplace.

Agnico Eagle Mexico was also recognized with the Mexico Without Child Labour Award, which is presented annually by the Secretaria del Trabajo y Previsión Social department of the Mexican government. The award recognizes workplaces that design and implement employment practices aimed at preventing and eliminating child labour and protecting its employees and young workers in Mexico by ensuring that no child labour, or any form of forced or compulsory labour, is permitted in the workplace.



Above: Agnico Eagle Mexico was recognized by the Mexican Government with the prestigious Mexico Without Child Labour Award.

6th

Ranked sixth overall for employers with more than 1,000 employees, in the "Great Place to Work" program for northwest Mexico region

Awards and Certifications

As the recipient of the 2016 Paul Penna Award, Agnico Eagle donated C\$10,000 to a community initiative on behalf of Norman Ladouceur, and we similarly donated C\$2,500 to organizations supported by the other award nominees in each of our operating regions.



The Paul Penna Award

The 2016 Paul Penna Award – which celebrates the legacy of our founder, who believed in supporting the well-being of employees and the communities in which we operate – was given to Norman Ladouceur, Nunavut Health and Safety Superintendent, for an initiative he led in Haiti, including the construction of a school and the implementation of a food program that feeds 1,500 children twice a week.



Michel Létourneau Award

The 2016 Michel Létourneau Award – which recognizes innovation and team work – was given to the LaRonde paste backfill team for developing a new approach for managing the paste backfill process and the creation of a new role and department to oversee the coordination of activities based on collaboration and teamwork.

2016 Performance: Our Employees

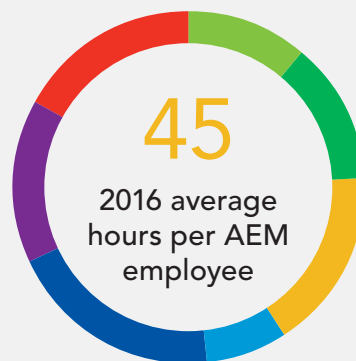
Maximizing Local Employment

Our goal is to hire 100% of our workforce, including our management teams, directly from the local region in which each of our operations is located.

At Pinos Altos, for example, 100% of the workforce is from Mexico. The vast majority of people are hired from northern Mexico, with 75% of the workforce at Pinos Altos and 45% at La India 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 remain focused on creating sustainable jobs and careers in mining for the Inuit population with an overall objective of obtaining 50% Inuit employees for all of our Nunavut operations. We have developed Work and Site Readiness programs that are designed to prepare candidates from the Kivalliq region for work with Agnico Eagle. In 2016, approximately 36% of our Meadowbank mine workforce and 32% of our Meliadine project workforce were drawn from the Kivalliq region of Nunavut.

Average Hours of Training per Employee



LaRonde	36 hours
Goldex	42 hours
Lapa	53 hours
Kittila	24 hours
Pinos Altos	63 hours
La India	48 hours
Meadowbank	54 hours

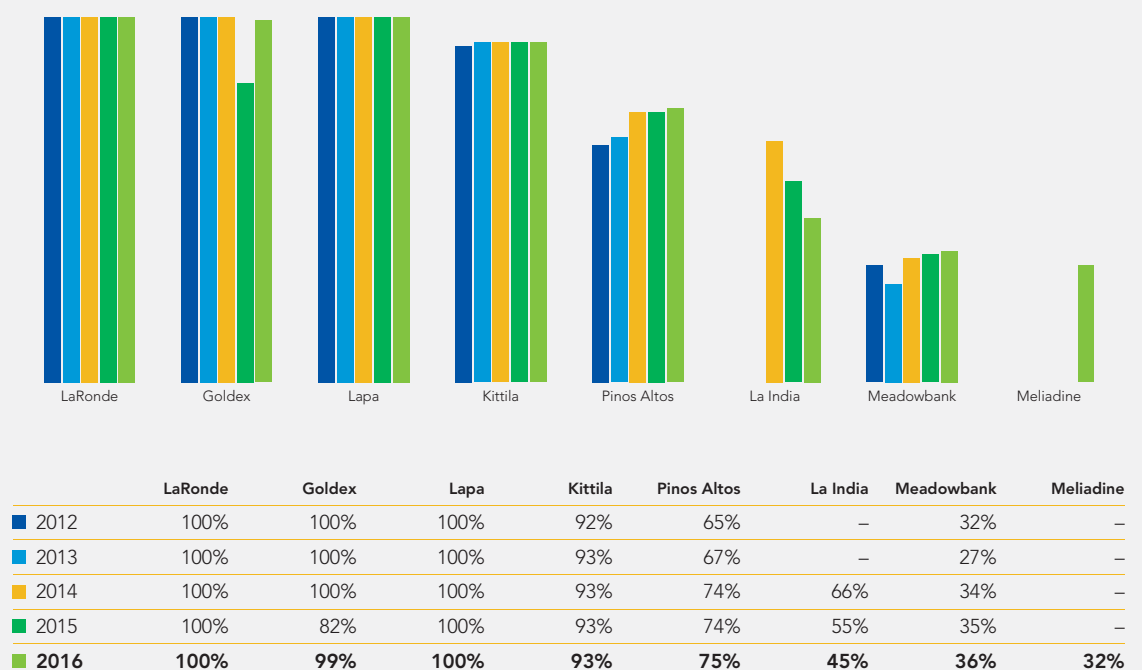
Total Workforce by Region



LaRonde	1,203	Meadowbank	1,206
Goldex	463	Meliadine	466
Lapa	247	Canada & USA**	64
Kittila	819	Europe**	30
Pinos Altos	1,437	Mexico**	425
La India	446	Administration	274

*Excluding Canadian Malartic **Exploration

2016 Workforce Hired from the Local Community (%)



OUR EMPLOYEES HIGHLIGHT

Our People and Culture – the Roots of Agnico’s Success



Agnico Eagle Mexico was recognized once again as a top employer in Mexico and became the only mining company to be recognized for four consecutive years in the “Great Place to Work” rankings for northwest Mexico.

To find out more about the “Great Place to Work” program in Mexico, visit: greatplacetowork.com/mx

Agnico Eagle employees consistently go the extra mile to ensure our business success. Our employee engagement levels are high and our turnover levels remain low.

How have we achieved these results?

Our workplace culture is one that fosters collaboration, supports individual development and seeks to include all employees in the business. This ultimately provides us with a competitive edge that translates into sustainable bottom line results. As we prepare for the next phase of growth we are committed to nurturing our culture and helping employees grow alongside Agnico Eagle.

Collaboration Committees

For over 25 years, we have developed a unique “business partner” approach to our employee relations that continues to enhance our workplace culture and engagement. Through our Collaboration Committees, employees and management work closely to directly address workplace issues. The success of these Committees has also enhanced our employer reputation, providing us with a competitive advantage and resulting in a relationship that contributes to our shared success.

While most of our sites have Collaboration Committees, this innovative approach began in the Abitibi region as a way to include employees in operating for Agnico Eagle’s and employees’ shared benefit.

According to Nicolas Bolduc, Corporate General Superintendent Human Resources, “Employees are routinely consulted in the business decisions we make, knowing that if Agnico Eagle is successful, employees will share in the benefits and in our future growth. The key is establishing and maintaining good relationships so we never take our success or each other for granted.”

Great Place to Work

Agnico Eagle Mexico has been consistently recognized as one of the top employers in Mexico, and the only mining company to be recognized for four consecutive years in the “Great Place to Work” rankings for northwest Mexico. Internally, its employee engagement scores have improved year-over-year reflecting Agnico Eagle Mexico’s employee recognition and reward program, employee counselling support, weekly employee social get-togethers, and ongoing efforts to address workplace issues through its Collaboration Committee.

Employee satisfaction is also making a difference in our operating performance. According to Carlos Alegre, Regional Manager Human Resources and Administration Mexico, “Our vendors tell us that we consistently achieve better operating performance with our equipment – 20% to 50% more life – than other mining companies. Why? Because our employees treat the equipment better, they stay on top of maintenance issues and they alert their supervisors if a machine isn’t working properly. That translates into savings that go directly to our bottom line.”



Our goal for all Nunavut operations is to achieve 50% Inuit employment levels. Kim Twyee is a Kitchen Helper at the Meliadine project, near Rankin Inlet.



During 2016, a total of 38,194 hours of training were provided to Meadowbank employees. Of these hours, 18,174 hours were received by Inuit employees.



In 2016, 326 Inuit employees enrolled in a training program. Of the employees who were trained this past year, 97% graduated from their training program.



36% of our Meadowbank mine workforce were drawn from the Kivalliq region of Nunavut.



As we prepare for the next phase of our growth we are committed to nurturing our culture and helping employees grow alongside Agnico Eagle.

Giving Education a Boost in the South

We support various adult education programs for employees and members of our local communities, seeking to help them acquire the skills and education they need to reach their full potential.

Through a program we run in coordination with the *Instituto Chihuahuense de Educacion para los Adultos*, 87 employees from our Pinos Altos and Creston Mascota sites have gone back to school to achieve basic levels for both elementary and secondary education. A total of 126 people have now graduated from the program from the Yepachi, Basaseachi and La Bateria communities and due to the high interest, the program will continue to be offered.

Similarly, hourly employees from our La India mine are able to take adult education courses from the *Instituto Sonorense de Educacion para los Adultos* to complete their elementary and secondary school studies. Offered for the first time in 2016, 11 people participated at the elementary school level, with five receiving a certificate. Another 70 people have expressed interest in the secondary school program and enrolment will begin in early 2017.

Supporting Continuing Education

87

Employees from our Pinos Altos and Creston Mascota sites have gone back to school to achieve elementary and secondary education

126

Total people graduated from a program we run in coordination with the *Instituto Chihuahuense de Educacion para los Adultos*

Work-Readiness in the North

Agnico Eagle has set a target of 50% employment across all of our Nunavut operations. Our vision is to one day have 100% of our Nunavut workforce, including our management teams, directly from our northern communities. To achieve this goal, we have introduced a number of development and employment-readiness programs for our Inuit workforce.

Our Career Paths program, for example, helps employees advance in their chosen career of interest, outlining the steps and training required to progress within their chosen occupation. In 2016, a major program milestone was achieved when Remano Papik Scottie – our first permanent Inuit employee – reached the position of Crusher Operator at the Meadowbank mine.

We have also established an Apprenticeship Program – which combines on-the-job learning and in-school technical instruction to provide Inuit employees the opportunity to be educated and trained in the trade of their choice. By

the end of the program, each apprentice will be able to take their Certificate of Qualification (COQ) Journeyman and Red Seal exams. This certification allows the employee to reach the highest position available in their selected Career Path and grants them interprovincial recognition in their trade. Agnico Eagle continues to support the Kivalliq Mine Training Society and Nunavut Arctic College’s pre-apprentice trades program to help prepare Inuit to participate in the Apprenticeship Program, who previously have not been able to pass the entrance exam.

By the end of 2016, the Apprenticeship Program had one pre-apprentice, 12 active apprentices and four graduates. All of the graduates have tested for their Certificate of Qualification, thus certifying them as Journeypersons in their respective trades and three of those have received their Red Seal Interprovincial certification.

The Company has now implemented Nunavut Labour Pool, which offers pre-employment preparation opportunities to Inuit from

all Kivalliq communities. The goal of the program is to pre-qualify candidates from Kivalliq communities. After visiting the communities to provide Employment Information Sessions, all interested individuals have access to the process. They are then required to complete mandatory training by e-learning as well as participate in the five day Work Readiness and Site Readiness training programs. During 2016, the Work Readiness program was delivered to 151 participants with 87 (58%) graduating from the program. During the same period the secondary Site Readiness program was delivered to a total of 128 participants and generated 113 (88%) graduates who have now become part of the Nunavut Labour Pool.

We are also introducing students to the trades with The Trades Awareness Skills and Knowledge Week (TASK week). The 2016 TASK Week was held in Baker Lake in April and was attended by almost 70 students from the Jonah Amitnaaq Secondary School.



Top: Devon Killulark, an employee at our Meadowbank mine, completed his apprenticeship with Agnico Eagle and went on to obtain his red seal certification.
Bottom: Remano Papik Scottie is now the first Inuit employee to become a Crusher Operator at our Meadowbank mine.

Our Communities



A Finnish pre-school class visits Agnico Eagle's Kittila mine located in Lapland, Finland.

Agnico Eagle + Communities



We aim to contribute to the social and economic development of sustainable communities associated with our operations. To achieve this we:

- provide a confidential complaint reporting mechanism to report unethical, illegal or irresponsible behaviour;
- ensure that no child labour and any form of forced and compulsory labour are permitted in the workplace;
- foster an open, transparent and respectful dialogue with all communities of interest and ensure that activities on private lands and indigenous lands are performed with the free prior informed consent of the land owners;
- support local communities and their sustainability through measures such as development programs, locally sourcing of goods and services and employing local people; and
- provide assurance that our operations will not support, benefit or contribute to unlawful armed conflict, serious human rights abuses, or breaches of international humanitarian law.

We act in a socially responsible manner and contribute to the communities in which we operate in order to make a difference in their everyday lives. We are committed to working with our employees and other stakeholders to create growth and prosperity, which allows all stakeholders to benefit from our mining experience.

We want our stakeholders to understand our activities and priorities, but we also want to know their concerns so that we can work together toward a common goal of social acceptability.

Community Engagement

In 2016, each of our operations updated their stakeholder mapping exercise, which is used to develop site-specific community engagement plans. The main objective of these plans is to engage in a respectful dialogue with key stakeholders. Additionally, our RMMS standards were audited at specific sites and several best practices have been identified which will be shared between sites.

Social acceptability is key for all our projects. As early as possible in the project development phase, we want to engage with stakeholders to assess the impacts of the project on social acceptability and use, in order of preference, an approach of avoiding, reducing or mitigating these impacts. Our exploration teams always assign a person with responsibility for community relations, irrespective of the size of the project. Specific emphasis is placed on engaging systematically with Indigenous people at all our projects and operations.

To that end, in 2016 we implemented an Indigenous Peoples Engagement Policy. The goal of this new Policy is to define the consultation practices and mitigation strategies we will use while engaging with Indigenous groups impacted by our presence.

During the year, our sites also managed community response mechanisms and participated in Community Liaison Committees. Such mechanisms and committees are now part of our RMMS standard, and we have developed guidelines to help new operations implement these best practices.

In order to enhance our community engagement efforts, we have developed four community-based regional websites. These include websites for our Akasaba West project, Agnico Eagle Mexico operations, Agnico Eagle Finland, as well as for our Nunavut projects.

The Nunavut website (aemnunavut.ca) not only provides regular updates on our activities, it also serves as the primary “point-of-entry” for hiring new Inuit employees and to provide maximum opportunities to Inuit-owned businesses to pre-qualify for contract opportunities with Agnico.

Protecting Society's Most Vulnerable

In order to help those who have the least and need the most, Agnico Eagle Mexico's community investment program partners with organizations to improve the health and socio-economic well-being of its local communities, targeting the most vulnerable people in society.

In 2016, the team worked closely with the Tamaulipas Cd. Madero Lions Club and the Municipality of Ocampo to provide hearing aids to 18 people suffering from hearing impairment and deafness. This is the second year for this “hearing assistance” campaign, which has a long-term goal of including people with this disability into society and improving their quality of life.

The team also worked with Wheels for Humanity, and other local health and rehabilitation services, to adapt wheelchairs to the needs and conditions of people with specific motor disabilities. A special event was held in October in Chihuahua, offering specialized adaptation and counselling services by professional therapists. The campaign promotes the rights and social inclusion of persons with motor disabilities in the region, providing them with the means, opportunity and education to live a dignified life.



Cooking Up Capacity

Our team in Nunavut has been working closely with the Nunavut Literacy Council to help deliver “outside the box” training experiences for Nunavut youth, with a goal of encouraging them to consider a career in the mining industry.

In 2016, the Niqitsaliurniq Program helped 11 youth to gain new literacy, food preparation and workplace skills – as well as traditional and cultural skills that will serve them well in the future.

The participants supported the Program’s weekly community soup kitchen, where 160–170 lunches were served every Thursday, and helped host a community feast for 500 people. At the end of the five-month Program, participants were invited to work with the chefs at our Meadowbank mine. For two days, they worked in a commercial kitchen, helping to prepare meals and serving Agnico Eagle employees. Our executive chef, Richard Jackson, called them the “Dream Team” and invited them all to consider working at our kitchens at Meadowbank and Meliadine in the future. Of the 11 graduates, three have gone on to take pre-apprenticeship programs at Nunavut Arctic College.



Niqitsaliurniq Program participants helped prepare meals and desserts alongside the chefs at our Meadowbank mine to gain experience and learn what working in a commercial kitchen is like.

<h3>Agnico Eagle’s Community Involvement</h3>	 <p>We provided hearing aids to 18 people suffering from hearing impairment.</p>	 <p>Students of the Niqitsaliurniq Program were invited to work with chefs at Meadowbank.</p>	 <p>We implemented the Indigenous Peoples Engagement Policy.</p>
---	---	---	---

2016 Performance: Our Communities

Tracking Community Issues

We are committed to improving our social acceptability performance. Our community relations efforts focus on eliciting community feedback on current or proposed activities and on identifying and resolving issues. These issues are often identified through phone calls, individual meetings, public or community liaison meetings, our whistleblower hotline, or through our social media channels and websites and then logged in our Intellex database. These various feedback channels allow stakeholders to communicate with us via their preferred method. In order to improve our ability to track and analyze issues raised by community stakeholders, we plan to implement a new social measurement database and system in 2017.

From 2008 to 2016, our northern divisions received 75 complaints from citizens, with the three most frequent issues raised being dust, vibration and noise. Additionally, we received two complaints in 2016 through our whistleblower hotline, which has been in operation since 2010, related to living and employment conditions in Nunavut.

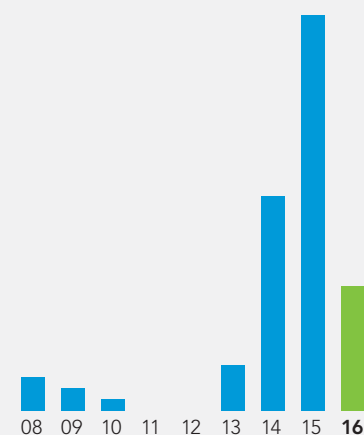
At our southern divisions, Agnico personnel typically log more in-person feedback from community members. In 2016, Pinos Altos logged 1,610 communications – 32 in writing/email, 549 via telephone and 1,029 in person. Major themes ranged from employment, contracts and supplies, to requests for financial support, and scholarships, with the majority of inquiries coming from the areas of Basaseachi, Gasachi and Jesus del Monte. At La India, which is more remote and without community phone service, in-person communication is most prevalent in logging grievances. In 2016, six grievances were received related to contract, road conditions, requests for help and employment.

Issues Raised from Communications Logged in Intellex 2008–2016



Dust	11%	Noise	19%
Vibration	51%	Other	20%

Number of Complaints Logged in Intellex



2008	3 complaints	2013	4 complaints
2009	2 complaints	2014	19 complaints
2010	1 complaints	2015	35 complaints
2011	0 complaints	2016	11 complaints
2012	0 complaints		

Geographic Distribution of Community Communications at Pinos Altos



Baquiriachi	0%	Chihuahua	1%	Las Estrellas	1%	Toro	0%
Basaseachi	50%	Gasachi	13%	Ocampo	7%	University of Chihuahua	0%
Cahuisori	4%	Huajumar	3%	Perico	0%	Yepachi	2%
Cajurichi	0%	Jesus del Monte	18%	Temosachi	0%	Unknown	0%

Gaining Social Acceptance Early in the Project Life Cycle



Agnico Eagle's exploration team at the Barsele project in Sweden, is working to build a transparent and productive relationship with local stakeholders from the earliest stage of the project.

Through initial interactions with the communities that surround our Barsele project in northern Sweden, we learned of some negative perceptions towards the mining industry in the region. In order to counteract these negative perceptions, the Agnico Eagle Sweden exploration team adopted a rigorous engagement process with all levels of the project stakeholders, with the goal of building a transparent and productive relationship from the earliest stage of the project.

We want Agnico Eagle to be perceived as a desired partner within the communities and to reinforce our approach of responsible development with the local community, establishing that an Agnico Eagle mining operation in the region would be a positive development. To underscore this point, we brought members of the municipality board to our Kittila mine in northern Finland to observe our operations and our proactive approach to community engagement. Through these engagements the team has been able to establish a high-level of trust and have built positive stakeholder relationships.

Similarly at our El Barqueño project in central Mexico, the community relations team has been active since day one of our exploration activities. Throughout 2016, the team consulted with the local community to analyze

their needs and to identify a set of priorities to support the development of the community that surrounds the project, seeking to gain and maintain social acceptance from the outset of our exploration work.

"We aim to be the one mining company that local communities want to do business with", notes Louise Grondin, Senior Vice-President, Environment, Sustainable Development and People. "It's an approach that guides not only our strategic decisions and interactions with local stakeholders but is also at the very heart of all of our community engagement activities."

OUR COMMUNITIES HIGHLIGHT

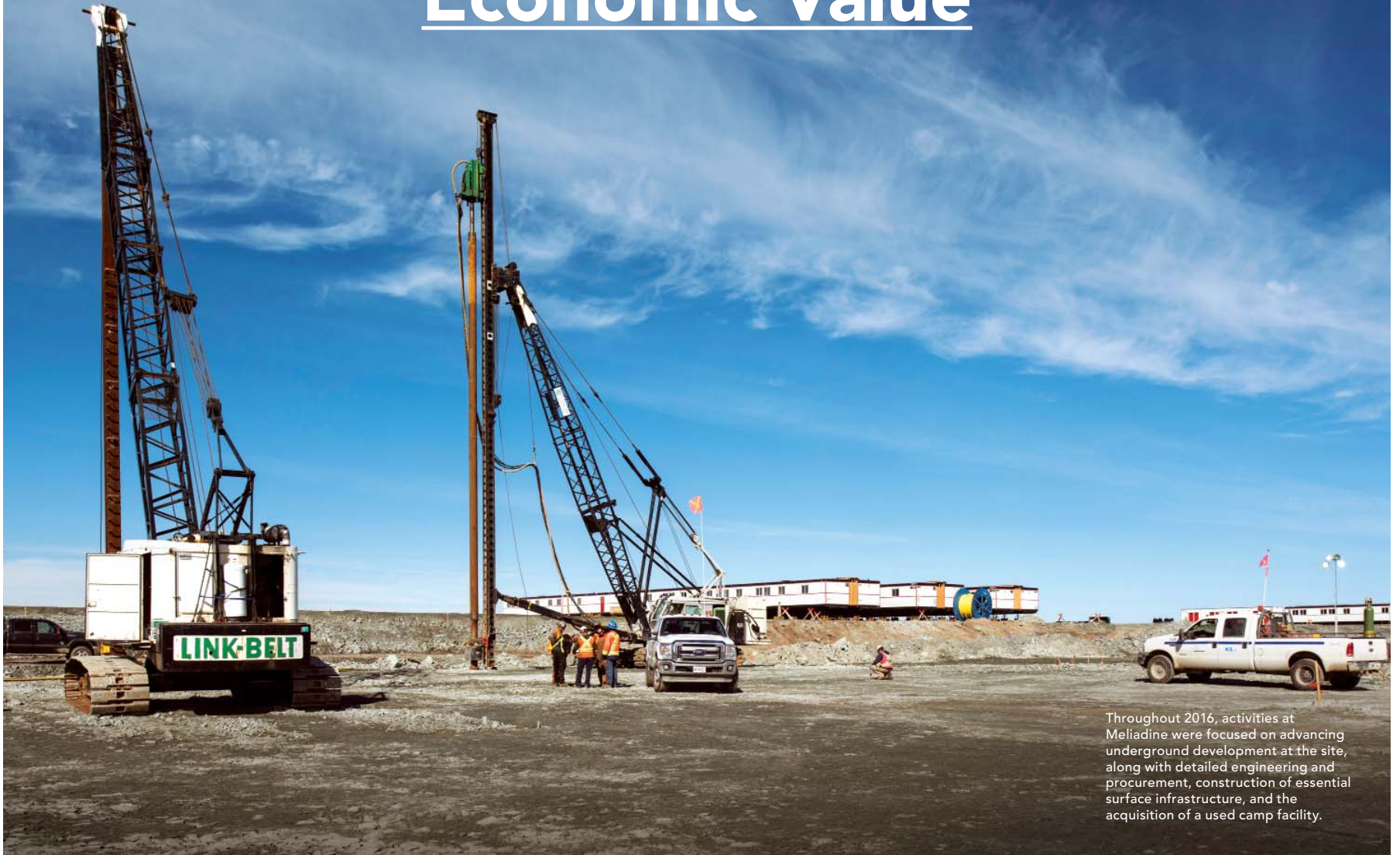
Global Community Investment

Investing in Our Communities

Our community investment program continued to target initiatives that enable each of the communities where we operate to benefit from economic development in their region, even after mining ceases. Our goal is to provide both Agnico Eagle and our host communities with optimum returns on our investments in strategic health, education and capacity-building initiatives. In 2016, we invested more than \$6.6 million in our local communities, an increase of over \$3.0 million compared to 2015. Since 2009, Agnico Eagle's community investments have totalled close to \$28 million.



Economic Value



Throughout 2016, activities at Meliadine were focused on advancing underground development at the site, along with detailed engineering and procurement, construction of essential surface infrastructure, and the acquisition of a used camp facility.

Agnico Eagle + Economic Value



Our strategy is to build a growing, high-quality, low risk, sustainable business by:

- deliver on performance and growth expectations by ensuring our existing portfolio delivers on expectations, lowering operational risk and generating free cash flow;
- build and maintain a high quality project pipeline by ensuring we develop a best-in-class project pipeline to replenish mineral reserves and production, while maintaining the quality, manageability and fit of our future portfolio;
- develop our people by developing and providing growth opportunities for our people, and providing the skills infrastructure to support development of our operations and projects; and,
- operate in a socially responsible manner by creating value for our shareholders as we contribute to the prosperity of our people, their families and the communities in which we operate.

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.

Economic Value

In 2016, Agnico Eagle provided over \$404 million in wages and benefits to our global workforce and paid \$297 million in taxes, royalties and fees to all levels of government (including Indigenous groups). We spent just over \$661 million on the procurement of local goods and services, representing an average of 64% of our total procurement spending in 2016. We recorded net income of \$158.8 million and produced 1,662,888 million ounces of gold.

Generating Employment and Economic Benefit

In 2016, through the payment of wages and benefits, Agnico Eagle contributed approximately \$336 million to the economy of Canada, \$29 million to the economy of Finland, and approximately \$38 million to the economy of the Chihuahua and Sonora States in Mexico.

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 economic contributions to our host communities.

Taxes and Royalty Payments

In 2016, we made payments in taxes, royalties and fees to governments at all levels (including Indigenous groups) totalling \$297 million.

We contributed approximately \$83 million in taxes and royalties to Quebec, Canada (since 2010, we have paid a total of \$155 million in royalties to Quebec); \$38 million in taxes, royalties, fees and compensation payments in Nunavut, Canada (both to government and to Inuit organizations representing Inuit beneficiaries under the Nunavut Land Claim Agreement); \$14 million in taxes and royalties to Finland; approximately \$106 million in taxes and royalties to Mexico; and, \$56 million in taxes to Ontario. These payments to governments comprised 13.9% of our gross revenue in 2016.

Implementing Meliadine IIBA to Benefit the Communities

While procurement and business opportunities took centre stage in 2016, Agnico Eagle has been working with the Kivalliq Inuit Association (KIA) to maximize the opportunities for all Inuit to participate in and benefit from all aspects of the IIBA agreements in Nunavut.

Leading this work is Jason Allaire, Nunavut Service Group Manager. "My role is all about building trust and facilitating our relationship with the KIA. We build that trust – day by day and week by week – by actively demonstrating that we are living up to our commitments and doing what we say we'll do."

Under the process laid out in the IIBA, the Agnico Eagle implementation team regularly updates the KIA during Implementation Committee meetings, via monthly reports, through ongoing discussions, and by tracking the status of initiatives on a Project Scorecard on the progress made in fully implementing each of the provisions and commitments made under this agreement.

The spotlight is now turning to the work of the Employment, Training and Culture Committee as recruitment, hiring and training activities get underway to staff the project. Over the coming year, Nunavut's Human Resources team will meet with potential candidates during community visits, road shows and door-to-door discussions to help recruit people to the team. Additionally, a Work Readiness Training Initiative and an "Inuit Labour Pool" web portal has been established to encourage and help local Inuit benefit from the employment and training opportunities that flow from the Meliadine project.

"Our long-term goal is to have Meliadine, and all of our Nunavut sites, 100% Inuit led. That is what we have achieved, for example, at our Pinos Altos mine in Mexico. Our immediate goal is to continue creating value for the north by fostering dialogue, reducing red tape, and producing results we can all be proud of as we build the Meliadine project."

2016 Performance: Economic Value

Buying Locally

Agnico Eagle strives, where feasible, to buy from locally based suppliers as a way of supporting the economic vitality of our communities, stimulating the local economy and at the same time 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.

In 2016, our mines spent \$661 million on the procurement of local goods and services. This represents 64% of all procurement spending in 2016.

\$404M

in wages and benefits to global workforce

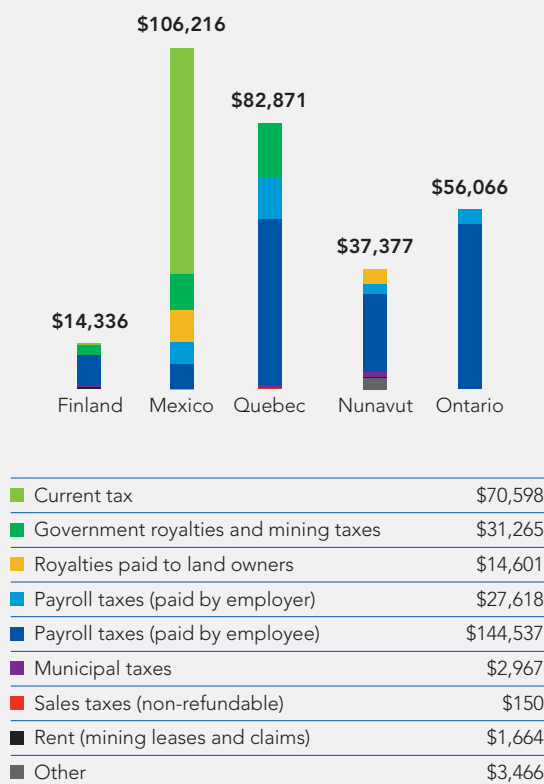
\$661M

spent in 2016 on the procurement of local goods and services

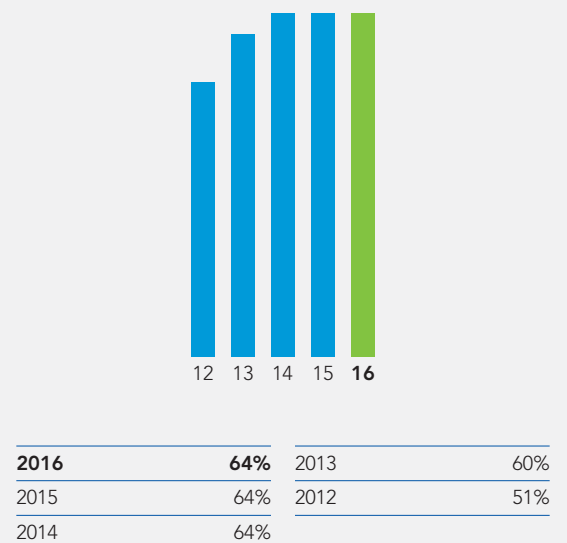
\$297M

in taxes and royalties paid to governments at all levels

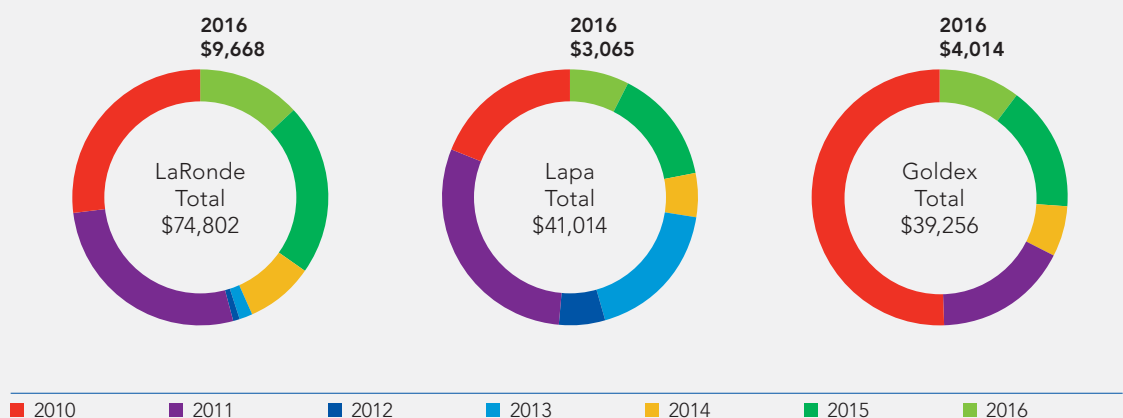
2016 Payments to Governments (\$000s)



Proportion of Spending on Locally Based Suppliers



Quebec Royalties Paid on a Mine-by-Mine Basis Since 2010 (USD \$000s)



Setting Inuit and Nunavut Businesses Up for Success



The Meliadine project has been approved for development and is expected to begin operations in the third quarter of 2019, which is approximately one year ahead of the previous schedule.

Over the next two years Agnico Eagle will complete the construction of our new Meliadine mine, which is located in the Kivalliq region of Nunavut, about 25 km north of Rankin Inlet in Canada's Low Arctic. Building a mine in such a remote location takes extensive planning and preparation. In 2017 alone, over \$350 million will be spent to complete the underground development, surface infrastructure and the construction of a camp complex.

The Meliadine IIBA with the KIA outlines our joint commitment to ensure that business, employment and training opportunities for Meliadine will benefit Inuit in the region.

For Peter Prawak, Director, Corporate Procurement, much of 2016 was spent informing both internal and external stakeholders about the purchasing and contracting opportunities Meliadine will bring to the region; and, to maximizing those opportunities for Inuit and locally owned businesses in order to lay the foundation for continued economic success in Nunavut.

"Our first order of business was to conduct an awareness campaign, for our own people and for potential suppliers, to ensure everyone understood the procurement processes contained in the Meliadine IIBA.

Internally, we also wanted to ensure we were designing an effective pre-qualification process that would allow us to achieve compliance with the commitments we've made to the KIA. Specifically, the IIBA establishes a preference point program that awards Inuit firms preference based on, for example, Inuit profit participation, location of business, and the level of Inuit participation in the contractor's workforce.

Externally, we conducted community information sessions in Nunavut, attended mine shows, and met one-on-one with Nunavut-based and Inuit firms that we've done business with in the past. We also set up a dedicated portal on our website.

In the south, our team made presentations to our traditional supplier base to ensure that they understood the process and advantages of seeking Inuit partners.

We encouraged everyone to review the Meliadine IIBA, which is a public document, and to educate themselves on the pre-qualification process and opportunities. Those opportunities include providing goods such as food, mobile equipment, safety equipment and tires; and important services such as construction, camp catering, mining contracting, plumbing, electrical and mechanical services.

No matter where we are, we want to set our suppliers up for success so that together we can build a sustainable and efficient supply chain. In Nunavut, if an Inuit or Nunavut-based vendor indicated they couldn't comfortably qualify to provide a service, we looked at ways to offer them a portion of a contract until they were able to expand their capacity. Our team was committed to going above and beyond to help Inuit businesses successfully get off the ground."

Local Inuit business leaders have appreciated Agnico Eagle's support. Peter Tapatai, President of Peter's Expediting Ltd. in Baker Lake says, "Meadowbank was one of my first clients when I started my overland hauling business. It has gone from no employment to so many opportunities – which is what we need as we build Nunavut. This is what Meadowbank has done for us. It's been great to work side-by-side with them."

Richard Connelly, Vice-President of Sarliq Holdings Ltd. in Rankin Inlet adds, "We started out very small and the fact that Agnico Eagle believes in supporting local business, and giving opportunities to local business, gives us the chance to hire more people, do more training and provide more jobs locally. All of the skills that people learn here, whether its mining, whether its environment – it doesn't matter, all of the skills that they learn here are transferable. They can use them somewhere else and that is very important for us."

If 2016 was all about information, awareness and preparation, 2017 is all about execution as we work in partnership with the KIA to share the benefits of economic development with the region.



Processes are in place to ensure that sustainable development matters, along with risk assessment and mitigation measures, are integrated into the day-to-day management of our business at the operational level.

Our governance practices guide our behaviour and performance, helping to ensure we act in an ethically responsible manner and uphold our core values.

Agnico Eagle’s Code of Business Conduct and Ethics outlines the standards of ethical behaviour we expect from people working on our behalf 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.

We have also adopted a Code of Business Ethics for consultants and contractors and a Supplier Code of Conduct. Additionally, we have established a toll-free “whistleblower” ethics hotline for anonymous reporting of any suspected violations of the Code of Business Conduct and Ethics, including concerns regarding accounting, internal accounting controls or other auditing matters, Code of Conduct violations, ethical conflicts, environmental issues and health and safety issues.

During 2015, Agnico Eagle adopted an Aboriginal Engagement Policy as a statement of our commitment to engage with First Nations throughout the life-cycle of our projects in Canada. In 2016, we expanded this commitment to include a global Indigenous Peoples Engagement Policy – which complements our Canadian policy – to guide our consultation with Indigenous Peoples in all regions of the world, wherever Agnico Eagle maintains a presence. We believe being responsive to the aspirations of Indigenous Peoples not only contributes to the success of our sustainability practices, but also builds community support and enhances our reputation as a responsible miner.

In 2016, Agnico Eagle formally adopted the Voluntary Principles on Security and Human Rights (VP). Created in 2000, the VPs are standards to help extractive sector companies balance the obligation to respect human rights while protecting the assets and people at their operations. The Government of Canada has identified the VPs as one of six leading standards in Canada’s CSR Strategy for the Extractive Sector. As a member of MAC, Agnico Eagle has committed to implementing a human rights and security approach consistent with the VPs and based on a determination of risk at mining facilities we control. We will report on this implementation through MAC’s Towards Sustainable Mining annual progress report.

Management Accountability

Our sustainable development program and values are integrated at the operational, executive and Board levels. Corporate oversight and implementation of the program are the direct responsibility of one executive officer – the Senior Vice-President of Environment, Sustainable Development and People who is assisted by the Vice-President Environment for environmental oversight and by the Vice-President of Health and Safety and Community Relations for health, safety and community engagement oversight.

Processes are in place to ensure that sustainable development matters, along with risk assessment and mitigation measures, are integrated into the day-to-day management of our business at the operational level. Finally, sustainable development matters are presented to the Health, Safety, Environment and Sustainable Development (HSESD) Committee of the Board of Directors at each Board meeting.

Our Guiding Principles

Agnico Eagle has developed a clear, well-defined set of Guiding Principles to ensure we reinforce our management approach and cultural identity across the company – a set of principles which have contributed to Agnico Eagle’s success for 60 years.

The ABC’s of Agnico Eagle Management

Anchored in Our Values, including open and transparent communications; safe production; the highest standards of honesty, responsibility and performance; the highest levels of employee engagement; sharing and developing employees’ skills and expertise; and, maintaining our entrepreneurial skills and innovative spirit.

Based on Collaboration, encouraging respectful open debates and healthy discussions; and, recognizing success resulting from both exceptional contributions and teamwork.

Clear and Simple, valuing practices that remain simple and are based on common sense; being as clear as possible on people’s roles and contributions; and, ensuring employees and management alike understand and are aligned with our business priorities.

Stakeholder Advisory Committee

We have established a Stakeholder Advisory Committee (SAC) to provide us with feedback on our corporate social responsibility efforts and to complement, and help us make strategic links to our existing local stakeholder engagement activities. This approach also supports our global efforts to engage with our stakeholders on a regular basis and in a meaningful way. It was established in 2011 and meets in Toronto annually each fall.

Keep up to date on Agnico Eagle news



Sustainability Online
agnicoeagle.com/English/sustainability



Online Annual Report 2016
agnicoeagle.com/English/investor-relations



Printed Annual Report 2016
agnicoeagle.com/English/investor-relations

Trust Respect Equality Family Responsibility

Agnico Eagle's Five Values

At Agnico Eagle, our efforts are supported by our Five Values: Trust, Respect, Equality, Family and Responsibility. These values 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 to our success.



AGNICO EAGLE

Agnico Eagle Mines Limited
145 King Street East, Suite 400
Toronto, Ontario, Canada M5C 2Y7

agnicoeagle.com

This report was printed using vegetable-based ink on Rolland Enviro 100 Satin which is Ecologo, Processed Chlorine Free (PCF) and Forest Stewardship Council (FSC)® certified. It is manufactured in Canada from 100% post-consumer recycled material from North American recycling programs using biogas energy (methane from a landfill site).



carbonzero
Printer is carbon neutral

bullfrogpowered
Printing is bullfrogpowered